

Asco Joucomatic Limited

**Directors' report and financial
statements**

Registered number 2861557

30 September 2010

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2010

Principal activities

The principal activity of the Company is the manufacture and market distribution of solenoid valves, pressure and temperature switches, pneumatic control equipment and associated panels

Business review

The year 2009 was difficult in the UK due to a sharp market decline, 2010 has seen a significant recovery. The market recovered in manufacturing across the board and this had a beneficial impact on our direct sales and distribution network as we worked with our customers to respond to the improving business environment.

The reorganisation during FY2008 to better suit the market and be more focused on specific product areas, was a key factor in FY2009 as we benefited from developing business with industries such as process, petrochemical and nuclear which helped to offset other sectors that were contracting. These benefits continued into FY2010 and enabled the Company to build back to the FY2008 turnover level and leave us in a strong position to benefit from the improving market conditions.

Further investment in automatic machines plus actions to continue the implementation of lean manufacturing techniques, resulted in continued service and efficiency improvement which both contributed to better customer satisfaction and protected the Company profitability.

Overall the result is a pre-tax profit of £2.4million (2009 £0.6million) and a turnover of £15.0million (2009 £12.6million). All of the actions taken in 2010 give us confidence that we can continue to build up profitable sales and be an attractive supplier for customers looking for high added value.

The Company's management uses a number of key measures to monitor and manage the performance of the business. At the Company level the key performance indicators are sales, gross profit, gross profit percentage, EBIT, cash generated by operations and the following more specific indicators:

- Daily Sales Outstanding
- Inventory Turnover
- Daily Payments Outstanding
- Trade Working Capital
- Service Levels

Principal risks and uncertainty

The risk factor evaluation shows that we are not substantially exposed to any significant business risks as we have a large span of customers all involved in different market segments. In addition our largest customer does not account for more than 5% (2009 5%) of our total sales.

Environment

The Company recognises the importance of its environmental responsibilities and operates in accordance with group policies. Initiatives designed to minimise the Company's impact on the environment include energy management, emergency preparedness, safe disposal of waste arising from operations and recycling materials are implemented whenever practicable. The Company is registered to the ISO 14001 standard by BSI (EMS 509106).

Directors' report *(continued)*

Research and development

The Company participates in an extensive group product development programme

Dividends

No dividends were paid during the year in respect of the year ended 30 September 2010 (2009 Nil) No further dividends are proposed

Market value of land and buildings

The directors are of the opinion that the market value of the freehold property exceeds the carrying value disclosed in the accounts This has not been quantified

Directors

The directors who served during the year or subsequently were

J-C Serkumian	(Chairman)
JP Marchant	(Resigned 1 December 2010)
SW Patterson	(Appointed 1 December 2010)

Employees

It is the policy of the Company to employ people who are handicapped by disablement provided it is practicable to offer them suitable employment and to make every effort to provide appropriate employment for employees who become disabled It is the intention to give disabled people opportunities for training, career development and promotion consistent with their capabilities The individual needs of the disabled are taken into consideration and where practicable, special arrangements are made to enable them to carry out their work

The Company also recognises the importance of good communications and endeavours, at meetings regularly convened, to keep its employees informed of the Company's progress and about other matters which concern them

Political and charitable contributions

The Company, nor any of its subsidiaries, have not made any disclosable political or charitable donations or incurred any disclosable political expenditure during the year (2009 £Nil)

Disclosure of information to auditor

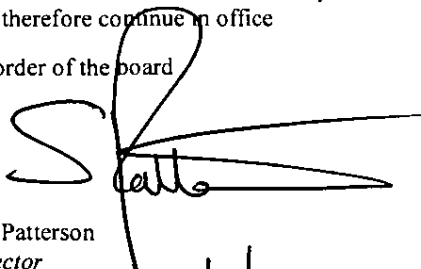
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make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

SW Patterson
Director



20/1/2011

Pit Hey Place
West Pimbo
Skelmersdale
Lancashire
WN8 9PG

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)

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 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 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 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
8 Princes Parade
Liverpool
L3 1QH

Independent auditors' report to the members of Asco Joucomatic Limited

We have audited the financial statements of Asco Joucomatic Limited for the year ended 30 September 2010 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

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.

E W Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

24 January 2011

Profit and loss account
for the year ended 30 September 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	14,983	12,636
Cost of sales		(10,361)	(8,889)
Gross profit		4,622	3,747
Distribution costs		(1,582)	(1,776)
Administrative expenses		(1,704)	(1,629)
Operating profit		1,336	342
Other interest receivable and similar income	6	53	228
Income from shares in group undertakings	10	968	-
Profit on ordinary activities before taxation	3	2,357	570
Tax on profit on ordinary activities	7	(380)	(158)
Profit for the financial year		1,977	412

All amounts relate to continuing operations. The company has no recognised gains or losses other than the result for the year as set out above, therefore a separate statement of gains or losses has not been prepared.

The notes on pages 8 to 17 form part of the financial statements.

Balance sheet
at 30 September 2010

	<i>Note</i>	2010		2009	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		1,373		1,239
Investments	10		533		846
			<hr/>		<hr/>
			1,906		2,085
Current assets					
Stocks	11	1,506		1,337	
Debtors	12	25,092		23,743	
Cash at bank and in hand		1		1	
		<hr/>		<hr/>	
Creditors amounts falling due within one year	13	26,599 (3,146)		25,081 (3,784)	
		<hr/>		<hr/>	
Net current assets			23,453		21,297
			<hr/>		<hr/>
Total assets less current liabilities			25,359		23,382
			<hr/>		<hr/>
Net assets			25,359		23,382
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		776		776
Share premium account	16		15,274		15,274
Profit and loss account	16		9,309		7,332
			<hr/>		<hr/>
Shareholders' funds			25,359		23,382
			<hr/>		<hr/>

The notes on pages 8 to 17 form part of the financial statements

These financial statements were approved by the board of directors on 20/11/2011 and were signed on its behalf by

SW Patterson
 Director

Reconciliation of movements in shareholders' funds
for the year ended 30 September 2010

	2010 £000	2009 £000
Profit for the financial year	1,977	412
Net increase in shareholders' funds	<u>1,977</u>	<u>412</u>
Opening shareholders' funds	23,382	22,970
Closing shareholders' funds	<u>25,359</u>	<u>23,382</u>

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 s401 of the Companies Act 2006 from the requirement to prepare group financial statements. 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 100% of the Company's voting rights are controlled within the group headed by Emerson Electric Co, 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 Emerson Electric Co, within which this Company is included, can be obtained from the address given in note 20.

Going concern

The financial statements have been prepared on a going concern basis because, after making due enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at historical cost. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land	-	Nil
Freehold buildings	-	50 years
Plant and machinery	-	12 years
Fixtures, fittings, tools and equipment	-	4 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the 20th of each month. Monetary assets and liabilities denominated in foreign currencies are translated using 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 leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting Policies (continued)

Post-retirement benefits

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

The Company participates in a group wide pension scheme, the Emerson UK pension Plan, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company 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 profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Cash

All cash balances of the company are deposited in a group banking arrangement and are presented as intercompany balances.

2 Analysis of turnover

The directors are of the opinion that there is only one class of business. The geographical analysis (by destination) is as follows:

	2010 £000	2009 £000
<i>By geographical market</i>		
United Kingdom	7,913	7,476
Europe	4,435	3,343
USA	522	442
Australia and Far East	1,990	1,229
Africa	123	146
	<u>14,983</u>	<u>12,636</u>

Notes (continued)

3 Profit on ordinary activities before taxation

	2010 £000	2009 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	212	190
Hire of plant and machinery - operating leases	156	177
	<hr/>	<hr/>
Auditors' remuneration	2010 £000	2010 £000
Amounts receivable by the auditors and their associates in respect of		
Audit of these financial statements	32	32
Other services – audit of subsidiary companies and pension scheme	-	8
	<hr/>	<hr/>

4 Remuneration of directors

	2010 £000	2009 £000
Emoluments	295	251
	<hr/>	<hr/>
<i>Retirement benefits are accruing to the following number of directors</i>	2010 Number	2009 Number
Defined benefit pension scheme	1	1
	<hr/>	<hr/>
Money purchase pension scheme	-	-
	<hr/>	<hr/>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £295,000 (2009 £251,000). He is a member of the defined benefit pension scheme under which his accrued pension at the year end was £Nil (2009 £8,774).

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2010	2009
Production	93	81
Distribution and marketing	34	32
Administration	10	11
Services	2	2
Engineering	5	5
Other	10	15
	<u>154</u>	<u>146</u>

The aggregate payroll costs of these persons were as follows

	2010 £000	2009 £000
Wages and salaries	2,866	2,745
Social security costs	223	242
Other pension costs	210	893
	<u>3,299</u>	<u>3,880</u>

6 Other interest receivable and similar income

	2010 £000	2009 £000
Bank interest receivable and similar income	<u>53</u>	<u>228</u>

Notes (continued)

7 Taxation on profit on ordinary activities

	2010 £000	2009 £000
UK corporation tax		
Current tax on income for period	386	176
Adjustment in respect of prior periods	(15)	(9)
Total current tax	371	167
Deferred taxation		
Origination and reversal of timing differences	9	(9)
	380	158

Factors affecting the tax charge for the current period

The tax charge assessed for the period is higher (2009 lower) the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
Current tax reconciliation		
Profit on ordinary activities before tax	2,357	570
Profit on ordinary activities multiplied by the standard rate of corporate tax in the UK of 28% (2009 28%)	660	160
Effects of		
Non-taxable income	(271)	-
Expenses not deductible for tax purposes	-	10
Other timing differences	(3)	-
Capital allowances in excess of depreciation	-	6
Adjustment in respect of prior periods	(15)	(9)
Total current tax (see above)	371	167

8 Dividends

	2010 £000	2009 £000
The aggregate amounts of dividends comprises		
Interim dividend paid in respect of the current year	-	-

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings, Tools and equipment £000	Total £000
<i>Cost</i>				
At beginning of year	698	2,738	2,998	6,434
Additions	-	204	142	346
Disposals	-	(11)	(1)	(12)
At end of year	698	2,931	3,139	6,768
<i>Depreciation</i>				
At beginning of year	214	2,209	2,772	5,195
Charge for year	13	107	92	212
Disposals	-	(11)	(1)	(12)
At end of year	227	2,305	2,863	5,395
<i>Net book value</i>				
At 30 September 2010	471	626	276	1,373
At 30 September 2009	484	529	226	1,239

Included in freehold land and buildings is an amount of £66,000 (2009 £66,000) in respect of non-depreciable land

10 Fixed asset investments

	Shares in Group Undertaking £000
<i>Cost and net book value</i>	
At beginning of year	846
Return of investment	(313)
At end of year	533

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
Asco Power Technologies Limited	England and Wales	Dormant	100% Ordinary shares of £1 each

During the year Joucomatic Controls Limited a wholly-owned dormant company was liquidated. Prior to liquidation a dividend in specie of £1,061,000 was made to Asco Joucomatic Limited of which £93,000 was credited to the cost of investment. On liquidation £220,000 was distributed to Asco Joucomatic Limited.

Notes (continued)

11 Stocks

	2010 £000	2009 £000
Raw materials and consumables	987	844
Work in progress	16	22
Finished goods and goods for resale	503	471
	<u>1,506</u>	<u>1,337</u>

12 Debtors

	2010 £000	2009 £000
Trade debtors	1,893	1,416
Amounts owed by group undertakings	22,923	22,029
Other debtors	63	49
Prepayments and accrued income	143	170
Deferred tax (note 14)	70	79
	<u>25,092</u>	<u>23,743</u>

13 Creditors amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	973	699
Amounts owed to group undertakings	1,070	2,151
Taxation and social security	233	140
Accruals and deferred income	870	794
	<u>3,146</u>	<u>3,784</u>

Notes (continued)

14 Deferred taxation

	Deferred taxation £000
At 1 October 2009	(79)
Charged during the year to the profit and loss account	9
	<hr/>
At 30 September 2010 (note 12)	(70)
	<hr/> <hr/>

The amounts for deferred taxation are set out below

	2010 £000	2009 £000
Difference between accumulated depreciation and capital allowances	(66)	(71)
Other timing differences	(4)	(8)
	<hr/>	<hr/>
Deferred tax asset	(70)	(79)
	<hr/> <hr/>	<hr/> <hr/>

15 Called up share capital

	2010 £000	2009 £000
<i>Authorised</i>		
Equity Ordinary shares of £1 each	800	800
	<hr/>	<hr/>
<i>Allotted</i>		
Equity Ordinary shares of £1 each	776	776
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity Ordinary shares of £1 each	776	776
	<hr/> <hr/>	<hr/> <hr/>

16 Share premium and reserves

	Share premium Account £000	Profit and loss account £000
At beginning of year	15,274	7,332
Profit for the year	-	1,977
	<hr/>	<hr/>
At end of year	15,274	9,309
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

17 Contingent liabilities

As at 30 September 2010 the company had entered into a guarantee to HM Customs and Excise in respect of duty deferment amounting to £80,000 (2009 £80,000)

18 Commitments

(a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	2010 £000	2009 £000
Contracted	380	35

(b) Annual commitments under non-cancellable operating leases are as follows

	2010 Other £000	2009 Other £000
Operating leases which expire		
Within one year	19	51
In the second to fifth years inclusive	87	66
	106	117

19 Pension scheme

The company participates in a group hybrid pension scheme (part-defined benefit and part-defined contribution) being The Emerson UK Pension Plan (‘the Plan’). The Asco Joucomatic Limited section forms part of the defined benefit section of the Plan.

Defined benefit section

The Plan is operated by Emerson Holding Company Limited (the ‘Principal Company’). The assets of the Plan are administered by a Trustee in a fund independent from those of the company. A full actuarial valuation of the Plan (including both the defined benefit and the defined contribution sections of the Plan) was carried out on 1 April 2008. This valuation indicated that the market value of the Plan’s assets represented a funding level at 1 April 2008 of 92% of the benefits that had accrued to members, after allowing for the effect of future increases in the earnings of active members.

This was the first valuation of the Plan under the new scheme specific funding legislation introduced by the Pensions Act 2004. As required by legislation, a Statement of Funding Principles, a new Schedule of Contributions, and, because the valuation disclosed a deficit, a Recovery Plan were all agreed by the Trustee and the Principal Company and are now in place.

Notes (continued)

19 Pension scheme

Following the 1 April 2008 actuarial valuation, it was agreed that the participating employers would contribute to the Plan. The total combined participating employer contributions to the defined benefit sections of the Plan for the year ended 30 September 2010 were £6,000,000 (2009 £33,000,000). The minimum cumulative contributions agreed in the Schedule of Contributions were £44,000,000. As of 30 September 2010 £39,000,000 has been contributed leaving a minimum contribution to be made before 30 June 2012 of £5,000,000. The allocation of the minimum contributions amongst participating employers is currently in the process of being determined. Accordingly at the current time Asco Joucomatic Limited's share is not known. This contribution may change, as the next actuarial valuation of the Plan is due as at 1 April 2011, at which time a new Schedule of Contribution will be agreed.

Due to the company being unable to identify its share of the Plan's assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17, the company has accounted for the defined benefit section of the Plan as if it was a defined contribution scheme.

The profit and loss charge in respect of the company's employer contributions to the Plan for the year amounted to £143,000 (2009 £778,000) and there were £nil contributions outstanding at the year end (2009 £nil).

Defined contribution section

The company's pension costs for the year in respect of the defined contribution section of the Plan amounted to £67,000 (2009 £72,000). The contributions outstanding at the year-end amounted to £nil (2009 £nil).

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

The company is a subsidiary undertaking of Emerson Holdings Company Limited incorporated in Great Britain.

The Ultimate parent company and group in which the results of the company are consolidated is headed by Emerson Electric Co, which is incorporated in the USA. Accounts of Emerson Electric Co may be obtained from 8000 W Florissant Avenue, PO Box 4100, St Louis, Missouri, MO63136, USA.