

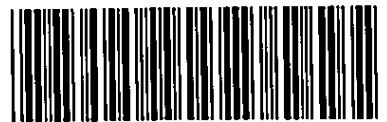
Bryan Donkin RMG Gas Controls Limited

**Director's report and financial
statements**

Registered number 03123056

31 December 2008

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Company information

Director AS Clark

Company secretary GW Lloyd

Registered office Enterprise Drive
Holmewood
Chesterfield
Derbyshire
S42 5UZ

Registered number 03123056

Auditors KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers National Westminster Bank Plc
5 Market Place
Chesterfield
Derbyshire
S40 1TJ

Solicitors Dibb Lupton Alsop
117 The Headrow
Leeds
LS1 5JX

Director's report

The director presents his report and the audited financial statements for the year ended 31 December 2008.

Principal activity

The company's principal activity is the design, manufacture, supply and installation of gas control and monitoring equipment.

Business review

The results for the period are set out in the attached financial statements. The director considers the result to be satisfactory.

The business continues to build upon a flexible platform minimising operational risk but still creating the opportunity to develop our customer service levels.

Product range, quality, customer service and innovation will continue to be the cornerstones of the business in order to deliver the company's challenging growth aspirations.

The company is committed to ensure all staff are trained to a high standard in the fundamental areas of the business reflected by the introduction of NVQ based training in the application of lean tools techniques.

This investment in our workforce will continue in order to drive the adoption of industry best practice in all areas of the business and create opportunities for the development of our employees.

As a responsible employer and member of the community, we have continued to promote health and safety awareness through internal training projects.

We are committed to environment awareness and preservation throughout the business.

Principal risks and uncertainties

The company operates in a competitive market which is a continuing risk to the company and could result in losing revenue to its competitors. The company manages risk by providing value added services to its customers, responding promptly to customer requests and by maintaining strong relationships with its customers.

The company follows the following financial risk management policies:

Credit risk

Credit risk arises on financial instruments such as trade receivables. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history.

Exchange rate risk

The company sells to and purchases goods from companies overseas and is therefore exposed to movements in exchange rates that occur between the date of delivery and settlement. The company seeks to mitigate this risk by operating a foreign currency bank account and seeking to match payments and receipts in the same currency. The company also has facilities available to enter into forward exchange contracts and to obtain loans from group companies overseas should it be deemed necessary to mitigate this risk further.

Operating and financial review

The company defined its mission statement in the 2010 budget document for the forthcoming two years to improve the operating profit to 12% of sales and reduce operating working capital to 20% of sales. Involvement with staff at all levels of the Company remains paramount to the attainment of this mission.

Qualitative measures relating to 'improvements in service' are important measures of performance to the company and the community; however these are difficult to measure. Quantitative measures in terms of business performance and profitability are important to employees and customers as well the company's other stakeholders to provide assurances as to the continuing stability of the organisation.

Director's report *(continued)*

Operating and financial review *(continued)*

Basic Key Performance Indicators ('KPIs'), that the company bases financial evaluations upon, are operational profit and capital employed. There is a direct link between profitability and turnover which is reflected in the budgeting process.

Operational profit increased from 3.5% of sales in 2007 to 7.2% of sales in 2008, reflecting improved profitability due primarily to an increase in output.

Staffing remains the greatest asset, but also a substantial cost to the company, amounting to £2,330,129 in 2008 (2007: £2,194,900). Staff costs as a percentage of turnover were 23.1% in 2008 (2007: 26.0%).

The company remains confident that growth in turnover as well as the improvement in profitability can be achieved in the forthcoming year.

Results and dividends

The profit for the year amounted to £705,472 (2007: £1,255,628).

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 December 2008 of £375,000 (2007: £3,873,751).

Directors

The board of directors who served during the year and to the date of this report is as follows:

AS Clark

JH Foldes - resigned 24 July 2008

Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware; and the 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.

Research and development

Bryan Donkin RMG Gas Controls Limited is a world leader in the design, manufacture and selling of integrated module based gas pressure regulating stations for both above and below ground installations, including individual regulators and safety cut off valves. We have a policy of continual improvement and product development.

Political and charitable donations

The company made donations of £355 (2007: £175) to the local Ashgate Hospice and £nil (2007: £500) to Young Enterprise during the year and did not make any political donations.

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



GW Lloyd
Company Secretary

26 February 2009

Statement of director's responsibilities in respect of the director's report and the financial statements

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has 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 director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that its financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St Nicholas House

Park Row

NOTTINGHAM NG1 6FQ

Report of the independent auditors to the members of Bryan Donkin RMG Gas Controls Limited

We have audited the financial statements of Bryan Donkin RMG Gas Controls Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the note of historical cost profits and losses 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 director and auditors

The director's 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 director's responsibilities on page 4.

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 director's 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 director 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.

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 profit 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 director's report is consistent with the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditor

26 February 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
Turnover	2	10,083,306	8,446,325
Cost of sales		(7,971,392)	(6,832,104)
Gross profit		2,111,914	1,614,221
Distribution costs		(875,882)	(831,871)
Administrative expenses		(675,772)	(600,010)
Other operating income	3	164,278	113,722
Operating profit		724,538	296,062
Profit on sale of land and buildings	8	-	441,021
Other interest receivable and similar income	6	12,992	184,618
Interest payable and similar charges	7	(389)	(559)
Profit on ordinary activities before taxation	8	737,141	921,142
Tax on profit on ordinary activities	9	(31,669)	334,486
Profit for the financial year	16	705,472	1,255,628

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

There are no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account and therefore no statement of total recognised gains and losses has been presented.

Note of historical cost profits and losses
for the year ended 31 December 2008

	2008 £	2007 £
Reported profit on ordinary activities before taxation	737,141	921,142
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	-	9,394
Realisation of property revaluation gains of previous years	-	1,471,210
Historical cost profit on ordinary activities before taxation	737,141	2,401,746
Historical cost profit/(loss) for the year retained after taxation and dividends	330,472	(1,137,519)

Balance sheet
as at 31 December 2008

	Note	2008	2007
		£	£
Fixed assets			
Tangible assets	11	227,219	293,985
Current assets			
Stocks	12	1,911,926	1,456,607
Debtors	13	2,232,256	2,234,979
Cash at bank and in hand		291,669	267,821
		<u>4,435,851</u>	<u>3,959,407</u>
Creditors: amounts falling due within one year	14	<u>(1,445,851)</u>	<u>(1,366,645)</u>
Net current assets		<u>2,990,000</u>	<u>2,592,762</u>
Net assets		<u>3,217,219</u>	<u>2,886,747</u>
Capital and reserves			
Called up share capital	15	2,000,000	2,000,000
Profit and loss account	16	1,217,219	886,747
Shareholder's funds	17	<u>3,217,219</u>	<u>2,886,747</u>

These financial statements were approved on 26 February 2009



AS Clark
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, modified to include the revaluation of leasehold land and buildings.

Cash flow statement

Under FRS 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related party transactions

The company is a wholly owned subsidiary of RMG Regel + Messtechnik GmbH, the consolidated financial statements of which are publicly available at the address disclosed in note 20.

Accordingly, the company has taken advantage of the exemptions in FRS 8 from disclosing transactions with members or investees of the RMG Regel + Messtechnik GmbH group.

Fixed assets

All fixed assets are initially recorded at cost. Leasehold property is held at valuation under FRS 15 'Tangible Fixed Assets'.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold property	- 20 years
Plant and machinery	- 2 - 12 years
Fixtures and fittings	- 2 - 10 years

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful economic lives of the assets to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Taxation

The charge for taxation is based on the profit 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.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Operating lease agreements

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

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company does not operate a pension scheme, but contributes to employees' personal pension plans with the costs charged to the profit and loss account as incurred.

Research and development

Research and development costs are charged to the profit and loss account as incurred.

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.

2 Turnover

Turnover, which is stated net of value added tax, represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities.

Turnover is attributable to one activity, the manufacture, supply and installation of gas control and monitoring equipment.

An analysis of turnover by geographical market is given below:

	2008 £	2007 £
United Kingdom	6,839,209	5,586,142
Western Europe (excluding UK)	910,538	919,100
Eastern Europe	-	8,998
North America	90,467	59,918
Central and South America	56,037	80,976
Middle East	338,197	439,438
South East Asia	1,295,324	1,130,032
Australia	79,050	33,924
Africa (Rest of World)	474,484	187,797
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	10,083,306	8,446,325
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Notes (continued)

3 Other operating income

	2008	2007
	£	£
DTI grant amortisation	-	104,925
Rental income	101,874	8,797
Services income	62,404	-
	<u>164,278</u>	<u>113,722</u>

4 Staff costs

	2008	2007
	£	£
<i>Staff costs (including directors):</i>		
Wages and salaries	2,065,650	1,942,197
Social security costs	205,066	194,399
Pensions costs	59,413	58,304
	<u>2,330,129</u>	<u>2,194,900</u>

The monthly average number of employees were as follows:

	Number	Number
Administrative staff	34	35
Manufacturing	44	46
	<u>78</u>	<u>81</u>

5 Director's emoluments

	2008	2007
	£	£
Director's emoluments	<u>118,009</u>	<u>120,161</u>
Value of company pension contributions to personal pension schemes	<u>4,800</u>	<u>4,800</u>

6 Other interest receivable and similar income

	2008	2007
	£	£
Foreign exchange gain on loan to RMG Regel + Messtechnik GmbH	-	123,751
Bank interest receivable	12,992	16,522
Interest receivable on amounts owing from group undertakings	-	44,345
	<u>12,992</u>	<u>184,618</u>

Notes (continued)

7 Interest payable and similar charges

	2008 £	2007 £
Bank interest payable	389	559

8 Profit on ordinary activities before taxation

	2008 £	2007 £
<i>This is stated after charging/(crediting):</i>		
Depreciation - owned assets	111,894	268,314
Operating lease rentals - plant and machinery	37,833	39,471
- land and buildings	315,000	52,644
Bad debts written off in the year	13,538	4,283
Research and development costs	73,323	82,012
<i>Auditors' remuneration:</i>		
- Audit of financial statements pursuant to legislation	21,623	15,994
- Other services relating to taxation: - tax compliance	7,003	5,165
- tax advisory	-	16,550

Exceptional items

On 24 October 2007 the company successfully completed the lease and leaseback of the premises at Enterprise Drive, Holmewood, Chesterfield to Sheldon Friendly Society ('Sheldon'). A lease was granted to Sheldon for a period ending 1 November 2196 for a premium of £3,746,000. The de-recognition of the property resulted in a surplus of £441,021 in 2007. A sub-lease was then granted from Sheldon to the company for a period of ten years at a rent of £315,000 per annum.

9 Tax on profit on ordinary activities

	2008 £	2007 £
<i>Tax on profit on ordinary activities is as follows:</i>		
United Kingdom corporation tax:		
Current tax	24,364	49,329
Adjustments in respect of prior periods	7,305	-
Total current tax charge	31,669	49,329
Deferred taxation		
Origination and reversal of timing differences	-	(383,815)
Tax on profit on ordinary activities	31,669	(334,486)

Notes (continued)

9 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below:

	2008 £	2007 £
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	737,141	921,142
Current tax at 28% (2007: 30%)	206,399	276,343
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6,436	25,967
Depreciation in excess of capital allowances	(20,140)	20,917
Utilisation of tax losses	(165,042)	(95,375)
Other timing differences	(4,022)	(30,778)
Profit on sale of land and buildings extinguished by indexation allowance	-	(147,745)
Depreciation of ineligible	299	-
Adjustments in respect of prior periods	7,305	-
Difference between the effective rate and the standard rate	434	-
Total current tax charge	31,669	49,329

Deferred taxation

The following deferred tax balances have been recognised in the preparation of the financial statements:

	2008 £	2007 £
Accelerated capital allowances	(82,241)	(106,002)
Other timing differences	(6,715)	(7,348)
Trading losses	(294,859)	(270,465)
	(383,815)	(383,815)

The following deferred tax asset has not been recognised as the directors do not consider it more likely than not that there will be suitable taxable profits available in the future against which they can be relieved:

	2008 £	2007 £
Trading losses for taxation purposes	125,116	346,420

The company had trading losses of £1,499,909 carried forward at 31 December 2008 (2007: £2,056,284).

10 Dividends

	2008 £	2007 £
Dividends paid	375,000	3,873,751

Notes (continued)

11 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost or valuation:</i>				
At 1 January 2008	37,445	1,728,119	456,210	2,221,774
Additions	-	40,368	4,760	45,128
Disposals	-	(1,875)	-	(1,875)
At 31 December 2008	37,445	1,766,612	460,970	2,265,027
<i>Accumulated depreciation:</i>				
At 1 January 2008	-	1,540,104	387,685	1,927,789
Charge for the year	3,745	78,230	29,919	111,894
Disposals	-	(1,875)	-	(1,875)
At 31 December 2008	3,745	1,616,459	417,604	2,037,808
<i>Net book value:</i>				
At 31 December 2008	33,700	150,153	43,366	227,219
At 31 December 2007	37,445	188,015	68,525	293,985

12 Stocks

	2008 £	2007 £
Raw materials	955,594	670,986
Work in progress	716,488	579,135
Finished goods	239,844	206,486
	1,911,926	1,456,607

The director does not consider the replacement cost of stock to be materially different to that shown above.

13 Debtors

	2008 £	2007 £
Trade debtors	1,545,046	1,587,846
Amounts owed by group undertakings - consolidated companies	61,040	39,763
- non-consolidated companies	3,579	36,329
- associated companies	75,074	32,517
Prepayments and accrued income	163,702	154,709
Net deferred tax assets (note 9)	383,815	383,815
	2,232,256	2,234,979

Notes (continued)

14 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	808,700	785,323
Amounts owed by group undertakings - consolidated companies	200,070	85,766
- non consolidated companies	-	14,762
Other creditors including taxation and social security	85,040	119,229
Accruals and deferred income	352,041	361,565
	<u>1,445,851</u>	<u>1,366,645</u>

15 Called up share capital

	2008 £	2007 £
<i>Authorised, allotted, called up and fully paid:</i> 2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

16 Reserves

	Profit and loss account £
At 1 January 2008	886,747
Profit for the year	705,472
Dividends	(375,000)
At 31 December 2008	<u>1,217,219</u>

17 Reconciliation of movement in shareholder's funds

	2008 £	2007 £
Profit for the year	705,472	1,255,628
Dividends	(375,000)	(3,873,751)
Net reduction in shareholder's funds	<u>330,472</u>	<u>(2,618,123)</u>
Opening shareholder's funds	2,886,747	5,504,870
Closing shareholder's funds	<u>3,217,219</u>	<u>2,886,747</u>

Notes (continued)

18 Operating lease commitments

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
<i>The annual commitments in respect of non-cancellable operating leases are as follows:</i>				
Operating leases which expire:				
Within one year	-	-	923	6,006
In the second to fifth years	-	-	27,516	30,425
Over five years	315,000	315,000	-	-
	<u>315,000</u>	<u>315,000</u>	<u>28,439</u>	<u>36,431</u>

19 Capital commitments

At 31 December 2008, capital commitments of £62,788 were outstanding (2007: £13,489).

20 Parent and controlling company

The company's immediate parent company and ultimate holding company is RMG Regel + Messtechnik GmbH.

The parent company of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is RMG Regel + Messtechnik GmbH, which is incorporated in Germany. Copies of the financial statements of RMG Regel + Messtechnik GmbH may be obtained from Osterholzstrasse 45, D-34123, Kassel, Germany.