

Danfoss Holding UK Limited

**Directors' report and financial
statements**

Registered number 2605811

31 December 2008

SATURDAY



AJ7C885X

A36

14/03/2009

310

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of Danfoss Holding UK Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 December 2008.

Business review and principal activity

The company is an investment holding company with subsidiaries engaged in the manufacture and supply of automatic controls, components and compressors.

There have been no significant events since the balance sheet date which require disclosure.

Proposed dividend

The directors have not proposed a final ordinary dividend in respect of the current financial year (2007: £nil).

Directors

The directors who held office during the year were as follows:

Roland Fritsch
Anders Stahlschmidt

Political and charitable contributions

The Company made no political contributions during the year (2007: £nil). Donations to UK charities amounted to £nil (2007: £nil).

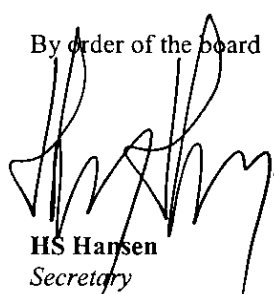
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



HS Hansen
Secretary

Capswood
Oxford Road
Denham
Buckinghamshire
UB9 4LH

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 then apply them consistently;
- make judgments and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Independent auditors' report to the members of Danfoss Holding UK Limited

We have audited the financial statements of Danfoss Holding UK Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Danfoss Holding UK Limited (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

12/3/09

KPMG LLP
Chartered Accountants
Registered Auditor

2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
Administrative expenses		(19)	(18)
Operating loss		(19)	(18)
Income from shares in group undertakings		-	2,500
Interest receivable and similar income	2	160	155
Interest payable and similar charges	3	(228)	(289)
(Loss)/profit on ordinary activities before taxation	4	(87)	2,348
Tax on (loss)/profit on ordinary activities	5	-	10
(Loss)/profit on ordinary activities after taxation and profit for the financial year	12	(87)	2,358

The results for the current and previous year are derived from continuing activities.

A reconciliation of movement in shareholder's funds is set out in note 13.

Balance sheet
at 31 December 2008

	Note	2008 £000	2007 £000
Fixed assets			
Investments	7	10,526	10,526
Current assets			
Debtors	8	6,023	1,344
Cash at bank and in hand		46	223
		<u>6,069</u>	<u>1,567</u>
Creditors: amounts falling due within one year	9	<u>(7,905)</u>	<u>(3,316)</u>
Net current liabilities		<u>(1,836)</u>	<u>(1,749)</u>
Net assets		<u>8,690</u>	<u>8,777</u>
Capital and reserves			
Called up share capital	11	6,200	6,200
Profit and loss account	12	2,490	2,577
Shareholder's funds	13	<u>8,690</u>	<u>8,777</u>

These financial statements were approved by the board of directors on 9/3/09 and were signed on its behalf by:


Roland Fritsch
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Danfoss A/S, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Danfoss A/S, within which this company is included, can be obtained from the address given in note 14.

Investments

Investments are stated at cost less provision, if any, for permanent diminution in value.

Pension costs

The company operates a group pension scheme on behalf of its subsidiaries, Danfoss Randall Limited and Danfoss Limited, providing benefits based on final pensionable pay. The assets are held separately from those of the group. The group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the subsidiary profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Danfoss Holding UK Limited has no employees and therefore no accounting is required in these financial statements.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Interest receivable and similar income

	2008 £000	2007 £000
Interest receivable from loans to group undertakings	132	99
External bank interest receivable	28	56
	<u>160</u>	<u>155</u>

3 Interest payable and similar charges

	2008 £000	2007 £000
Interest payable on loans from group undertakings	228	289
	<u>228</u>	<u>289</u>

4 Notes to profit and loss account

	2008 £000	2007 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
<i>Auditors' remuneration:</i>		
Audit of these financial statements	7	7
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	5	5
	<u>12</u>	<u>12</u>

None of the directors received any remuneration in respect of their services to the company, nor were any contributions paid into money purchase schemes on their behalf (2007: *£nil*).

The company had no employees in the year ended 31 December 2008 (2007: *nil*).

Notes (continued)

5 Taxation

<i>Analysis of credit in period</i>	2008 £000	2007 £000
<i>UK corporation tax</i>		
Current tax on income for period	-	-
Adjustments in respect of prior periods	-	(10)
	<hr/>	<hr/>
Total current tax credit	-	(10)
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2007: lower) than the standard rate of corporation tax in the UK (28.5%, 2007: 30%). The differences are explained below.

<i>Current tax reconciliation</i>	2008 £000	2007 £000
(Loss)/profit on ordinary activities before taxation	(87)	2,348
	<hr/>	<hr/>
Current tax at 28.5% (2007: 30%)	(25)	704
<i>Effects of:</i>		
Dividends receivable from subsidiaries not chargeable to tax	-	(750)
Losses carried forward	-	40
Excess management expenses	-	6
Adjustments in respect of prior periods	-	(10)
Group relief surrender	25	-
	<hr/>	<hr/>
Total current tax credit	-	(10)
	<hr/>	<hr/>

The main rate of UK corporation tax changed from 30% to 28% on 1 April 2008. As a result, the effective rate of tax for the year is 28.5% and deferred tax balances have been calculated at 28%.

6 Dividends

The aggregate amount of dividends comprises:

	2008 £000	2007 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	-	-
	<hr/>	<hr/>

The aggregate amount of dividends proposed and recognised as liabilities as at the year end is £nil (2007: £nil).

Notes (continued)

7 Investments

	Shares in subsidiary undertakings £000
Cost and net book value: At 1 January 2008 and 31 December 2008	10,526

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Danfoss Limited	England and Wales	Supply of controls and drives for electrical and refrigeration industries	100% ordinary shares
Danfoss Randall Limited	England and Wales	Manufacture and supply of time switches and thermostatic valves	100% ordinary shares

8 Debtors

	2008 £000	2007 £000
Amounts owed by group undertakings	6,023	1,344

Interest is receivable on the loans to group undertakings based on LIBOR.

9 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to parent company	-	427
Amounts owed to group undertakings	7,905	2,887
Accruals and deferred income	-	2
	7,905	3,316

Interest is payable on the loans to subsidiary undertakings based on LIBOR.

Notes (continued)

10 Deferred tax

	2008 £000 Unrecognised	2007 £000 Unrecognised
Capital losses	40	40

The directors have considered the extent to which deferred tax assets will be recoverable and believe it is appropriate not to recognise an asset on the balance sheet at the current time.

11 Called up share capital

	2008 £000	2007 £000
<i>Authorised, allotted, called up and fully paid</i>		
6,200,000 ordinary shares of £1 each	6,200	6,200
Shares classified in shareholder's funds	6,200	6,200

12 Reserves

	Profit and loss account £000
At beginning of year	2,577
Loss for the year	(87)
At end of year	2,490

13 Reconciliation of movement in shareholder's funds

	2008 £000	2007 £000
(Loss)/profit for the financial year	(87)	2,358
Retained (loss)/profit	(87)	2,358
Net (reduction in)/addition to shareholder's funds	(87)	2,358
Opening shareholder's funds	8,777	6,419
Closing shareholder's funds	8,690	8,777

Notes *(continued)*

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Danfoss A/S which is the ultimate parent company incorporated in Denmark.

The largest and smallest group in which the results of the Company are consolidated is that headed by Danfoss A/S. The consolidated financial statements of this group are available to the public and may be obtained from Danfoss A/S, 6430 Nordborg, Denmark.