

# Spiroflow Limited

## STATUTORY FINANCIAL STATEMENTS

for the year ended

31 December 2007



# Spiroflow Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### 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

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The directors submit their report and the financial statements of Spiroflow Limited for the year ended 31 December 2007

### 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 2007 increased slightly over the previous year, although the number of unit sales decreased slightly. Several large orders were gained from blue-chip companies and since the company has now achieved quality accreditation to ISO9001, this trend is expected to continue.

### RESULTS AND DIVIDENDS

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

A dividend of £37,500 was paid during the year

### FUTURE DEVELOPMENTS

The directors anticipate further growth during the next year

### DIRECTORS

The following directors have held office since 1 January 2007

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

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### 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 Polevni  
Director

1 August 2008

# Spiroflow Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 2007 and of its profit 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

1 August 2008

**Spiroflow Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2007

	<i>Notes</i>	2007 £	2006 £
TURNOVER	1	2,879,268	2,588,525
Cost of sales		(1,569,248)	(1,361,801)
Gross profit		1,310,020	1,226,724
Administrative expenses		(1,202,878)	(1,122,976)
Other operating income	2	1,160	
OPERATING PROFIT	2	107,144	104,908
Interest receivable and similar income	3	3,560	6,388
Interest payable and similar charges	4	( 11,245)	( 22,172)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		99,459	89,124
Taxation	6	(19,370)	( 27,191)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		80,089	61,933

The profit 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 2007

	Notes	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	8	702,289	719,041
Investments	9	165,004	165,004
		<u>867,293</u>	<u>884,045</u>
<b>CURRENT ASSETS</b>			
Stocks	10	314,987	253,685
Debtors	11	446,636	572,183
Assets held for resale	12	-	214,225
Cash at bank and in hand		14,464	16,025
		<u>776,087</u>	<u>1,056,118</u>
<b>CREDITORS</b> Amounts falling due within one year	13	( 575,170)	( 914,542)
		<u>200,917</u>	<u>141,576</u>
<b>NET CURRENT ASSETS</b>			
		<u>1,068,210</u>	<u>1,025,621</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>1,068,210</u>	<u>1,025,621</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	100,000	100,000
Revaluation reserve	15	420,503	426,452
Profit and loss account	15	547,707	499,169
		<u>1,068,210</u>	<u>1,025,621</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>1,068,210</u>	<u>1,025,621</u>

The financial statements on pages 6 to 17 were approved by the board of directors and authorised for issue on 1 August 2008 and are signed on its behalf by



M Podgryn  
Director



# Spiroflow Limited

## ACCOUNTING POLICIES

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### 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

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### 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 2007

### 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

	2007 £	2006 £
United Kingdom	2,287,094	2,036,898
Europe	406,493	492,193
Rest of the world	185,681	59,434
	<u>2,879,268</u>	<u>2,588,525</u>

### 2 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of tangible fixed assets	79,694	66,141
Auditors' remuneration	9,500	9,000
Remuneration of auditors for non-audit work	16,000	1,340
Loss on disposal of tangible assets	1,590	150
Profit on foreign exchange transactions	( 20,568)	( 19,840)
	<u></u>	<u></u>

### 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Interest receivable from subsidiary undertakings	<u>3,560</u>	<u>6,388</u>

### 4 INTEREST PAYABLE

	2007 £	2006 £
On bank loans and overdrafts	<u>11,245</u>	<u>22,172</u>

# Spiroflow Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

5	EMPLOYEES	2007 No	2006 No
	The average monthly number of persons (including directors) employed by the company during the year was	30	29
		<u>2007</u> £	<u>2006</u> £
	Staff costs for above persons		
	Wages and salaries	939,033	795,765
	Social security costs	102,891	89,407
	Other pension costs	15,499	40,328
		<u>1,057,423</u>	<u>925,500</u>
	DIRECTORS' EMOLUMENTS	2007 £	2006 £
	Emoluments for qualifying services	235,835	135,313
	Pension contributions	-	24,000
		<u>235,835</u>	<u>159,313</u>
	The number of directors to whom relevant benefits are accruing under money purchase pension scheme was 2 (2006 2)		
		2007 £	2006 £
	Highest paid director		
	Aggregate emoluments	116,930	80,388

# Spiroflow Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

6	TAXATION	2007 £	2006 £
	Corporation tax		
	UK corporation tax on profits of period	25,722	21,880
	Adjustments in respect of prior years	( 1,520)	5,311
		<u>24,202</u>	<u>27,191</u>
	Total current tax		
	Deferred Tax		
	Current year charge	( 2,129)	-
	Prior year charge	( 2,568)	-
	Tax rate change	( 135)	-
		<u>( 4,832)</u>	<u>-</u>
	Total deferred tax		
	Tax on profit on ordinary activities	19,370	27,191
		<u>19,370</u>	<u>27,191</u>
	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 (20%) The differences are explained below		
		2007 £	2006 £
	Profit on ordinary activities before tax	99,459	89,124
		<u>99,459</u>	<u>89,124</u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2006 19%)	19,891	16,934
	Effects of		
	Expenses not deductible for tax purposes	1,890	1,636
	Depreciation on ineligible items	2,133	2,352
	Depreciation excess of capital allowances	2,129	958
	Difference in tax rate	( 321)	-
		<u>25,722</u>	<u>21,880</u>
	Current tax charge for the period		
7	DIVIDENDS	2007 £	2006 £
	Ordinary		
	Interim paid	37,500	-
		<u>37,500</u>	<u>-</u>

# Spiroflow Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

### 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 2007	650,000	372,994	28,973	190,457	1,242,424
Additions	-	3,441	30,126	33,912	67,479
Disposals	-	-	-	( 30,572)	( 30,572)
31 December 2007	650,000	376,435	59,099	193,797	1,279,331
Depreciation					
1 January 2007	11,755	339,600	20,043	151,985	523,383
Charge for the year	13,021	11,854	13,776	41,043	79,694
Disposals	-	-	-	( 26,035)	( 26,035)
31 December 2007	24,776	351,454	33,819	166,993	577,042
Net book value					
31 December 2007	625,224	24,981	25,280	26,804	702,289
31 December 2006	638,245	33,394	8,930	38,472	719,041

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 2007

### 8 TANGIBLE FIXED ASSETS *(continued)*

Comparable historical cost for the land and buildings included at valuation	£
Cost	
At 1 January 2007	352,574
At 31 December 2007	352,574
Depreciation based on cost	
1 January 2007	111,418
Charge for the year	7,051
31 December 2007	118,469
Net book value	
31 December 2007	234,105
31 December 2006	241,156

### 9 FIXED ASSET INVESTMENTS

	<i>Unlisted investments</i> £	<i>Shares in group undertakings</i> £	<i>Total</i> £
Cost or valuation			
1 January 2007 & 31 December 2007	165,000	4	165,004
Provisions for diminution in value			
1 January 2007 & 31 December 2007	-	-	-
Net book value			
31 December 2007	165,000	4	165,004
31 December 2006	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 2007

### 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 Systems Inc	USA	Ordinary	64

The principal activity of these undertakings for the last relevant financial year was as follows

Spiroflow UK Limited and Spiroflow Powder Handling Limited are dormant

Spiroflow Systems Inc, involved in the manufacture and sale of systems, had a profit of \$77,729 for the year to 31 March 2006, the most recent period available, and net assets of \$53,233 at that date

Unlisted investments represent shares in Spiroflow Limited held by the Employee Benefit Trust of Spiroflow Limited, which are aggregated in these accounts in accordance with UITF 32

10 STOCKS	2007	2006
	£	£
Raw materials and consumables	157,746	185,252
Work in progress	135,992	47,754
Finished goods and goods for resale	21,249	20,679
	<u>314,987</u>	<u>253,685</u>



# Spiroflow Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

11	DEBTORS	2007 £	2006 £
	Trade debtors	350,003	400,655
	Amounts owed by group undertakings	73,759	142,302
	Deferred tax	4,832	-
	Other debtors	-	7,936
	Prepayments and accrued income	18,042	21,290
		<u>446,636</u>	<u>572,183</u>
12	ASSETS HELD FOR RESALE	2007 £	2006 £
	Property	-	214,225
13	CREDITORS Amounts falling due within one year	2007 £	2006 £
	Bank loans and overdrafts	76,071	341,030
	Trade creditors	221,201	237,927
	Amounts owed to group undertakings	24,027	25,841
	Corporation tax	25,722	21,880
	Other taxation and social security	66,323	55,392
	Accruals and deferred income	161,826	232,472
		<u>575,170</u>	<u>914,542</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 2007

14	SHARE CAPITAL		2007 £	2006 £	
	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	
15	STATEMENT OF MOVEMENTS ON RESERVES		Profit and loss account £	Total shareholder funds £	
	Share capital £	Revaluation Reserve £			
	Balance at 1 January 2007	100,000	426,452	499,169	1,025,621
	Profit for the year	-	-	80,089	80,089
	Transfer from revaluation reserve to profit and loss account	-	( 5,949)	5,949	-
	Dividends	-	-	( 37,500)	( 37,500)
	Balance at 31 December 2007	100,000	420,503	547,707	1,068,210

### 16 CONTROL

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

### 17 RELATED PARTY TRANSACTIONS

During the year sales of £19,491 were made to Spiroflow Systems Incorporated, a subsidiary of Spiroflow Limited. Management recharges of £58,177 were also made in the year along with purchases of £27,269.

At 31 December 2007, there was an amount of £73,759 (2006 £114,039) due from Spiroflow Systems Incorporated and £10,277 due to Spiroflow Systems Incorporated.

At 31 December 2007, there was an amount of nil (2006 £16,172) due from Oxo LLC, a company which has a common director.

### 17 RELATED PARTY TRANSACTIONS (continued)

At 31 December 2007, there was an amount of £13,750 (2006 £13,750) due to Astroscale Limited.

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.