

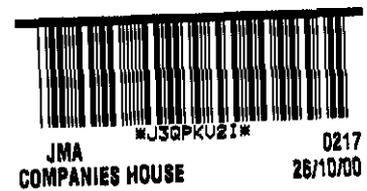
**SPIROFLOW LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1999

**Company Number : 1210198**



**SPIROFLOW LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

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Company Registration Number :

1210198

Registered Office :

Lincoln Way  
Clitheroe  
Lancashire  
BB7 1QG

Directors :

M J G F Podevyn  
C A M Podevyn  
D Heys  
M Ranson

Secretary :

D Heys

Bankers :

Lloyds Bank plc

Solicitors:

Taylors  
Harrison Drury

Auditors :

Grant Thornton  
Registered Auditors  
Chartered Accountants  
Manchester

**SPIROFLOW LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

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# SPIROFLOW LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 31 December 1999.

### Principal activity

The company is principally engaged in the development, manufacture and sale of automatic metering, blending and conveying systems.

### Business review

There was a profit for the year after taxation amounting to £76,128 (1998 : £110,363). The directors do not recommend payment of a dividend.

Trading conditions both in the latter part of last year and in the first half of the current financial year have been difficult. The directors have taken steps to cut overheads and to reorganise the company's activities into discreet business units. This should have the effect of enabling the company to concentrate on more profitable activities and thus utilise resources to maximum effect.

### Directors

The present membership of the board is set out below. All directors served throughout the year apart from Mr M Ranson who was appointed to the board on 22 March 1999. Mr R Halliwell retired from the board on 30 June 1999.

The interests of the directors in the shares of the company as at 1 January 1999 and 31 December 1999, were as follows:

	Ordinary shares of £1 each	
	31 December 1999	1 January 1999
M J G F Podevyn	36,600	36,600
C A M Podevyn	13,200	13,200
D Heys	1,000	1,000
M Ranson	-	-

In addition to the interests shown above, M J G F Podevyn and D Heys are directors of Astroscale Limited, the company which administers the Employee Benefit Trust, which holds 25,000 ordinary shares in the company.

### Directors' responsibilities for the financial statements

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 judgements 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **SPIROFLOW LIMITED**

## **REPORT OF THE DIRECTORS**

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### **Charitable contributions**

Donations to charitable organisations amounted to £213.

### **Year 2000**

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading parties, any impact that has occurred on their systems will affect the company's businesses to a greater or lesser extent.

### **The Euro**

The potential impact of the introduction of the euro is significant to the company to the extent of European customers and suppliers opting to receive and issue invoices for goods supplied in euros rather than other currencies. The company has opened a new euro bank account and transactions will remain open to foreign currency market fluctuations with exchange differences continuing to be dealt with through the profit and loss account.

### **Acquisition of company's own shares**

25,000 ordinary shares of £1 each, 25% of the company's called up share capital, were acquired during the year for a total consideration of £165,000 by Astroscale Limited in order to provide shares for a share option scheme.

### **Auditors**

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

**BY ORDER OF THE BOARD**



D Heys  
Secretary

18 October 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
SPIROFLOW LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on pages 4 and 5.

**Respective responsibilities of the directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
MANCHESTER**

**18 October 2000**

## **SPIROFLOW LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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The financial statements have been prepared under the historical cost convention except that freehold land and buildings are shown at their revalued amounts.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### **GROUP ACCOUNTS**

The directors have taken advantage of Section 248 of the Companies Act 1985 in not preparing group accounts on the basis that the group qualifies as medium sized. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **DEPRECIATION**

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives.

The rates generally applicable are :

Freehold land and buildings	2% on valuation
Demonstration equipment	15% on reducing balance
Plant and machinery	15% on reducing balance
Fixtures and fittings	15% on reducing balance
Motor vehicles	25% on reducing balance
Office equipment	15% on reducing balance and 25% on cost

### **INVESTMENTS**

Investments are included at cost less amounts written off.

### **GOODWILL**

As a matter of accounting policy, purchased goodwill first accounted for in accounting periods ending before 23 December 1998, the implementation date of Financial Reporting Standard No 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

### **STOCKS**

Stocks and work in progress are valued at the lower of cost and net realisable value.

## **SPIROFLOW LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **DEFERRED TAXATION**

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

#### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets (including equity investments) they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

#### **PENSIONS**

##### *Defined contribution scheme*

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### **LEASED ASSETS**

Assets held under hire purchase contracts or finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

**SPIROFLOW LIMITED****PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 1999

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	Note	1999 £	1998 £
Turnover	1	2,932,312	3,109,192
Cost of sales		<u>1,434,880</u>	<u>1,604,494</u>
<b>Gross profit</b>		1,497,432	1,504,698
Other operating income and charges	2	<u>1,396,829</u>	<u>1,328,376</u>
<b>Operating profit</b>		100,603	176,322
Amounts written off investments		<u>-</u>	<u>201</u>
		100,603	176,121
Income from other fixed asset investments		<u>18,750</u>	<u>-</u>
		119,353	176,121
Net interest	4	<u>(10,258)</u>	<u>(8,245)</u>
<b>Profit on ordinary activities before taxation</b>	1	109,095	167,876
Tax on profit on ordinary activities	6	<u>32,967</u>	<u>57,513</u>
<b>Profit on ordinary activities after taxation</b>		76,128	110,363
Dividends	7	-	40,000
<b>Profit retained</b>	15	<u>76,128</u>	<u>70,363</u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

**SPIROFLOW LIMITED**

BALANCE SHEET AT 31 DECEMBER 1999

	Note	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	8	500,319	511,084
Investments	9	561,426	396,424
		<u>1,061,745</u>	<u>907,508</u>
<b>Current assets</b>			
Stocks	10	367,181	336,105
Debtors	11	587,812	455,130
Cash at bank and in hand		34,491	2,549
		<u>989,484</u>	<u>793,784</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>1,034,421</u>	<u>810,493</u>
<b>Net current liabilities</b>		<u>(44,937)</u>	<u>(16,709)</u>
<b>Total assets less current liabilities</b>		1,016,808	890,799
<b>Creditors: amounts falling after more than one year</b>	13	<u>(49,881)</u>	<u>-</u>
		<u>966,927</u>	<u>890,799</u>
<b>Capital and reserves</b>			
Called up share capital	14	100,000	100,000
Revaluation reserve	15	110,753	113,521
Profit and loss account	15	756,174	677,278
<b>Shareholders' funds</b>	16	<u>966,927</u>	<u>890,799</u>

The financial statements were approved by the Board on 18 October 2000.

D Heys

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

**SPIROFLOW LIMITED****CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 £	1998 £
<b>Net cash inflow from operating activities</b>	17	260,270	145,098
<b>Returns on investments and servicing of finance</b>			
Interest received		745	201
Interest paid		(11,003)	(8,446)
Dividends received		18,750	-
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		8,492	(8,245)
<b>Taxation</b>		(53,523)	(51,288)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(106,542)	(63,095)
Sale of tangible fixed assets		32,406	3,628
Purchase of investments		(165,002)	(70,551)
<b>Net cash outflow from capital expenditure and financial investment</b>		(239,138)	(130,018)
Equity dividends paid		-	(40,000)
<b>Decrease in cash</b>	18	(23,899)	(84,453)

The accompanying accounting policies and notes form an integral part of these financial statements.

# SPIROFLOW LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover is attributable to the company's principal activity.

An analysis of turnover by geographical market is given below :

	1999 £	1998 £
United Kingdom	2,027,556	2,420,713
Rest of World	904,756	688,479
	<u>2,932,312</u>	<u>3,109,192</u>

The profit on ordinary activities before taxation is stated after :

	1999 £	1998 £
Depreciation, owned assets	71,769	82,080
Auditors' remuneration	4,750	4,500
	<u>76,519</u>	<u>86,580</u>

### 2 OTHER OPERATING INCOME AND CHARGES

	1999 £	1998 £
Distribution costs	421,259	359,270
Administrative expenses	997,896	996,202
Other operating income	(22,326)	(27,096)
	<u>1,396,829</u>	<u>1,328,376</u>

### 3 INCOME FROM OTHER FIXED ASSETS

	1999 £	1998 £
From shares in group undertakings	18,750	-
	<u>18,750</u>	<u>-</u>

### 4 NET INTEREST

	1999 £	1998 £
On bank overdrafts	(11,003)	(8,446)
Other interest receivable	745	201
	<u>(10,258)</u>	<u>(8,245)</u>

# SPIROFLOW LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

### 5 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows :

	1999 £	1998 £
Wages and salaries	821,990	816,982
Social security costs	81,302	80,967
Other pension costs	33,226	36,377
	<u>936,518</u>	<u>934,326</u>

The average number of employees of the company during the year was 43 (1998 : 44).

Remuneration in respect of directors was as follows :

	1999 £	1998 £
Emoluments	198,305	178,936
Pension contributions	19,650	21,801
	<u>217,955</u>	<u>200,737</u>

During the year 4 directors (1998 : 4 directors) participated in money purchase pension schemes.

### 6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The tax charge represents :		
Corporation tax at 24.35% (1998 : 25.68%)	36,246	61,585
Deferred tax	-	(7,689)
Adjustments in respect of prior year	(3,279)	3,617
	<u>32,967</u>	<u>57,513</u>

### 7 DIVIDENDS

	1999 £	1998 £
Interim dividend of Nil per share (1998 : 40p)	-	40,000

**SPIROFLOW LIMITED**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1999

**8 TANGIBLE FIXED ASSETS**

	Demonstration equipment £	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>							
At 1 January 1999	60,801	379,235	41,983	14,420	261,641	198,879	956,959
Additions	-	-	600	-	87,262	18,680	106,542
Disposals	-	-	-	-	(97,654)	-	(97,654)
At 31 December 1999	<u>60,801</u>	<u>379,235</u>	<u>42,583</u>	<u>14,420</u>	<u>251,249</u>	<u>217,559</u>	<u>965,847</u>
<b>Depreciation</b>							
At 1 January 1999	43,244	70,846	30,683	11,685	127,127	162,290	445,875
Provided in the year	2,634	7,584	1,785	410	44,056	15,300	71,769
Disposals	-	-	-	-	(52,116)	-	(52,116)
At 31 December 1999	<u>45,878</u>	<u>78,430</u>	<u>32,468</u>	<u>12,095</u>	<u>119,067</u>	<u>177,590</u>	<u>465,528</u>
<b>Net book amount</b>							
At 31 December 1999	<u>14,923</u>	<u>300,805</u>	<u>10,115</u>	<u>2,325</u>	<u>132,182</u>	<u>39,969</u>	<u>500,319</u>
<b>Net book amount</b>							
At 31 December 1998	<u>17,557</u>	<u>308,389</u>	<u>11,300</u>	<u>2,735</u>	<u>134,514</u>	<u>36,589</u>	<u>511,084</u>

The figures stated above for cost or valuation include a valuation as follows :

	Freehold land and buildings £
At cost	54,235
At 1990 valuation	<u>325,000</u>
	<u>379,235</u>

If freehold land and buildings had not been revalued, they would have been included on the historical cost basis at the following amounts :

	£
Cost	240,800
Accumulated depreciation	<u>45,932</u>
Net book amount at 31 December 1999	<u>194,868</u>
Net book amount at 31 December 1998	<u>199,684</u>

**SPIROFLOW LIMITED**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1999

**9 FIXED ASSET INVESTMENTS**

	Own shares £	Shares in subsidiary undertakings £	Shares in associated undertakings £	Total £
<b>Cost</b>				
At 1 January 1999	-	396,424	24,809	421,233
Additions	165,000	2	-	165,002
Disposals	-	-	(24,192)	(24,192)
At 31 December 1999	<u>165,000</u>	<u>396,426</u>	<u>617</u>	<u>562,043</u>
<b>Amounts written off</b>				
At 1 January 1999	-	-	24,809	24,809
Provided in the year	-	-	-	-
Eliminated on disposal	-	-	(24,192)	(24,192)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>617</u>	<u>617</u>
<b>Net book amount</b>				
At 31 December 1999	<u>165,000</u>	<u>396,426</u>	<u>-</u>	<u>561,426</u>
At 31 December 1998	<u>-</u>	<u>396,424</u>	<u>-</u>	<u>396,424</u>

**Interests in associated undertakings**

At 31 December 1999 the company had interests in the following associated undertakings :

Company name	Country of incorporation	Class of share capital held	Holding by company %	Nature of business
Spiroflow SA (Proprietary) Limited	South Africa	Ordinary	24.00	Development, manufacture and sale of automatic metering, blending and conveying systems
Spiroflow NZ Limited	New Zealand	Ordinary	49.00	Development, manufacture and sale of automatic metering, blending and conveying systems

# SPIROFLOW LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

### Interests in subsidiary undertakings

At 31 December 1999 the company had interests in the following subsidiary undertakings :

Company name	Country of incorporation	Class of share capital held	Holding by company %	Nature of business
Spiroflow Systems Incorporated	USA	Ordinary	76.19	Development, manufacture and sale of automatic metering, blending and conveying systems

The aggregate of the capital and reserves of the undertaking at 31 March 1999 (being the relevant year ending in the year ended 31 December 1999) was £243,153 and its profit for the year ended 31 March 1999 was £54,815.

In the opinion of the directors, the aggregate value of the company's interests in shares in, and amounts owing to, its subsidiary undertaking is not less than the amount at which it is included in the balance sheet.

Company name	Country of incorporation	Class of share capital held	Holding by company %	Nature of business
Astroscale Limited	England	Ordinary	100	Trustee

The aggregate of its capital and reserves have been included in these financial statements in line with UITF13 (Accounting for ESOP Trusts).

### Own shares

Astroscale Limited holds shares of Spiroflow Limited to meet potential obligations under Employee Share Schemes.

Shares are held in trust until such time as they may be transferred to employees in accordance with the terms of the scheme.

## 10 STOCKS

	1999 £	1998 £
Raw materials	268,369	311,390
Work in progress	98,812	24,715
	<u>367,181</u>	<u>336,105</u>

## 11 DEBTORS

	1999 £	1998 £
Trade debtors	483,418	421,823
Other debtors	10,907	7,666
Amounts owed by group companies	77,361	-
Prepayments and accrued income	16,126	25,641
	<u>587,812</u>	<u>455,130</u>

**SPIROFLOW LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

**12 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank overdraft	137,321	81,480
Payments received on account	301,043	183,304
Trade creditors	291,108	313,758
Amount owed to group undertaking	-	64,136
Amounts owed to associated company	3,335	3,335
Corporation tax	31,029	51,585
Social security and other taxes	45,382	52,326
Other creditors	191,002	12,000
Accruals and deferred income	34,201	48,569
	<u>1,034,421</u>	<u>810,493</u>

The bank overdraft is secured by a fixed and floating charge over the company's assets and first mortgage over land off Taylor Street, Clitheroe.

**13 CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR**

	1999 £	1998 £
Other creditors	<u>49,881</u>	<u>-</u>

**14 SHARE CAPITAL**

	1999 £	1998 £
<b>Authorised, allotted, issued and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**15 RESERVES**

	Revaluation reserve £	Profit and loss account £
At 1 January 1999	113,521	677,278
Retained profit for the year	-	76,128
Transfer from revaluation reserve to profit and loss account	(2,768)	2,768
At 31 December 1999	<u>110,753</u>	<u>756,174</u>

The cumulative amount of goodwill arising from acquisitions accounted for in years ending before 23 December 1998 which has been written off to reserves is £100,000 (1998 : £100,000).

**SPIROFLOW LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
Profit for the financial year	76,128	110,363
Dividends and other appropriations	-	(40,000)
Net increase in shareholders' funds	<u>76,128</u>	<u>70,363</u>
Shareholders' funds at 1 January 1999	890,799	820,436
Shareholders' funds at 31 December 1999	<u>966,927</u>	<u>890,799</u>

**17 NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating profit	100,603	176,322
Depreciation	71,769	82,080
Profit/(loss) on sale of tangible fixed assets	13,132	(208)
(Increase)/decrease in stocks	(31,076)	42,412
(Increase)/decrease in debtors	(132,682)	92,934
Increase/(decrease) in creditors	238,524	(248,442)
Net cash inflow from operating activities	<u>260,270</u>	<u>145,098</u>

**18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	1999 £	1998 £
Decrease in cash in the year	(23,899)	(84,453)
Net (debt)/funds at 1 January 1999	(78,931)	5,522
Net debt at 31 December 1999	<u>(102,830)</u>	<u>(78,931)</u>

**19 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 January 1999 £	Cashflow £	At 31 December 1999 £
Cash in hand and at bank	2,549	31,942	34,491
Overdrafts	(81,480)	(55,841)	(137,321)
	<u>(78,931)</u>	<u>(23,899)</u>	<u>(102,830)</u>

**20 CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 1999 or 31 December 1998.

## **SPIROFLOW LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

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#### **21 CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 1999 or 31 December 1998.

#### **22 PENSIONS**

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 £33,226 (1998 : £36,377).

#### **23 TRANSACTIONS WITH RELATED PARTIES**

Transactions with Spiroflow Systems Incorporated (a subsidiary undertaking of Spiroflow Limited) include £24,468 within turnover and include within other operating income and charges £20,310 and £52,105 relating to management charges and expense recharges respectively made by Spiroflow Limited to Spiroflow Systems Incorporated. Within costs of sales is £15,958 relating to purchases from Spiroflow Systems Incorporated.

The company paid rent of £2,695 to M J G F Podevyn (a director) for the use of an export office. The company also paid amounts of £15,042 and £1,162 to Acre Hill Farm, a business in which M J G F Podevyn is a partner, for research and development and fuel oil/derv respectively.

All of the above transactions were at normal commercial rates.

At 31 December 1999, the company owed £131,881 to the Spiroflow (1986) Pension Fund, of which M J C F Podevyn, C Podevyn and R Halliwell are trustees. The loan is repayable in monthly instalments of £7,500 and interest is payable quarterly at 1.95% above bank base rate.

At 31 December 1999, there was an amount due to Mr M J G F Podevyn, a director, of £100,000.