

1210/98

REGISTRAR

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 1995
for
Spiroflow Limited**



Spiroflow Limited

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for the Year Ended 31 December 1995**

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Spiroflow Limited

**Company Information
for the Year Ended 31 December 1995**

DIRECTORS: M J G F Podevyn
C A M Podevyn
R Halliwell
L Smith
D Heys

SECRETARY: D. Heys

REGISTERED OFFICE: Upbrooks
Clitheroe
Lancashire
BB7 1QG

REGISTERED NUMBER: 1210198

AUDITORS: Haworths
Registered Auditors
Chartered Accountants
1 Stanley Street
Accrington

Spiroflow Limited

Report of the Directors for the Year Ended 31 December 1995

The directors present their report with the financial statements of the company for the year ended 31 December 1995.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the development, manufacture and sale of automatic metering, blending and conveying systems.

DIRECTORS

The directors during the year under review were:

M J G F Podevyn
C A M Podevyn
R Halliwell
L Smith
D Heys

The beneficial interests of the directors holding office on 31 December 1995 in the issued share capital of the company were as follows:

	31.12.95	1.1.95
Ordinary £1 shares		
M J G F Podevyn	36,600	36,600
C A M Podevyn	13,200	13,200
R Halliwell	19,600	19,600
L Smith	-	-
D Heys	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

AUDITORS

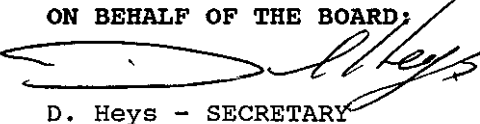
Messrs, Grant Thornton will be proposed for appointment in accordance with section 385 of the Companies Act 1985.

Spiroflow Limited

**Report of the Directors
for the Year Ended 31 December 1995**

In preparing this report, the directors have taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

ON BEHALF OF THE BOARD:



D. Heys - SECRETARY

Dated: 13 May 1996

Spiroflow Limited

**Report of the Auditors to the Shareholders of
Spiroflow Limited**

We have audited the financial statements on pages six to seventeen which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages nine and ten.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

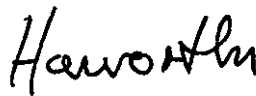
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Haworths
Registered Auditors
Chartered Accountants
1 Stanley Street
Accrington



Dated: 16 May 1996

Spiroflow Limited

**Report of the Auditors to the Directors of
Spiroflow Limited
Pursuant to Section 248(3) of the Companies Act 1985**

We have examined the financial statements of the company and each of its subsidiaries for the year ended 31 December 1995.

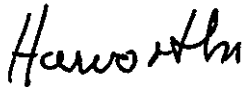
Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.

Haworths
Registered Auditors
Chartered Accountants
1 Stanley Street
Accrington



Dated: 16 May 1996

Spiroflow Limited

**Profit and Loss Account
for the Year Ended 31 December 1995**

	Notes	1995		1994	
		£	£	£	£
TURNOVER	2		3,153,241		2,280,413
Cost of sales			1,712,746		1,206,231
GROSS PROFIT			1,440,495		1,074,182
Distribution costs		329,992		278,967	
Administrative expenses		901,490		654,193	
			1,231,482		933,160
OPERATING PROFIT	3		209,013		141,022
Interest receivable and similar income	4		10,087		3,502
			219,100		144,524
Interest payable and similar charges	5		63		1,094
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			219,037		143,430
Tax on profit on ordinary activities	6		64,170		40,804
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			154,867		102,626
Dividends	7		64,000		22,400
			90,867		80,226
Retained profit brought forward			459,829		376,835
			550,696		457,061
Trf from Revaluation Reserve			2,768		2,768
RETAINED PROFIT CARRIED FORWARD			£553,464		£459,829

The notes form part of these financial statements

Spiroflow Limited

**Profit and Loss Account
for the Year Ended 31 December 1995**

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

Spiroflow Limited

**Balance Sheet
31 December 1995**

		1995		1994	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	9		545,839		538,789
Investments	10		23,332		543
			<u>569,171</u>		<u>539,332</u>
CURRENT ASSETS:					
Stocks	11	175,418		185,832	
Debtors	12	724,935		421,833	
Cash at bank		130,402		57,286	
		<u>1,030,755</u>		<u>664,951</u>	
CREDITORS: Amounts falling due within one year	13	824,637		519,861	
				<u>519,861</u>	
NET CURRENT ASSETS:			<u>206,118</u>		<u>145,090</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£775,289</u>		<u>£684,422</u>
CAPITAL AND RESERVES:					
Called up share capital	17		100,000		100,000
Revaluation reserve	18		121,825		124,593
Profit & loss account			553,464		459,829
			<u>£775,289</u>		<u>£684,422</u>
Shareholders' funds	20		<u>£775,289</u>		<u>£684,422</u>

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

M J G F Podym - DIRECTOR

Approved by the Board on 13 May 1996

Spiroflow Limited

Notes to the Financial Statements for the Year Ended 31 December 1995

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold Land & Buildings	- 2% on valuation
Demonstration Equipment	- 15% on reducing balance
Plant & Machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor Vehicles	- 25% on reducing balance
Office Equipment	- 15% on reducing balance & 25% on cost

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Spiroflow Limited

Notes to the Financial Statements for the Year Ended 31 December 1995

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

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

Group Companies

The investments held as fixed assets are stated at cost less provision for permanent diminution in value. The group qualifies as a small group. The company utilises the exemption conferred by Section 248, Companies Act 1985 and does not prepare consolidated accounts.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. OPERATING PROFIT

The operating profit is stated after charging:

	1995	1994
	£	£
Exchange Differences	253	720
Depreciation - owned assets	67,836	55,300
Depreciation - assets on hire purchase or finance leases	-	3,095
Loss on disposal of fixed assets	1,538	1,721
Auditors' remuneration	3,709	3,500
	<u>220,776</u>	<u>222,120</u>
Directors' emoluments	<u>220,776</u>	<u>222,120</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1995	1994
	£	£
Deposit Account Interest	<u>10,087</u>	<u>3,502</u>

Spiroflow Limited

**Notes to the Financial Statements
for the Year Ended 31 December 1995**

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1995 £	1994 £
Bank loans, overdrafts and other loans repayable within five years:		
otherwise than by instalments	63	267
Finance charges - hire purchase or finance leases	-	827
	<u>63</u>	<u>1,094</u>

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1995 £	1994 £
Based on the adjusted results of the year:		
UK Corporation Tax	69,000	43,300
Prior Year Adjustment	(4,830)	(2,496)
	<u>64,170</u>	<u>40,804</u>

UK Corporation Tax has been charged at 25% (1994 - 25%).

7. DIVIDENDS

	1995 £	1994 £
Equity shares:		
Interim	<u>64,000</u>	<u>22,400</u>

8. EXPORT SALES

Export sales amounted to 22% of the reported turnover. (1994 - 24%)

Spiroflow Limited

**Notes to the Financial Statements
for the Year Ended 31 December 1995**

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	Demonstr- ation Equipment	Plant & Machinery
	£	£	£
COST OR VALUATION:			
At 1 January 1995	379,235	60,801	34,517
Additions	-	-	2,480
At 31 December 1995	379,235	60,801	36,997
DEPRECIATION:			
At 1 January 1995	40,510	27,172	22,549
Charge for year	7,584	5,043	2,170
At 31 December 1995	48,094	32,215	24,719
NET BOOK VALUE:			
At 31 December 1995	331,141	28,586	12,278
At 31 December 1994	338,725	33,629	11,968

	Fixtures and fittings	Motor Vehicles	Office Equipment	Totals
	£	£	£	£
COST OR VALUATION:				
At 1 January 1995	13,922	185,658	114,363	788,496
Additions	498	27,386	51,035	81,399
Disposals	-	(11,885)	-	(11,885)
At 31 December 1995	14,420	201,159	165,398	858,010
DEPRECIATION:				
At 1 January 1995	9,183	85,550	64,743	249,707
Charge for year	784	30,244	22,011	67,836
Eliminated on disposals	-	(5,372)	-	(5,372)
At 31 December 1995	9,967	110,422	86,754	312,171
NET BOOK VALUE:				
At 31 December 1995	4,453	90,737	78,644	545,839
At 31 December 1994	4,739	100,108	49,620	538,789

Spiroflow Limited

**Notes to the Financial Statements
for the Year Ended 31 December 1995**

Cost or valuation at 1 January 1995 is represented by:

	Freehold Land & Buildings	Demonstr- ation Equipment	Plant & Machinery
	£	£	£
Valuation in 1990	138,435	-	-
Cost	240,800	60,801	34,516
	<u>379,235</u>	<u>60,801</u>	<u>34,516</u>

	Fixtures and fittings	Motor Vehicles	Office Equipment	Totals
	£	£	£	£
Valuation in 1990	-	-	-	138,435
Cost	13,922	185,658	114,363	650,060
	<u>13,922</u>	<u>185,658</u>	<u>114,363</u>	<u>788,495</u>

If Freehold land & buildings had not been revalued they would have been included at the following historical cost:

	1995 £	1994 £
Cost	240,800	240,800
Aggregate depreciation	<u>26,668</u>	<u>21,852</u>

Freehold land & buildings were valued on an open market value basis on 1 May 1990 by Mortimer Gorse & Ross, Valuers & Surveyors.

Spiroflow Limited

Notes to the Financial Statements for the Year Ended 31 December 1995

Fixed assets, included in the above, which are held under hire purchase or finance leases are as follows:

	Motor Vehicles
	£
COST:	
At 1 January 1995	11,054
Transferred to ownership	(11,054)
	<hr/>
At 31 December 1995	-
	<hr/>
DEPRECIATION:	
At 1 January 1995	4,836
Transferred to ownership	(4,836)
	<hr/>
At 31 December 1995	-
	<hr/>
NET BOOK VALUE:	
At 31 December 1995	-
	<hr/> <hr/>
At 31 December 1994	6,218
	<hr/> <hr/>

10. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 1995	543
Additions	22,789
	<hr/>
At 31 December 1995	23,332
	<hr/> <hr/>
NET BOOK VALUE:	
At 31 December 1995	£23,332
	<hr/> <hr/>
At 31 December 1994	£543
	<hr/> <hr/>
	1995 1994
	£ £
Unlisted investments	23,332 543
	<hr/> <hr/> <hr/> <hr/>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Spiroflow Incorporation

Country of incorporation: U.S.A

Nature of business: Similar to Spiroflow Ltd.

Class of shares:	%	
Ordinary	holding	
	49.50	

Spiroflow Limited

Notes to the Financial Statements for the Year Ended 31 December 1995

Schutte-Spiroflow GMBH

Country of incorporation: Germany

Nature of business: Similar to Spiroflow Ltd.

	%
Class of shares:	holding
Ordinary	49.50

Spiroflow SA (Proprietary) Ltd

Country of incorporation: South Africa

Nature of business: Similar to Spiroflow Ltd

	%
Class of shares:	holding
Ordinary	24.00

11. STOCKS

	1995	1994
	£	£
Raw Materials	145,146	135,736
Work in Progress	30,272	50,096
	175,418	185,832

12. DEBTORS

	1995	1994
	£	£
Amounts falling due within one year:		
Trade Debtors	619,244	341,070
Prepayments & Accrued Income	28,560	27,566
Other Debtors	7,170	15,423
Amounts Owed by Associated Companies	55,721	37,774
	710,695	421,833
Amounts falling due after more than one year:		
Loan to associated company	14,240	-
	14,240	-
Aggregate amounts	724,935	421,833

Spiroflow Limited

**Notes to the Financial Statements
for the Year Ended 31 December 1995**

**13. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1995	1994
	£	£
Hire purchase and finance leases (see note 14)	-	2,796
Trade Creditors	355,812	270,211
Accruals & Deferred Income	16,308	17,452
Amounts Owed To Subsidiary	-	784
Payments on Account	314,514	146,185
Social Security & Other Taxes	85,003	52,233
Taxation	53,000	30,200
	<u>824,637</u>	<u>519,861</u>

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	1994
	1995	£
	£	£
Gross obligations repayable: Within one year	-	2,796
	<u>-</u>	<u>2,796</u>
Net obligations repayable: Within one year	-	2,796
	<u>-</u>	<u>2,796</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	1995	1994
	£	£
Hire purchase and finance leases	-	2,796
	<u>-</u>	<u>2,796</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

	Provided	Not provided	1994
	1995	1994	1995
	£	£	£
Accelerated Capital Allowances	-	-	6,476
Chargeable Gain on Revaluation	-	-	3,151
	<u>-</u>	<u>-</u>	<u>9,627</u>
	<u>-</u>	<u>-</u>	<u>17,521</u>

Spiroflow Limited

Notes to the Financial Statements for the Year Ended 31 December 1995

17. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1995 £	1994 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

18. REVALUATION RESERVE

	1995 £	1994 £
Revaluation Reserve B/F	124,593	127,361
Trf Depreciation-Current Year	<u>(2,768)</u>	<u>(2,768)</u>
	<u>121,825</u>	<u>124,593</u>

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £39453 (1994 - £38799).

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial year	154,867	102,626
Dividends	<u>(64,000)</u>	<u>(22,400)</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	90,867	80,226
Opening shareholders' funds	<u>684,422</u>	<u>604,196</u>
CLOSING SHAREHOLDERS' FUNDS	<u>775,289</u>	<u>684,422</u>
Equity interests	<u>775,289</u>	<u>684,422</u>

21. CAPITAL COMMITMENTS

At 31 December 1995 the company had contracted but not provided for £325,330.