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Company Registration No. 3453820 (England and Wales)

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LOCHINVAR LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002



LOCHINVAR LIMITED

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LOCHINVAR LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and accounts for the year ended 31 December 2002.

Principal activities

The principal activity of the company continues to be that of supplying equipment to the heating industry.

Results and dividends

The profit for the year after taxation amounted to £221,284.

Directors and their interests

The directors at 31 December 2002 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	31 December 2002	1 January 2002
W.L. Vallett	133,334	133,334
T.A. Vallett	133,334	133,334
J.W. Vallett	133,334	133,334
D J Pepper	-	-
R A Anderson	-	-

On the 1st January 2002, M Glass resigned as a director and D. J. Pepper and R. A. Anderson were appointed directors.

Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



W.L. Vallett

Director

Dated: 19/2/03

LOCHINVAR LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Lochinvar Limited for the year ended 31 December 2002 set out on pages 4 to 14. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 7.

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

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the company 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


H W Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: 24 February 2003

LOCHINVAR LIMITED

REGISTERED OFFICE: 100, WILKINSON & Co.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Gross profit		1,613,577	1,306,923
Administrative expenses		(1,261,978)	(1,158,953)
Operating profit	2	351,599	147,970
Other income	5	32	2,596
Interest payable and similar charges	6	(27,682)	(27,375)
Profit on ordinary activities before taxation		323,949	123,191
Tax on profit on ordinary activities	7	(102,665)	(25,890)
Profit on ordinary activities after taxation		221,284	97,301
Retained profit brought forward		575,014	477,713
Retained profit carried forward		796,298	575,014

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

LOCHINVAR LIMITED

REGISTERED OFFICE: PLEASANT VALLEY, 17, HORTON & CO.

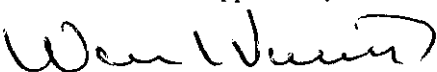
BALANCE SHEET

AS AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
Fixed assets			
Intangible assets	8	390,000	416,000
Tangible assets	9	187,099	178,459
		<u>577,099</u>	<u>594,459</u>
Current assets			
Stocks	10	847,548	919,594
Debtors	11	718,090	516,920
Cash at bank and in hand		461,100	33,174
		<u>2,026,738</u>	<u>1,469,688</u>
Creditors: amounts falling due within one year	12	<u>(1,391,815)</u>	<u>(1,089,131)</u>
Net current assets		<u>634,923</u>	<u>380,557</u>
Total assets less current liabilities		<u>1,212,022</u>	<u>975,016</u>
Creditors: amounts falling due after more than one year	13	<u>(15,722)</u>	<u>-</u>
		<u>1,196,300</u>	<u>975,016</u>
Capital and Reserves			
Called up share capital	14	400,002	400,002
Profit and loss account		796,298	575,014
Shareholders' funds - all equity interests	15	<u>1,196,300</u>	<u>975,016</u>

In preparing these abbreviated accounts we have relied on the exemptions contained in 246 and 247 of the Companies Act 1985 on the basis that the company is entitled to the benefit of those exemptions as a medium-sized company.

The accounts were approved by the Board on 19/2/03



W.L. Vallett
Director

LOCHINVAR LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

1.3 Goodwill

Acquired goodwill is amortised over a period of 20 years.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	25% Straight Line
Leasehold property	over the term of the lease
Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

1.5 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.6 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

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

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

LOCHINVAR LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

2	Operating profit	2002	2001
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible fixed assets	26,000	26,000
	Depreciation of owned tangible fixed assets	48,096	40,597
	Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	1,795	-
	Operating lease rentals		
	- Plant and machinery	57,824	49,071
	Auditors' remuneration	9,250	8,750
		<u> </u>	<u> </u>

3	Directors' emoluments	2002	2001
		£	£
	Aggregate emoluments	118,173	-
	Company contributions to defined contribution pension schemes	7,113	-
		<u> </u>	<u> </u>
		125,286	-
		<u> </u>	<u> </u>

Retirement benefits are accruing to 1 (2001 - 0) directors under defined contribution schemes.

4 Employees**Number of employees**

The average monthly number of employees during the year was:

	2002	2001
	Number	Number
Selling and administration	23	19
	<u> </u>	<u> </u>
Employment costs		
	£	£
Wages and salaries	582,821	501,892
Social security costs	59,657	52,332
Other pension costs	16,448	11,491
	<u> </u>	<u> </u>
	658,926	565,715
	<u> </u>	<u> </u>

5	Other income	2002	2001
		£	£
	Interest receivable and similar income	32	2,596
		<u> </u>	<u> </u>

LOCHINVAR LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

6	Interest payable and similar charges	2002	2001
		£	£
	Interest payable on:		
	Other loans	27,375	27,375
	Finance lease and hire purchase contracts	307	-
		<u>27,682</u>	<u>27,375</u>
7	Tax on profit on ordinary activities	2002	2001
		£	£
	Analysis of charge in period		
	Current taxation		
	U.K. Corporation tax at 27% (2001 - 20%)	<u>102,665</u>	<u>25,890</u>
	Factors affecting tax charge for the period		
	The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK of 27% (2001 - 20%). The differences are explained below:		
		2002	2001
		£	£
	Profit on ordinary activities before taxation	<u>323,949</u>	<u>123,191</u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27% (2001 - 20%)	87,466	24,638
	Effects of:		
	Expenses not deductible for tax purposes	13,431	7,101
	Capital allowances for period reversed/(in excess of depreciation)	<u>1,768</u>	<u>(5,849)</u>
	Current tax charge for the period	<u>102,665</u>	<u>25,890</u>
8	Intangible fixed assets		
			Goodwill
			£
	Cost		
	At 1 January 2002 and at 31 December 2002		<u>520,000</u>
	Amortisation		
	At 1 January 2002		104,000
	Charge for year		26,000
	At 31 December 2002		<u>130,000</u>
	Net book value		
	At 31 December 2002		<u>390,000</u>
	At 31 December 2001		<u>416,000</u>

LOCHINVAR LIMITED

REGIO TRADING COMPANY LTD.

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

9 Tangible fixed assets

	Computer equipment	Leasehold improve - ments	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2002	58,856	55,690	8,846	69,461	61,441	254,294
Additions	-	24,161	-	-	35,668	59,829
Disposals	(6,068)	-	-	-	-	(6,068)
At 31 December 2002	52,788	79,851	8,846	69,461	97,109	308,055
Depreciation						
At 1 January 2002	20,246	17,470	4,779	26,160	7,180	75,835
On disposals	(4,772)	-	-	-	-	(4,772)
Charge for the year	14,353	9,556	1,017	10,827	14,140	49,893
At 31 December 2002	29,827	27,026	5,796	36,987	21,320	120,956
Net book value						
At 31 December 2002	22,961	52,825	3,050	32,474	75,789	187,099
At 31 December 2001	3,233	73,597	4,067	43,301	54,261	178,459

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £26,923 (2001 - £Nil) in respect of assets held under finance leases or hire purchase contracts.

10 Stocks

	2002 £	2001 £
Finished goods and goods for resale	847,548	919,594

11 Debtors

	2002 £	2001 £
Trade debtors	651,186	457,639
Prepayments and accrued income	66,904	59,281
	718,090	516,920

LOCHINVAR LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

12 Creditors: amounts falling due within one year	2002 £	2001 £
Net obligations under finance lease and hire purchase contracts	8,592	-
Trade creditors	569,204	415,697
Corporation tax	102,665	25,890
Other taxes and social security costs	83,189	49,357
Loans from shareholders	456,242	456,242
Other creditors	24,522	27,375
Accruals and deferred income	147,401	114,570
	<u>1,391,815</u>	<u>1,089,131</u>

The loans are repayable on demand and carry interest at a rate of 6% per annum.

13 Creditors: amounts falling due after more than one year	2002 £	2001 £
Net obligations under finance leases and hire purchase contracts	<u>15,722</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts Repayable between one and five years	<u>27,798</u>	<u>-</u>
	<u>27,798</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	<u>(3,484)</u>	<u>-</u>
	<u>24,314</u>	<u>-</u>
Included in liabilities falling due within one year	<u>(8,592)</u>	<u>-</u>
	<u>15,722</u>	<u>-</u>

14 Share capital	2002 £	2001 £
Authorised		
400,002 Ordinary shares of £ 1 each	<u>400,002</u>	<u>400,002</u>
Allotted, called up and fully paid		
400,002 Ordinary shares of £ 1 each	<u>400,002</u>	<u>400,002</u>

LOCHINVAR LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

15 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit for the financial year	221,284	97,301
Opening shareholders' funds	975,016	877,715
Closing shareholders' funds	<u>1,196,300</u>	<u>975,016</u>

17 Related party transactions

Included in trade creditors is an amount owed to the Lochinvar Corporation of £397,152 (2001 - £341,335) a company which is controlled by W.L Vallett, T.A Vallett and J.W Vallett. Lochinvar Ltd purchase goods with a value of £1,440,297 from Lochinvar Corporation during the year and also received commissions of £22,147 in the year.

Controlling parties

The ultimate controlling parties are W.L Vallett, T.A Vallett and J.W Vallett.