

Spiroflow Limited

STATUTORY FINANCIAL STATEMENTS

for the year ended

31 December 2008

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COMPANIES HOUSE

Spiroflow Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Podevyn
C Podevyn
R Hudson

SECRETARY

A Wilson

REGISTERED OFFICE

Lincoln Way
Clitheroe
Lancashire
BB7 1QG

AUDITORS

Baker Tilly UK Audit LLP
2 Whitehall Quay
Leeds
LS1 4HG

BANKERS

Lloyds TSB Bank plc
7 Church Street
Clitheroe
Lancashire
BB7 2DD

Spiroflow Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Spiroflow Limited for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of the design, manufacture and installation of bulk handling equipment for dry solids and ingredients.

REVIEW OF THE BUSINESS

The turnover in 2008 increased slightly over the previous year, with several large orders gained from major global companies. Despite difficult trading conditions in the last quarter of 2008, sales in 2009 are predicted to remain steady with the incorporation into the product range of a new type of bulk conveyor, enabling Spiroflow to offer conveying and weighing systems to a wider group of customers.

RESULTS AND DIVIDENDS

The profit and loss for the year is set out on page 6.

The directors do not recommend a dividend for 2008.

FUTURE DEVELOPMENTS

The directors anticipate further growth during the next year.

DIRECTORS

The following directors have held office during the year:

M Podevyn
C Podevyn
R Hudson (appointed 20 February 2008)

FINANCIAL INSTRUMENTS

Credit Risk

The company mainly trades with long standing customers, credit checks are used for new customers to mitigate any credit risk.

Fair Value Interest Rate Risk

The company does not hedge its interest rate risk.

Price Risk

The company uses preferred supplier agreements with suppliers to manage its exposure to variation in market prices.

Liquidity

Management control and monitor the company's cash flow on a regular basis, including forecasting future cash flows.

Spiroflow Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board

M Poderyn
Director

1st Sep 2009

Spiroflow Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. 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 these financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgments and estimates that are reasonable and prudent;
- c. 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPIROFLOW LIMITED

We have audited the financial statements on pages 6 to 17.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 Directors' 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 directors' remuneration and other transactions 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2008 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

Leeds

3 September 2009

Spiroflow Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	<i>Notes</i>	2008 £	2007 £
TURNOVER	1	3,567,820	2,879,268
Cost of sales		(2,161,211)	(1,569,248)
Gross profit		1,406,609	1,310,020
Administrative expenses		(1,281,191)	(1,202,878)
Other operating income		-	2
		125,418	107,144
Exceptional distribution of EBT assets	2	(151,250)	-
OPERATING (LOSS)/PROFIT	2	(25,832)	107,144
Interest receivable and similar income	3	1,435	3,560
Interest payable and similar charges	4	(1,702)	(11,245)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(26,099)	99,459
Taxation	6	(4,776)	(19,370)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(30,875)	80,089

The loss for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Spiroflow Limited

BALANCE SHEET

31 December 2008

	<i>Notes</i>	2008 £	2007 £
FIXED ASSETS			
Tangible assets	8	709,414	702,289
Investments	9	4	165,004
		<u>709,418</u>	<u>867,293</u>
CURRENT ASSETS			
Stocks	10	296,883	314,987
Debtors	11	442,170	446,636
Cash at bank and in hand		94,313	14,464
		<u>833,366</u>	<u>776,087</u>
CREDITORS: Amounts falling due within one year	12	<u>(505,449)</u>	<u>(575,170)</u>
NET CURRENT ASSETS		<u>327,917</u>	<u>200,917</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,037,335</u>	<u>1,068,210</u>
CAPITAL AND RESERVES			
Called up share capital	13	100,000	100,000
Revaluation reserve	14	414,554	420,503
Profit and loss account	14	522,781	547,707
SHAREHOLDERS' FUNDS	14	<u>1,037,335</u>	<u>1,068,210</u>

The financial statements on pages 6 to 17 were approved by the board of directors and authorised for issue on 15 Sep 2009 and are signed on its behalf by:


M Podevyn
Director

Spiroflow Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets and in accordance with applicable accounting standards.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Land and buildings	2% per annum on valuation
Plant and machinery	15%-25% per annum – straight line
Fixtures, fittings and equipment	15% - 33% per annum – straight line
Motor vehicles	25%-33% per annum - straight line

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lesser.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSIONS

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

FOREIGN CURRENCY TRANSLATION

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

Spiroflow Limited

ACCOUNTING POLICIES

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

GROUP ACCOUNTS

The company has taken advantage of the exemption provided by S248 of the Companies Act 1985 from the requirement to prepare group accounts. Accordingly the financial statements present information about the company as an individual undertaking.

Spiroflow Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

1 TURNOVER

The company's turnover and profit before taxation were all derived from its principal activity.
Sales were made in the following geographical markets:

	2008 £	2007 £
United Kingdom	2,252,365	2,287,094
Europe	580,941	406,493
Rest of the world	734,514	185,681
	<u>3,567,820</u>	<u>2,879,268</u>

2 OPERATING (LOSS)/PROFIT

	2008 £	2007 £
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	66,018	79,694
Auditors' remuneration	9,800	9,500
Remuneration of auditors for non-audit work	11,060	16,000
(Profit)/loss on disposal of tangible assets	(3,216)	1,590
Profit on foreign exchange transactions	(36,698)	(20,568)
	<u></u>	<u></u>

During the year the Employee Benefit Trust was wound up and its assets distributed. The impact on the accounts was as follows:

	2008 £
Distribution of shares to directors	100,000
Loss on distribution of shares	65,000
Waiver of balance due to EBT nominee company	(13,750)
	<u>151,250</u>

This exceptional transaction did not involve any cash movement.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Interest receivable from subsidiary undertakings	<u>1,435</u>	<u>3,560</u>

Spiroflow Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

4	INTEREST PAYABLE	2008 £	2007 £
	On bank loans and overdrafts	1,702	11,245

5	EMPLOYEES	2008 No.	2007 No.
	The average monthly number of persons (including directors) employed by the company during the year was:	31	30

		2008 £	2007 £
	Staff costs for above persons:		
	Wages and salaries	1,104,383	939,033
	Social security costs	106,262	102,891
	Other pension costs	19,996	15,499

1,230,641	1,057,423
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	DIRECTORS' EMOLUMENTS	2008 £	2007 £
	Emoluments for qualifying services	229,328	235,835
	Distribution of shares held by Employee Benefit Trust (note 2)	100,000	-
	Pension contributions	3,656	-

332,984	235,835
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The number of directors to whom relevant benefits are accruing under money purchase pension scheme was 2 (2007: 2).

		2008 £	2007 £
	Highest paid director:		
	Aggregate emoluments	93,687	116,930
	Distribution of shares held by Employee Benefit Trust (note 2)	50,000	-
		143,687	116,930

Spiroflow Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

6	TAXATION	2008 £	2007 £
	Corporation tax:		
	UK corporation tax on profits of period	5,350	25,722
	Adjustments in respect of prior years	-	(1,520)
		<hr/>	<hr/>
	Total current tax	5,350	24,202
		<hr/>	<hr/>
	Deferred Tax:		
	Current year charge	(332)	(2,129)
	Prior year charge	-	(2,568)
	Tax rate change	(242)	(135)
		<hr/>	<hr/>
	Total deferred tax	(574)	(4,832)
		<hr/>	<hr/>
	Tax on profit on ordinary activities	4,776	19,370
		<hr/>	<hr/>
	Factors affecting the tax charge for the period:		
	The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:		
		2008 £	2007 £
	(Loss)/profit on ordinary activities before tax	(26,099)	99,459
		<hr/>	<hr/>
	(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007: 19%)	(7,308)	19,891
	Effects of:		
	Expenses not deductible for tax purposes	2,257	1,890
	Depreciation on ineligible items	4,616	2,133
	Depreciation (less than)/in excess of capital allowances	(6,756)	2,129
	Difference in tax rate	(1,810)	(321)
	Write off in Employee Benefit Trust	42,350	-
	Schedule 23 relief	(27,999)	-
		<hr/>	<hr/>
	Current tax charge for the period	5,350	25,722
		<hr/>	<hr/>
7	DIVIDENDS	2008 £	2007 £
	Ordinary:		
	Interim paid	-	37,500
		<hr/>	<hr/>

Spiroflow Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

8 TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £</i>	<i>Plant and machinery £</i>	<i>Fixtures, fittings and equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost or valuation					
1 January 2008	650,000	376,435	59,099	193,797	1,279,331
Additions	9,995	37,129	14,839	17,174	79,137
Disposals	-	-	-	(60,110)	(60,110)
31 December 2008	659,995	413,564	73,938	150,861	1,298,358
Depreciation					
1 January 2008	24,776	351,454	33,819	166,993	577,042
Charge for the year	13,000	16,177	15,516	21,325	66,018
Disposals	-	-	-	(54,116)	(54,116)
31 December 2008	37,776	367,631	49,335	134,202	588,944
Net book value					
31 December 2008	622,219	45,933	24,603	16,659	709,414
31 December 2007	625,224	24,981	25,280	26,804	702,289

The company's freehold premises at Lincoln Way, Clitheroe were valued at a current market value of £650,000 in September 2006 by Trevor Dawson Chartered Surveyors. This valuation has been incorporated into the financial statements. The directors of the company are of the opinion that the current market value of the property is not materially different from the revalued amount.

Spiroflow Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

8 TANGIBLE FIXED ASSETS *(continued)*

Comparable historical cost for the land and buildings included at valuation:	£
Cost	
1 January 2008	352,574
Additions	9,995
31 December 2008	362,569
Depreciation based on cost	
1 January 2008	147,853
Charge for the year	7,051
31 December 2008	154,904
Net book value	
31 December 2008	207,665
31 December 2007	204,721

9 FIXED ASSET INVESTMENTS

	<i>Unlisted investments</i> £	<i>Shares in related undertakings</i> £	<i>Total</i> £
Cost or valuation			
1 January 2008	165,000	4	165,004
Disposals	(165,000)	-	(165,000)
31 December 2008	-	4	4
Provisions for diminution in value			
1 January 2008 & 31 December 2008	-	-	-
Net book value			
31 December 2008	-	4	4
31 December 2007	165,000	4	165,004

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Spiroflow Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

9 FIXED ASSETS INVESTMENTS *(continued)*

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

<i>Subsidiary undertakings</i>	<i>Country of registration of incorporation</i>	<i>Shares held</i>	
		<i>Class</i>	<i>%</i>
Spiroflow UK Limited	England	Ordinary	100
Spiroflow Powder Handling Limited	England	Ordinary	100

Spiroflow UK Limited and Spiroflow Powder Handling Limited are dormant.

Unlisted investments represented shares in Spiroflow Limited held by the Employee Benefit Trust of Spiroflow Limited.

During the year the EBT has been wound up. See note 2 for further details.

10 STOCKS	2008	2007
	£	£
Raw materials and consumables	245,595	157,746
Work in progress	30,039	135,992
Finished goods and goods for resale	21,249	21,249
	<hr/>	<hr/>
	296,883	314,987
	<hr/>	<hr/>

Spiroflow Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

11	DEBTORS	2008 £	2007 £
	Trade debtors	377,183	350,003
	Amounts owed by related undertakings	14,461	73,759
	Deferred tax	5,406	4,832
	Other debtors	1,591	-
	Prepayments and accrued income	43,529	18,042
		<u>442,170</u>	<u>446,636</u>

The deferred tax asset represents the difference between tax written down value and book value of fixed assets.

12	CREDITORS: Amounts falling due within one year	2008 £	2007 £
	Bank loans and overdrafts	9,210	76,071
	Trade creditors	315,526	221,201
	Amounts owed to related undertakings	7,603	24,027
	Corporation tax	5,350	25,722
	Other taxation and social security	53,982	66,323
	Accruals and deferred income	113,778	161,826
		<u>505,449</u>	<u>575,170</u>

The bank overdraft is secured by:

- 1) A first legal charge over the freehold land and buildings.
- 2) A debenture over the group's assets.

Spiroflow Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

13	SHARE CAPITAL	2008 £	2007 £
	Authorised: 100,000 ordinary shares of £1 each	100,000	100,000
	Allotted, issued and fully paid: 100,000 ordinary shares of £1 each	100,000	100,000

14	STATEMENT OF MOVEMENTS ON RESERVES	Share capital £	Revaluation Reserve £	Profit and loss account £	Total shareholder funds £
	Balance at 1 January 2008	100,000	420,503	547,707	1,068,210
	Loss for the year	-	-	(30,875)	(30,875)
	Transfer from revaluation reserve to profit and loss account	-	(5,949)	5,949	-
	Balance at 31 December 2008	100,000	414,554	522,781	1,037,335

15 CONTROL

The group is under the control of the directors by virtue of their shareholding in Spiroflow Limited.

16 RELATED PARTY TRANSACTIONS

During the year sales of £31,905 were made to Spiroflow Systems Incorporated, a company under the controlled by M Podevyn and C Podevyn. Management recharges of £57,989 were also made in the year along with purchases of £36,289.

At 31 December 2008, there was an amount of £14,461 (2007: £73,759) due from Spiroflow Systems Incorporated and £7,603 due to Spiroflow Systems Incorporated.

At 31 December 2008, there was an amount of £nil (2007: £13,750) due to Astroscale Limited.

During the year payments of £12,000 were made to Podevyn Consultants, a business controlled by Mr M Podevyn.

All of the above transactions were at normal commercial rates.

In the opinion of the directors there are no further transactions that require disclosure under the Financial Reporting Standard No. 8.