

Registration number 1826762

Econosto UK Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2010

FRIDAY



ADSJ2X74

A36

02/09/2011

208

COMPANIES HOUSE

Econosto UK Limited

Company Information

Directors C N Gamble
J F A M Van Os
F A M Vollerling

Company secretary S Hemsley

Registered office Whiteacres
Cambridge Road
Whetstone
Leicester
LE8 6ZG

Bankers Lloyds TSB Bank plc
125 Colmore Row
Birmingham
B3 3SF

Independent Auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Econosto UK Limited

Directors' Report for the Year Ended 31 December 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

Principal activity

The principal activity of the company is that of commission agents, importers, manufacturers' agents and manufacturers of industrial valves

Dividends

The directors recommend a final dividend payment of £300,000 be made in respect of the financial year ended 31 December 2010. This dividend has not been recognised as a liability in the financial statements

Business review

Fair review of the business

There have been no significant changes in the company's principal activity in the year under review. The directors are not aware of any major changes in the company's activities in the foreseeable future.

Turnover for the year is 24% down compared to a record 2009. Customer delays to two major projects had an impact of £1million but the first half of 2011 will see the benefit. The gross margin percentage has, however, been maintained at a similar level to 2009 due to more stable currency rates between Sterling and the Euro enabling the company to minimise its exposure to the significant adverse swings in currency movements.

The company has continued to focus primarily on its involvement in larger value projects, own branded product sales and long term agreements with major clients.

Overhead costs have been contained as far as possible during the year given their relatively fixed nature in the short term.

The company's key financial and other performance indicators during the financial year were as follows:

	Unit	2010	2009
Turnover	£000	10,946	14,454
Operating profit	£000	136	1,076
Profit after tax	£000	89	713
Shareholders' funds	£000	2,093	2,004
Order intake	£000	11,331	12,005

Econosto UK Limited

Directors' Report for the Year Ended 31 December 2010

continued

Future outlook

The year ended with a more conservative order book than in previous years. However, early indications suggest that a number of customer projects that have been on hold for a period of time, may now come to fruition during the year. This is reflected in a £1.8 million order received in February 2011.

Sales and order intake are forecast to meet an ambitious budget and the company remains well placed in a competitive market.

Strong financial and management support from a global parent company allows future opportunities to be funded and actioned effectively.

New group acquisitions by SHV Holdings NV and strategic sourcing continues to provide new products and the possibility of expanding the business into new market segments.

Principal risks and uncertainties

Competitive trading risk

The company manages competitive trading risk by providing an added value service to its customers, having fast response times and by maintaining strong relationships with its customer base. The company is not dependent on any single customer for significant portions of its turnover, however significant movements in the oil price generally have a direct impact on the level of the company's business. To counteract this, the company has reduced its dependence on the oil industry by diversifying into the nuclear power and marine industries.

Other commercial risks

As part of a large global organisation, the company is able to manage many of its commercial risks by taking advantage of a network of acquisition, product sourcing and inspection teams which enable it to benefit from an expanding range of established brands and reliable new group products, ensure strong quality processes are in place and quickly identify and replace suppliers who are under performing.

It is also a group policy to ensure that strong business continuity processes are in place, which support Econosto UK's policy of recruiting experienced, motivated employees and maintaining robust system procedures and backups.

Financial risk management

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivables balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Foreign exchange risk

The company's transactions are predominantly in Sterling, Euro and US Dollar and the company is therefore exposed to the movement in foreign exchange rates. In line with group policy, the company enters into forward foreign currency contracts to negate the impact of volatility from exchange rates.

Liquidity and interest rate risk

The company is financed on a day to day basis by an overdraft facility with the company's bankers, which is rarely fully utilised. On a long term basis the company has a funding loan from the parent undertaking which has no fixed repayment terms. The company's exposure to liquidity risk and interest rate movements is therefore considered to be low.

Econosto UK Limited

Directors' Report for the Year Ended 31 December 2010

continued

Directors of the company

The directors who held office during the year, and up to the date of signing of the financial statements, were as follows

C N Gamble

J F A M Van Os

F A M Vollerling

Directors' indemnities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Econosto UK Limited

Directors' Report for the Year Ended 31 December 2010

continued

Disclosure of information to the auditors

Each director, at the date of approving this report, has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on 26 August 2011 and signed on its behalf by


S Hemsley
Company secretary

Independent Auditor's Report to the Members of Econosto UK Limited

We have audited the financial statements of Econosto UK Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Econosto UK Limited

continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Neil Philpott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

26 August 2011

Econosto UK Limited

Profit and Loss Account for the Year Ended 31 December 2010

	Note	2010 £ 000	2009 £ 000
Turnover	2	10,946	14,454
Cost of sales		<u>(8,173)</u>	<u>(10,543)</u>
Gross profit		2,773	3,911
Distribution costs		(227)	(381)
Administrative expenses		<u>(2,410)</u>	<u>(2,454)</u>
Operating profit	3	136	1,076
Other interest receivable and similar income	7	7	-
Interest payable and similar charges	8	<u>-</u>	<u>(66)</u>
Profit on ordinary activities before taxation		143	1,010
Tax on profit on ordinary activities	9	<u>(54)</u>	<u>(297)</u>
Profit for the financial year	16	<u>89</u>	<u>713</u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

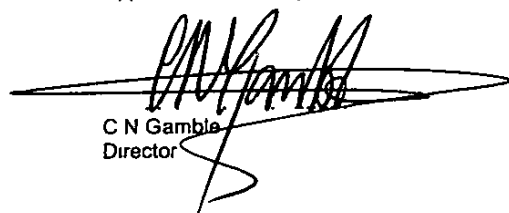
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The notes on pages 9 to 21 form an integral part of these financial statements

Econosto UK Limited (Registration number: 1826762)
Balance Sheet at 31 December 2010

	Note	2010 £ 000	2009 £ 000
Fixed assets			
Tangible fixed assets	10	191	141
Current assets			
Stocks	11	2,696	3,277
Debtors	12	1,606	2,246
Cash at bank and in hand		937	1,365
		5,239	6,888
Creditors: Amounts falling due within one year	13	(3,337)	(5,025)
Net current assets		1,902	1,863
Net assets		2,093	2,004
Capital and reserves			
Called up share capital	14	8	8
Profit and loss reserve	16	2,085	1,996
Total shareholders' funds	17	2,093	2,004

Approved for issue by the Board on 26 August 2011 and signed on its behalf by



C N Gamble
Director

The notes on pages 9 to 21 form an integral part of these financial statements

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

As the company is a wholly owned subsidiary and its parent publishes consolidated financial statements which are publicly available, the directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) from including a cash flow statement in the financial statements.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers, arising from one continuing activity.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which usually occurs upon dispatch of goods.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Short leasehold land and buildings	5% straight line basis
Plant and machinery	20% straight line basis
Fixtures and fittings	20-33% straight line basis
Motor vehicles	25% straight line basis

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31

December 2010

continued

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Cost includes all costs incurred in bringing each product to its present location and condition. Cost is calculated on a standard cost basis.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on the tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Foreign currency

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date, or if appropriate at the forward contract rate, and the exchange differences are included in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

2 Turnover

An analysis of turnover by geographical location is given below

	2010 £ 000	2009 £ 000
Sales - UK	9,790	12,420
Sales - Europe	495	655
Sales - Rest of world	661	1,379
	<u>10,946</u>	<u>14,454</u>

3 Operating profit

Operating profit is stated after charging

	2010 £ 000	2009 £ 000
Operating leases - plant and machinery	79	70
Operating leases - other assets	95	95
Depreciation of owned assets	63	76
Depreciation of assets held under finance lease and hire purchase contracts	-	1
Auditor's remuneration	<u>20</u>	<u>17</u>

4 Auditor's remuneration

	2010 £ 000	2009 £ 000
Audit of the financial statements	11	11
Other fees to auditors		
Tax services	<u>9</u>	<u>6</u>
	<u>20</u>	<u>17</u>

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

5 Particulars of employees

The average number of persons employed by the company (including directors) during the financial year, analysed by category was as follows

	2010 Number	2009 Number
Procurement	1	1
Production	9	10
Sales	32	33
Administration	9	6
	<u>51</u>	<u>50</u>

The aggregate payroll costs were as follows

	2010 £ 000	2009 £ 000
Wages and salaries	1,434	1,507
Social security costs	158	164
Staff pensions	37	26
	<u>1,629</u>	<u>1,697</u>

The company operates a defined contribution pension scheme. The pension cost charge above represents contributions payable in the year.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

6 Directors' remuneration

The directors' remuneration for the year was as follows

	2010 £ 000	2009 £ 000
Remuneration	124	92
Company contributions paid to money purchase schemes	<u>7</u>	<u>5</u>

During the year the number of directors who were accruing benefits under company pension schemes was as follows

	2010 No	2009 No
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

Directors' emoluments for two of the directors have been borne by another group company. These directors are also directors or officers of a number of companies within the SHV Holdings NV Group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2010 and 2009.

7 Other interest receivable and similar income

	2010 £ 000	2009 £ 000
Other interest receivable	<u>7</u>	<u>-</u>

8 Interest payable and similar charges

	2010 £ 000	2009 £ 000
Interest on loans from group undertakings	-	99
Other interest payable	-	8
Exchange differences arising on loans from group undertakings	<u>-</u>	<u>(41)</u>
	<u>-</u>	<u>66</u>

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

9 Taxation

Tax on profit on ordinary activities

	2010 £ 000	2009 £ 000
Current tax		
Corporation tax charge	50	269
Adjustments in respect of previous years	4	2
UK Corporation tax	54	271
Deferred tax		
Origination and reversal of timing differences	-	26
Total tax on profit on ordinary activities	54	297

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2009 - lower than) the standard rate of corporation tax in the UK of 28% (2009 - 28%)

The differences are reconciled below

	2010 £ 000	2009 £ 000
Profit on ordinary activities before taxation	143	1,010
Corporation tax at standard rate	40	283
Accelerated capital allowances	-	4
Other short term timing differences	(3)	(28)
Expenses not deductible for tax purposes	13	10
Adjustments in respect of prior years	4	2
Total current tax	54	271

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

Factors that may affect future tax charges

No deferred tax asset has been recognised in respect of £30,000 (2009 - £30,000) of available capital losses as their recoverability is dependent upon capital gains arising in the future against which the losses can be offset. The company does not anticipate that these losses will be recoverable in the foreseeable future. The amount of deferred tax not recognised in the period was £8,000 (31 December 2009 - £8,000).

The Finance Act (No 2) 2010 was substantively enacted on 20 July 2010 and includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. The deferred tax liability at 31 December 2010 has been re-measured accordingly.

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget. These changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. The Budget also included measures to reduce the rate of writing-down allowances on the main pool of plant and machinery expenditure to 18% and on the special rate pool to 8%, both with effect from 1 April 2012.

In addition to the changes in rates of Corporation tax disclosed above, a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 has reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014.

As at the balance sheet date these further proposed changes to rates and capital allowances had not been substantively enacted and, therefore, are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

10 Tangible fixed assets

	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Fixtures and fittings £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation					
At 1 January 2010	50	101	284	38	473
Additions	-	3	110	-	113
At 31 December 2010	50	104	394	38	586
Depreciation					
At 1 January 2010	33	65	203	31	332
Charge for the year	3	10	46	4	63
At 31 December 2010	36	75	249	35	395
Net book value					
At 31 December 2010	14	29	145	3	191
At 31 December 2009	17	36	81	7	141

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

11 Stocks

	2010 £ 000	2009 £ 000
Finished goods	<u>2,696</u>	<u>3,277</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

12 Debtors

	2010 £ 000	2009 £ 000
Trade debtors	1,452	2,083
Amounts owed by group undertakings	41	85
Corporation tax	42	-
Other debtors	1	2
Deferred tax	16	16
Prepayments and accrued income	<u>54</u>	<u>60</u>
	<u>1,606</u>	<u>2,246</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

Deferred tax

There was no movement in the deferred tax asset in the year

Analysis of deferred tax

	2010 £ 000	2009 £ 000
Capital allowances less than depreciation	<u>16</u>	<u>16</u>

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

13 Creditors Amounts falling due within one year

	2010 £ 000	2009 £ 000
Trade creditors	1,517	1,791
Amounts owed to group undertakings	1,413	2,536
Corporation tax	-	145
Other taxes and social security	93	120
Other creditors	85	80
Accruals and deferred income	229	353
	<u>3,337</u>	<u>5,025</u>

Loans due from parent undertakings are unsecured and have no fixed date of repayment. No interest is levied on these loans, with the exception of certain loans in place during 2009 which incurred interest at 7% per annum. All loans attracting interest have now been settled.

14 Share capital

Allotted, called up and fully paid shares

	2010		2009	
	No 000	£ 000	No 000	£ 000
8,080 Ordinary shares of £1.00 each	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>

15 Dividends

	2010 £ 000	2009 £ 000
Recommended final dividend proposed for approval by shareholders	<u>300</u>	<u>-</u>

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

16 Profit and loss reserve

	£ 000
At 1 January 2010	1,996
Profit for the financial year	89
At 31 December 2010	<u>2,085</u>

17 Reconciliation of movement in shareholders' funds

	2010 £ 000	2009 £ 000
Profit for the financial year	89	713
Opening shareholders' funds at 1 January	<u>2,004</u>	<u>1,291</u>
Closing shareholders' funds at 31 December	<u>2,093</u>	<u>2,004</u>

18 Commitments

Operating lease commitments

As at 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2010 £ 000	2009 £ 000
Land and buildings		
Over five years	<u>95</u>	<u>95</u>
Other		
Within one year	12	10
Within two and five years	<u>35</u>	<u>49</u>
	<u>47</u>	<u>59</u>

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

continued

19 Related party transactions

As a fully owned subsidiary undertaking of SHV Holdings NV, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by SHV Holdings NV

20 Ultimate parent undertaking and controlling party

The company is controlled by SHV Holdings NV

The company's immediate parent company is Ball Valves UK Limited

In the directors' opinion, the company's ultimate parent undertaking and controlling party at the balance sheet date was SHV Holdings NV, which is incorporated in The Netherlands. The parent undertaking of the largest and only group of undertakings for which group financial statements are drawn up and of which the company is a member, is SHV Holdings N.V. Copies of its group financial statements, which include those of the company, are available from Rijnkade 1, 3511 LC Utrecht, The Netherlands