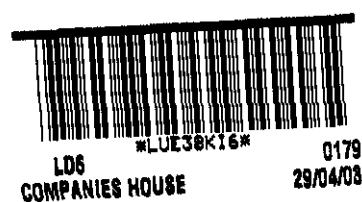


Registered number 02067372

# **FULLFLOW SYSTEMS LIMITED**

Annual Report for the year ended

30<sup>th</sup> June 2002



# **FULLFLOW SYSTEMS LIMITED**

## **Annual Report for the year ended 30 June 2002**

	<b>Pages</b>
<b>Directors' report</b>	<b>1-2</b>
<b>Statement of Directors' responsibilities</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Profit &amp; loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7-13</b>

# **FULLFLOW SYSTEMS LIMITED**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2002**

The directors present their report and the audited financial statements of the company for the year ended 30 June 2002.

### **Principal activities**

Following the transfer of the trade and certain assets to a fellow subsidiary the Company has been fulfilling existing contracts but not undertaking any new work, and will become dormant in due course.

### **Review of the business and future prospects**

The profit and loss account for the year is set out on page 5.

The company is expected to become dormant in due course following the transfer of certain assets to Fullflow Limited in 1996 and the conclusion of existing contracts.

### **Dividends**

The Directors recommend that a final ordinary dividend of £Nil (2001: £1,241,843) be paid. The retained loss for the year of £336,569 (2001 : loss £1,241,843) has been transferred to reserves.

### **Directors and directors' interests**

The following held office as directors of the company during the year:-

J. A. Smith (Managing)

At the year end, Mr. J. A. Smith did not have a beneficial interest in the share capital of the company. The interest of Mr. J. A. Smith in the share capital of the ultimate holding company SWP Group PLC is disclosed in the financial statements of that company.

# FULLFLOW SYSTEMS LIMITED

## Directors' Report (Continued)

Mr J. A. Smith's interest in SWP Group PLC share options is set out below:

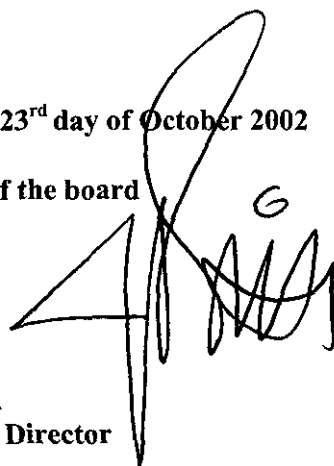
1 July 2001	Granted in period	30 June 2002	Exercise price	Exercisable from	Expiry date
466,666	-	466,666	2.75p	April 2000	March 2007
1,000,000	-	1,000,000	2.00p	Aug 2001	Aug 2008
1,500,000	-	1,500,000	2.00p	Feb 2002	Feb 2009
322,616	-	322,616	1.80p	June 2003	Dec 2003
3,500,000	-	3,500,000	2.00p	Dec 2003	Dec 2010
<u>6,789,282</u>	<u>-</u>	<u>6,789,282</u>			

## Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

Dated this 23<sup>rd</sup> day of October 2002

By order of the board



J.A. Smith  
Managing Director

# **FULLFLOW SYSTEMS LIMITED**

## **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 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

# **FULLFLOW SYSTEMS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULLFLOW SYSTEMS LIMITED**

We have audited the financial statements on pages 5 to 13.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

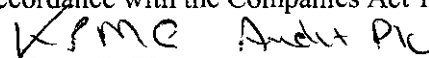
### **Basis of audit opinion**

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 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 mis-statement, 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 30 June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG Audit Plc**  
**Chartered Accountants and Registered Auditor**  
**Birmingham**

**Dated this 23<sup>rd</sup> day of October 2002**

# FULLFLOW SYSTEMS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	Note	Year ended 30 June 2002 £	Year ended 30 June 2001 £
<b>Turnover – discontinued operations</b>		-	-
Cost of sales		-	-
<b>Gross Profit</b>		<hr/> -	<hr/> -
Administrative expenses		(336,569)	-
<b>Operating loss – discontinued operations</b>		<hr/> (336,569)	<hr/> -
Interest receivable		-	-
<b>Loss on ordinary activities before taxation</b>		<hr/> (336,569)	<hr/> -
Taxation on loss on ordinary activities	2	-	-
<b>Loss for the financial year</b>		<hr/> (336,569)	<hr/> -
Dividends		-	(1,241,843)
<b>Retained loss for the year</b>		<hr/> (336,569)	<hr/> (1,241,843)

The Company has no recognised gains and losses other than the profits above therefore no separate statement of total recognised gains and losses has been presented.

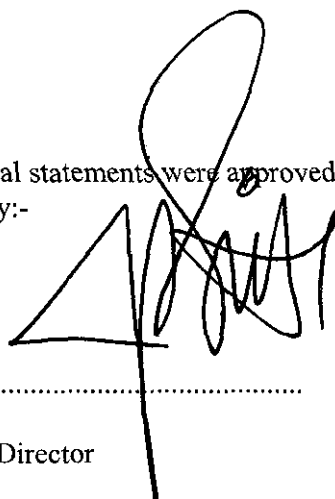
There is no difference between the loss on ordinary activities before taxation and the loss for the financial year as stated above and their historical cost equivalents.

# FULLFLOW SYSTEMS LIMITED

## BALANCE SHEET AS AT 30 JUNE 2002

	Note	30 June 2002 £	30 June 2001 £
<b>Current assets</b>			
Debtors	3	46,390	385,894
Cash at bank and in hand		-	-
		<hr/>	<hr/>
		46,390	385,894
<b>Creditors:</b> Amounts falling due within one year	4	(825)	(3,760)
		<hr/>	<hr/>
<b>Net assets</b>		45,565	382,134
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	5	294,520	294,520
Profit and loss account	6	(336,569)	-
Other reserve	6	87,614	87,614
Equity shareholders' funds		(274,448)	62,121
Non-equity shareholders' funds		320,013	320,013
		<hr/>	<hr/>
<b>Total shareholders' funds</b>	7	45,565	382,134
		<hr/>	<hr/>

The financial statements were approved by the board on 23<sup>rd</sup> day of October 2002 and signed on its behalf by:-



.....  
J.A. Smith  
Managing Director



# **FULLFLOW SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002**

### **1. Accounting policies**

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

#### **Basis of Accounts**

The financial statements are prepared in accordance with applicable accounting standards and under the historic cost convention.

#### **Turnover**

Turnover consists of the value (excluding VAT) of goods and services supplied to third parties net of discounts.

#### **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 accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

#### **Cash flow statement**

The Company has not provided a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking which satisfies the requirements of paragraph 5(a) FRS 1 (Revised 1996) Cash Flow Statements.

# **FULLFLOW SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **1. Accounting policies (Continued)**

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling and recorded at the exchange rate ruling at the date of the transaction, except where a foreign exchange forward contract has been arranged, in which case the forward rate has been used. Any assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date, or applicable forward rate, differences on exchange are taken to profit and loss account in the year.

#### **Related party transactions**

In accordance with the exemption provided by Financial Reporting Standard 8 'Related Party Disclosure' the Company has not disclosed transactions with fellow group companies.

# FULLFLOW SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 2. Taxation

	At 30 June 2002 £	At 30 June 2001 £
Loss on ordinary profits before taxation	(336,569)	-
Current tax at 30%	(100,971)	-
Expenses not deductible for tax purposes	11,971	-
Group relief surrendered for nil consideration	89,271	-
Total Current Tax Charge	-	-

There is no taxation charge in the company due to the loss in the period.

### 3. Debtors

	At 30 June 2002 £	At 30 June 2001 £
Trade debtors	7,776	59,030
Other debtors	-	12,591
Amounts due from group companies	38,254	313,872
Other taxes and social securities	360	401
	<u>46,390</u>	<u>385,894</u>

### 4. Creditors: amounts falling due within one year

	At 30 June 2002 £	At 30 June 2000 £
Trade creditors	825	3,760
	<u>825</u>	<u>3,760</u>

# FULLFLOW SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. Called up share capital

	At 30 June 2002 £	At 30 June 2001 £
Authorised, allotted, called-up and fully-paid:		
41,000 ordinary shares of £1 each	41,000	41,000
21,121 ordinary "A" shares of £1 each	21,121	21,121
232,399 cumulative 12.05% redeemable preference shares of £1 each	232,399	232,399
	<hr/>	<hr/>
	<b>294,520</b>	<b>294,520</b>
	<hr/>	<hr/>

- i. The cumulative 12.05% redeemable preference shares are redeemable at the option of the company in whole or in part at any time, on giving notice of not less than fourteen days nor more than thirty days. The holders of the cumulative 12.05% redeemable preference shares may give notice requiring redemption of any or all of those shares then in issue if any preference dividend is not paid within thirty days of a due date or if any amount due on redemption of those shares is not paid within thirty days of the redemption date or if any breach of warranty has arisen.

The particulars applying to the redemptions are as follows:-

Date of redemption	No. of shares		Redemption value £
31 December 1994	54,466	at par plus 37.7p premium	75,000
31 December 1995	72,622	at par plus 37.7p premium	100,000
31 December 1996	105,311	at par plus 37.7p premium	145,013
	<hr/>		<hr/>
	232,399		320,013
	<hr/>		<hr/>

The shares due for redemption have not been redeemed.

# FULLFLOW SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued )

### 5. Called up share capital (Continued)

- ii. There were no arrears of fixed cumulative dividends at the balance sheet date.
- iii. If redemption of the cumulative 12.05% redeemable preference shares is not made on the due date or if the payment of the dividend on the preference shares is more than thirty days in arrear, then those shares acquire one vote per share while ever the payments due are in arrears.
- iv. A dividend of 5% of pre-tax profits is payable to holders of "A" ordinary shares twenty-eight days after the accounts have been signed by the auditors.

### 6. Reserves

	Other Reserve £	Profit and loss account £
At 30 June 2001	87,614	-
Retained loss for the year	-	(336,569)
At 30 June 2002	<u>87,614</u>	<u>(336,569)</u>

Other reserve is comprised of the premium on redemption of the cumulative redeemable preference shares, calculated on a pro-rata basis to the date of redemption.

# FULLFLOW SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued )

### 7. Shareholders' funds

	At 30 June 2002 £	At 30 June 2001 £
Reconciliation of movements in shareholders' funds:-		
Loss for the financial year	(336,569)	-
Dividends	-	(1,241,843)
Net reduction to shareholders' funds	(336,569)	(1,241,843)
Opening shareholders' funds	382,134	1,623,977
<b>Closing shareholders' funds</b>	<b>45,565</b>	<b>382,134</b>

### 8. Future capital expenditure

There is no capital expenditure authorised and contracted for as at 30 June 2002.

# **FULLFLOW SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued )**

### **9. Contingent liabilities**

- a. The company has entered into performance bonds in the normal course of business.
- b. The company has given guarantees in respect of borrowings of certain of its group undertakings.
- c. The company has been notified of certain legal actions in relation to past contracts completed by Fullflow Systems Ltd prior to its' acquisition by SWP Group PLC. Fullflow Systems Ltd is covered by insurance in regard to these actions.

The director is of the opinion that it is unlikely that these actions will have a material effect on the company's financial position, future results or liquidity.

### **10. Ultimate holding company**

The company is a subsidiary undertaking of SWP Group PLC.

The financial statements of the company are included within the consolidated financial statements of SWP Group PLC. Copies of the consolidated financial statements may be obtained from The Secretary, SWP Group PLC, Bedford House, 3 Bedford Street, London WC2E 9HD.