

Boulter Buderus Limited

(formerly Buderus Heating Technology Limited)

Annual report for the 15 months ended

31 December 2002

Registered Number 03786883



Boulter Buderus Limited (formerly Buderus Heating
Technology Limited)

Annual report

for the 15 months ended 31 December 2002

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Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

Directors and advisers for the period ended 31 December 2002

Directors

C J Yates
C P Hayes
K Thompson
M C Park
J Reintjes

Secretary

C P Hayes

Registered office

Magnet House
30 Whitehouse Road
Ipswich
Suffolk
IP1 5JA

Auditors

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

Directors' report for the period ended 31 December 2002

The directors present the audited accounts for the 15 months ended 31 December 2002.

The name of the company changed from Buderus Heating Technology Limited to Boulter Buderus Limited on 3 December 2002. The company has prepared accounts for the 15 months to 31 December 2002 to allow the company's financial year end to coincide with that of the parent group.

Principal activity

The company's principal activities are those of the design, assembly and marketing of heating boilers.

Review of business and future developments

	£'000
Trading loss for the period after tax	(255)
Less: dividends proposed	-
Loss for the 15 months	(255)

The directors report a satisfactory period of trading following the acquisition of the business of Boulter Boilers Ltd on 30 November 2002. In the forthcoming year, the directors expect the company to maintain its existing share of the UK market in oil fired heating boilers, as we as secure a presence in the UK gas fired heating boiler market.

Dividends and transfer to reserves

The directors do not recommend the payment of a dividend for the 15 months ended 31 December 2002.

Directors

The directors of the company who served throughout the 15 months to 31 December 2002 (unless otherwise stated) were:

C J Yates (appointed 29 November 2002)
C P Hayes (appointed 29 November 2002)
K Thompson (appointed 29 November 2002)
M C Park (appointed 29 November 2002)
J Reintjes (appointed 29 November 2002)
J Rigby (resigned 28 February 2002)
H Peters (resigned 29 November 2002)
T Brennecke (resigned 29 November 2002)

Directors interests in shares

None of the directors had any interest in the shares of Buderus AG or its subsidiaries during the 15 month period.

Directors' interests in contracts

Apart from contracts of employment, none of the directors had a beneficial interest in any contract to which the company was a party during the financial year.

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

Creditor payment policy

For all trade creditors it is the company's policy to:

- agree the terms of payment at the start of business with each supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with their agreed policy guidelines.

The company had 49 days' purchases outstanding at 31 December 2002.

In accordance with our service charter we endeavour to pay our network of service engineers within 14 days from receipt of invoice.

Charitable contributions

Charitable contributions amounted to £nil (2001: nil).

Research and development

The company's policy on research and development is to maintain expenditure at a level to ensure that all products retain their competitive position in the market place.

Auditors

The resignation of Dyke, Ruscoe and Hayes was accepted by the board and PricewaterhouseCoopers LLP have been appointed as auditors to the company. A resolution to re-appoint PricewaterhouseCoopers LLP as auditor to the company will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the period. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 15 months ended 31 December 2002 and that applicable accounting standards have been followed.

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 the financial statements comply with the Companies Act 1985. 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.

By order of the board



C P Hayes
Secretary

Date

20/6/02

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

Independent auditors' report to the members of Boulter Buderus Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the company's affairs at 31 December 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

26 June 2003.

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

Profit and loss account for the period ended 31 December 2002

	Note	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Turnover	2	814	-
Cost of sales		(496)	-
Gross profit		318	-
Net operating expenses	3	(515)	-
Operating loss	4	(197)	-
Interest payable less receivable	5	(29)	-
Loss on ordinary activities before taxation		(226)	-
Taxation on ordinary activities	6	(29)	-
Loss on ordinary activities after taxation		(255)	-
Retained loss for the period	22	(255)	-

All activities were acquired during the period and are continuing.

The company has no recognised gains or losses other than those included in the loss above.

Notes to the financial statements are on pages 8 to 19.

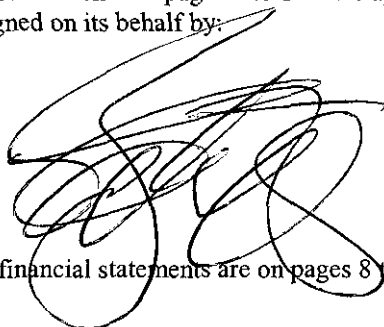
Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

Balance sheet as at 31 December 2002

	Note	31 December 2002 £'000	30 September 2001 £'000
Fixed assets			
Intangible fixed assets	10	5,714	-
Tangible assets	11	2,224	-
		7,938	-
Current assets			
Stock	13	607	-
Debtors	14	2,600	-
Cash at bank		482	1
		3,689	1
Creditors: amounts falling due within one year	15	(3,083)	(1)
Net current assets		606	-
Total assets less current liabilities		8,544	-
Creditors: amounts falling due after one year	16	(6,570)	-
Provision for liabilities and charges	19	(229)	-
Total net assets		1,745	-
Capital and reserves			-
Called up share capital	21	100	-
Share premium account	22	1,900	-
Profit and loss account	22	(255)	-
Equity shareholders' funds		1,745	-

The financial statements on pages 5 to 19 were approved by the board of directors on 20/6/02 and were signed on its behalf by:

C J Yates
Director



C P Hayes
Director



Notes to the financial statements are on pages 8 to 19.

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

Reconciliation of movements in shareholders' funds

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Loss on ordinary activities after taxation	(255)	-
Issue of new shares during the period	100	-
Premium on issue of new shares	1,900	-
Net increase to shareholders' funds	1,745	-
Opening shareholders' funds – as previously reported	-	-
Closing shareholders' funds	1,745	-

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

Notes to the financial statements for the period ended 31 December 2002

1 Principal accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

The directors have adopted Financial Reporting Standard (FRS) 19 "Deferred tax", in the period. The adoption of this standard has had no impact on prior year figures.

The directors, in accordance with FRS 18 "Accounting for policies", confirm that the accounting policies used by the company are the most appropriate, consistently applied and adequately disclosed.

A summary of the more important accounting policies, which have otherwise been consistently applied, is set out below.

Basis of accounts

The accounts are drawn up in accordance with the historical cost convention.

Turnover

Turnover represents sales to third parties net of contractual sales discounts, and excludes value added tax.

Income is recognised at the point where goods have been defined and invoiced and the risks and rewards attributable to the goods have passed to the purchaser. This point will normally be when such goods have been consigned for despatch or made available for customer collection but in the case of call-off orders the customer's goods remain on the company's premises.

Depreciation

Depreciation is calculated to write off the cost of fixed assets over their expected useful lives on a straight-line basis. The principal annual rates used for this purpose are as follows:

Leasehold properties	Over the shorter of the period of the lease and 50 years.
Plant and equipment	10% to 25%.
Motor vehicles	25%.
Computers	20% to 33%.

Goodwill

Purchased goodwill has been capitalised as an intangible fixed asset and amortised, on the straight-line basis, over its useful economic life, which has been estimated by the directors to be 15 years.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax balances are not discounted.

Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and comprises direct material cost, direct labour cost and attributable production overheads. Stock is provided for where it is in excess of one year's usage and/or where the age of the stock is greater than one year.

Development expenditure

Development expenditure is written off as incurred.

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Foreign currencies

Assets and liabilities are translated to sterling at the rates of exchange ruling at the balance sheet date. Transactions are translated at the rate ruling at the date of the transaction. Differences arising from trading transactions are included in operating profit.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Finance and operating leases

Assets held under finance leases are included as tangible fixed assets and depreciated over the shorter of the lease terms or their useful lives. The net obligations relating to finance leases are included as a liability, with interest allocated over the life of the lease at a constant rate on the outstanding capital balance. Costs in respect of operating leases are charged in arriving at the operating profit.

Cash flow statement

The company is exempt under Financial Reporting Standard No. 1 (Revised) from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of a parent undertaking whose consolidated statements include the cash flows of the company.

Warranty provision

The company makes due provision to cover potential warranty costs on all of its products. This provision is based on a historic profile maintained by the company of the number and cost of warranty claims in relation to the volume of sales in each period.

2 Turnover

The geographical analysis of turnover was:

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
UK	811	-
Other EU	3	-
	814	-

3 Net operating expenses

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Selling and distribution costs	127	-
Administration expenses	388	-
	515	-

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

4 Profit on ordinary activities before taxation

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Loss on ordinary activities before taxation is stated after charging or crediting:		
Depreciation		
- leased assets	1	-
- owned assets	28	-
Amortisation of goodwill	32	-
Auditors' remuneration:		
- audit services	13	-
- non-audit services	7	-
Operating lease rentals		
- hire of plant and machinery	2	-
- other	9	-
Development expenditure	1	-

5 Net interest payable

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Inter group loan	29	-
Finance leases	-	-
	29	-

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

6 Taxation on loss on ordinary activities

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
UK corporation tax at a rate of 30% (2001: 30%)		
Current	-	-
Deferred	29	-
	29	-

The tax assessed for the period differs from the standard rate of UK corporation tax of 30% (2001: 30%). The differences are explained below:

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Loss for the period	226	-
Loss on ordinary activities multiplied by the standard rate of corporation tax	68	-
Effects of:		
Expenses not deductible for tax purposes	(19)	-
Carry forward of tax losses	(70)	-
Difference between capital allowances and depreciation	29	-
Other short-term differences	(8)	-
Current tax charge for the period	-	-

7 Directors' emoluments

Particulars of the emoluments of the company's directors are:

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
The total emoluments accruing during the period amount to:		
Aggregate emoluments (excluding pension contributions)	80	-
Accrued pension contributions	1	-
	81	-

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The director who is employed as director of Nefit Buderus, a subsidiary of Buderus Heiztechnik GmbH, is remunerated by that company in respect of his service to the Group as a whole. His emoluments are dealt with in the accounts of that company. No emoluments are received for qualifying services in relation to Boulter Buderus Limited, and no specific recharges for his services are made.

The emoluments of the highest paid director were £27,674 (2001: £nil).

Benefits are accruing to four directors under money purchase pension schemes.

8 Employee information

The average number of persons (including executive directors) employed during the year was:

	Period ended 31 December 2002	Year ended 30 September 2001
Production	61	-
Selling and distribution	12	-
Administration	36	-
	109	-

Employment costs for the above persons (including executive directors) were:

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Aggregate gross wages and salaries	147	-
Social security costs	17	-
Other pension costs	26	-
	190	-

9 Pension costs

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account. As the pension scheme was not established at the period end, the company accrued an amount of £25,776 in anticipation of the commencement of the scheme. This was the charge for the period (2001: £nil) and was the balance outstanding at the period end.

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10 Intangible assets

	Goodwill £'000
Cost	
At 1 October 2001	-
Additions	5,746
At 31 December 2002	5,746
Amortisation	
At 1 October 2001	-
Charge for the period	32
At 31 December 2002	32
Net book value at 31 December 2002	5,714
Net book value at 30 September 2001	-

11 Tangible fixed assets

	Land and buildings, long leasehold £'000	Plant, machinery and vehicles £'000	Fixtures, fittings and tools £'000	Total £'000
Cost				
At 1 October 2001	-	-	-	-
On acquisition	1,750	386	117	2,253
At 31 December 2002	1,750	386	117	2,253
Depreciation				
At 1 October 2001	-	-	-	-
Charge for the period	3	22	4	29
At 31 December 2002	3	22	4	29
Net book value at 31 December 2002	1,747	364	113	2,224
Net book value at 30 September 2001	-	-	-	-

Of the assets shown above, tangible fixed assets with a net book value of £37,452 (2001: nil) were held under hire purchase agreements.

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

12 Capital commitments

There were no outstanding commitments for capital expenditure at the end of the period or the prior year.

13 Stocks

	31 December 2002 £'000	30 September 2001 £'000
Raw materials	371	-
Work in progress	26	-
Finished goods	210	-
	607	-

14 Debtors

	31 December 2002 £'000	30 September 2001 £'000
Amounts falling due within one year:		
Trade debtors	2,189	-
Prepayments and accrued income	411	-
	2,600	-

15 Creditors: amounts falling due within one year

	31 December 2002 £'000	30 September 2001 £'000
Finance leases	14	-
Trade creditors	1,285	1
Amounts owed to group undertakings	131	-
Corporation tax	-	-
Other taxation and social security	284	-
Other creditors	926	-
Accruals and deferred income	443	-
	3,083	1

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

16 Creditors: amounts falling due after more than one year

	31 December 2002 £'000	30 September 2001 £'000
Finance leases	20	-
Amounts owed to group undertakings	6,550	-
	6,570	-

17 Analysis of lease commitments

The annual commitments under non-cancellable operating leases are:

	Other 31 December 2002 £'000	Other 30 September 2001 £'000
For leases expiring:		
- within one year	8	-
- within two to five years	151	-
	159	-

18 Loans and other borrowings

The amounts due under finance leases and hire purchase contracts are:

	Other 31 December 2002 £'000	Other 30 September 2001 £'000
- within one year	14	-
- in more than one year, but not more than five years	20	-
	34	-

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

19 Provisions for liabilities and charges

	Deferred taxation £'000	Warranty £'000	Total £'000
At 1 October 2001	-	-	-
On acquisition	-	180	180
Charged to the profit and loss account	29	20	49
At 31 December 2002	29	200	229

20 Deferred taxation

The deferred tax position is analysed as follows:

	Amount provided 2002 £'000	Amount unprovided 2002 £'000	Amount provided 2001 £'000	Amount unprovided 2001 £'000
Differences between capital allowances and depreciation	(29)	-	-	-
Tax losses carried forward	-	70	-	-
Other short-term differences	-	8	-	-
	(29)	78	-	-

Deferred tax assets of £78,000 (2001: £nil) have not been recognised on the basis of uncertainty over the ability of the company to utilise tax losses carried forward.

The charge arising due to the movement on the deferred tax provision is shown below:

	Period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Opening deferred tax provision	-	-
Charge to the profit and loss account*	29	-
Closing deferred tax provision	29	-

* Solely in respect of differences between capital allowances and depreciation.

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

21 Called up share capital

	31 December 2002		31 December 2001	
	Number	£'000	Number	£'000
Ordinary shares of £1 each	100,002	100	2	-
Authorised	100,002	100	2	-
Allotted, called up and fully paid	100,002	100	2	-

The board authorised a further 100,000 ordinary shares of £1 each to be issued during the period at a premium of £19 per share. The cash generated through this issue was used as part funding for the acquisition of the assets and business of Boulter Boilers Limited.

22 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 October 2001	-	-
Premium on shares issued in period	1,900	-
Loss for the period	-	(255)
At 31 December 2002	1,900	(255)

23 Acquisition

On 29 November 2002 the company acquired the trade and certain assets of Boulter Boilers Limited, the trade acquired representing the entire trading operation of Boulter Buderus Limited. The summarised profit and loss account of this trade from 1 January 2002, the beginning of the financial year of Boulter Boilers Limited, to 30 November 2002, the date of acquisition, is given below. The information presented is based on the monthly management accounts prepared by Boulter Boilers Limited, and no accurate information is available in respect of the taxation charge for this period.

Boulter Buderus Limited (formerly Buderus Heating Technology Limited)

	Period ended 30 November 2002 £'000
Turnover	9,492
Cost of sales	(5,096)
Gross profit	4,396
Net operating expenses	(3,165)
Operating profit	1,231
Interest payable less receivable	39
Profit on ordinary activities before taxation	1,270

There were no other recognised gains or losses other than those included in the profit above. The profit on ordinary activities before and after taxation of the trade for the year ended 31 December 2001 were £920,000 and £631,000, respectively.

The assets acquired, and resulting goodwill, are set out below:

	Net assets acquired £'000	Fair value adjustments £'000	Fair value £'000
Tangible fixed assets	1,105	1,148	2,253
	1,105	1,148	2,253
Stocks	564	-	564
Debtors	2,790	-	2,790
Creditors due within one year	(2,504)	-	(2,504)
	850	-	850
Creditors due after one year	(20)	-	(20)
Other provisions	(184)	-	(184)
	(204)	-	(204)
Total net assets acquired	1,751	1,148	2,899
Consideration (satisfied by cash)			8,645
Goodwill arising			5,746
Total net assets acquired			2,899

The fair value adjustment made to the tangible fixed assets acquired relates to a revaluation of leasehold land and buildings.

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24 Related parties

As a wholly owned subsidiary, whose results are included in the consolidated financial statements of Buderus AG, Boulter Buderus Limited is exempt from the requirements to disclose details of transactions with any group company included in those consolidated financial statements. The directors do not consider that any transactions with other related parties occurred.

25 Ultimate holding company

Boulter Buderus Limited is a wholly owned subsidiary of Buderus Heiztechnik GmbH. Buderus AG is the head of the largest and smallest group for which consolidated statements are prepared. The directors regard Buderus AG, a company incorporated and registered in Germany, as the ultimate holding company. Copies of the ultimate holding company's consolidated accounts may be obtained from Buderus Aktiengesellschaft, Corporate Communications, 35573 Wetzlar, Germany.