

# Financial statements Cambridge Fluid Systems Limited

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**For the Year Ended 31 December 2008**



## Officers and professional advisers

**Company registration number**

2129153

**Registered office**

Frays Mill  
Cowley Road  
Uxbridge  
Middlesex  
UB8 2AF

**Directors**

Mr A J Goodbrand  
Mr P J D Hunter  
Mr S Klee  
Mr A W Higgins  
Mr F M Burditt

**Secretary**

Mr P J D Hunter

**Bankers**

HSBC Bank plc  
60 Fenchurch Street  
London  
EC3M 4BA

**Auditor**

Grant Thornton UK LLP  
Chartered Accountants  
Registered Auditors  
Churchill House  
Chalvey Road East  
Slough  
Berkshire  
SL1 2LS

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

### **Principal activities and business review**

The principal activities of the company continue to be those of engineering, designing, manufacturing and installing fluid handling systems. The activity of this company will continue in this direction.

During the year the company has seen significant growth in the OEM business while project activity in the pharmaceutical business has been at a lower level.

In 2009, the OEM business is experiencing a significant slow down due to the semiconductor market being impacted by recessionary pressures. The projects business activity is running at a lower level than in the prior year.

The company uses the following key performance indicators to compare expected and actual performance for the year: sales, operating profit and percentage return on sales, inventory turnover and percentage customer delivery on time.

### **Results and dividends**

The profit for the year, after taxation, amounted to £585,260. Particulars of dividends paid are detailed in note 7 to the financial statements.

### **Principal risks and uncertainties**

The strength of the euro will put pressure on margins but it is expected that this will be neutralised by labour efficiency improvements.

### **Financial risk management objectives and policies**

The company uses a variety of financial instruments including cash, trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The directors are of the view that main risks arising from the group's financial instruments are currency risk and credit risk. Given the strong financial position of the company the directors do not consider interest rate risk and liquidity risk to be significant to the company at this time. The directors set and review policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

### **Currency risk**

The company is exposed to translation and foreign exchange risk. This risk is mitigated, where possible, by undertaking transactions with overseas customers and suppliers in sterling. The company has the facility to enter into forward currency agreements if deemed necessary given the specific risks of each situation.

### **Credit risk**

The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers and conduct a regular review of trade debtors outstanding. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history

### **Directors**

The directors who served the company during the year were as follows:

Mr A J Goodbrand  
Mr P J D Hunter  
Mr S Klee  
Mr A W Higgins  
Mr F M Burditt  
Mr D A Bloss  
Mr K W Smith

Mr A W Higgins was appointed as a director on 4 March 2008.

Mr F M Burditt was appointed as a director on 4 March 2008.

Mr D A Bloss resigned as a director on 1 March 2008.

Mr K W Smith resigned as a director on 1 March 2008.

### **Directors' responsibilities**

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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:

- 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 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.


In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

  
Mr P J D Hunter  
Secretary  
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## Report of the independent auditor to the members of Cambridge Fluid Systems Limited

We have audited the financial statements of Cambridge Fluid Systems Limited for the year ended 31 December 2008 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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 auditor**

The directors' responsibilities for preparing the Report of the directors and the financial statements in accordance with United Kingdom law and 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 Report of the directors 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 Report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of 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.

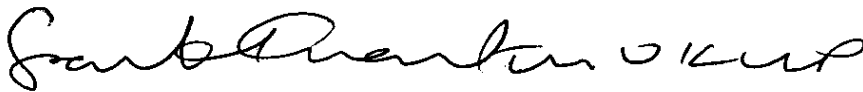
## Report of the independent auditor to the members of Cambridge Fluid Systems Limited (continued)

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 as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the directors is consistent with the financial statements.



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
LONDON THAMES VALLEY OFFICE  
SLOUGH

14 September 2009



## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

The directors have reviewed the principal accounting policies of the company and consider they remain the most appropriate. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) 'Cash Flow Statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### **Turnover**

The turnover shown in the profit and loss account represents amounts receivable in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

### **Fixed assets**

All fixed assets are initially recorded at cost.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 15% straight line
Fixtures & Fittings	- 25% straight line
Motor Vehicles	- 25% straight line

### **Stocks**

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

### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **Pension costs**

The company contributes to group personal pension plans for the benefit of employees. The assets of these plans are held separately from those of the company. The amount charged to the profit and loss account represents the contributions payable in respect of the accounting period.

### **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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Foreign currencies**

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

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**Dividends**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## Profit and loss account

	Note	2008 £	2007 £
Turnover	1	9,798,203	8,246,573
Cost of sales		(7,786,390)	(6,393,683)
Gross profit		2,011,813	1,852,890
Other operating charges	2	(1,204,441)	(1,062,283)
<b>Operating profit</b>	3	807,372	790,607
Interest receivable		14,184	6,173
<b>Profit on ordinary activities before taxation</b>		821,556	796,780
Tax on profit on ordinary activities	6	(236,296)	(234,743)
<b>Profit for the financial year</b>	16	585,260	562,037

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

## Balance sheet

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	8	<u>109,787</u>	<u>121,038</u>
<b>Current assets</b>			
Stocks	9	866,478	698,275
Debtors	10	1,811,285	2,292,896
Cash at bank and in hand		<u>750,642</u>	<u>204,037</u>
		<u>3,428,405</u>	<u>3,195,208</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,498,923)</u>	<u>(1,462,237)</u>
<b>Net current assets</b>		<u>1,929,482</u>	<u>1,732,971</u>
<b>Total assets less current liabilities</b>		<u>2,039,269</u>	<u>1,854,009</u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	59,375	59,375
Profit and loss account	16	1,979,894	1,794,634
<b>Shareholders' funds</b>	17	<u>2,039,269</u>	<u>1,854,009</u>

These financial statements were approved by the directors and authorised for issue on 27 August 2009 and are signed on their behalf by:

  
Director

## Notes to the financial statements

### **1 Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company.  
 An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	5,576,933	7,818,911
Overseas	4,221,270	427,662
	<u>9,798,203</u>	<u>8,246,573</u>

### **2 Other operating charges**

	2008 £	2007 £
Administrative expenses	<u>1,204,441</u>	<u>1,062,283</u>

### **3 Operating profit**

Operating profit is stated after charging:

	2008 £	2007 £
Depreciation of owned fixed assets	41,928	38,154
Loss on disposal of fixed assets	—	189
Auditor's remuneration:		
Audit fees	10,850	15,029
Accountancy fees	1,800	1,250
Operating lease costs:		
Plant and equipment	15,166	19,845
Other	56,807	57,313
Net loss on foreign currency translation	<u>66,071</u>	<u>9,431</u>

**4 Particulars of employees**

The average number of staff employed by the company during the financial year amounted to:

	2008 No	2007 No
Production staff	22	21
Administrative staff	14	13
Directors	1	1
	<u>37</u>	<u>35</u>

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	1,000,355	931,489
Social security costs	95,045	83,758
Other pension costs	28,877	22,331
	<u>1,124,277</u>	<u>1,037,578</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	2008 £	2007 £
Emoluments receivable	81,622	128,961
Value of company pension contributions to money purchase schemes	3,412	4,135
	<u>85,034</u>	<u>133,096</u>

The number of directors who accrued benefits under company pension schemes were as follows:

	2008 No	2007 No
Money purchase schemes	<u>1</u>	<u>1</u>

**6 Taxation on profit on ordinary activities**

**(a) Analysis of charge in the year**

	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28.50% (2007 - 30%)	238,034	237,664
Over provision in prior year	-	(15,878)
Total current tax	<u>238,034</u>	<u>221,786</u>
Deferred tax:		
Origination and reversal of timing differences	(1,738)	12,957
Tax on profit on ordinary activities	<u>236,296</u>	<u>234,743</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher (2007 - lower) than the standard rate of corporation tax in the UK of 28.50% (2007 - 30%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>821,556</u>	<u>796,780</u>
Profit on ordinary activities by rate of tax	234,143	239,034
Expenses not deductible for tax purposes	2,702	1,280
Capital allowances for period in excess of depreciation	1,189	(2,707)
Adjustments to tax charge in respect of previous periods	-	(15,878)
Loss on disposal	-	57
Total current tax (note 6(a))	<u>238,034</u>	<u>221,786</u>

**7 Dividends**

**Dividends on shares classed as equity**

	2008 £	2007 £
Dividends paid during the year	<u>400,000</u>	<u>-</u>



**8 Tangible fixed assets**

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 2008	447,452	542,493	35,702	1,025,647
Additions	11,239	19,438	—	30,677
At 31 December 2008	<u>458,691</u>	<u>561,931</u>	<u>35,702</u>	<u>1,056,324</u>
Depreciation				
At 1 January 2008	414,163	462,012	28,434	904,609
Charge for the year	7,693	28,156	6,079	41,928
At 31 December 2008	<u>421,856</u>	<u>490,168</u>	<u>34,513</u>	<u>946,537</u>
Net book value				
At 31 December 2008	<u>36,835</u>	<u>71,763</u>	<u>1,189</u>	<u>109,787</u>
At 31 December 2007	<u>33,289</u>	<u>80,481</u>	<u>7,268</u>	<u>121,038</u>

**9 Stocks**

	2008 £	2007 £
Work in progress	312,744	431,618
Finished goods	553,734	266,657
	<u>866,478</u>	<u>698,275</u>

**10 Debtors**

	2008 £	2007 £
Trade debtors	1,674,673	2,261,983
Amounts owed by group undertakings	21,036	—
Other debtors	81,274	—
Prepayments and accrued income	29,221	27,570
Deferred taxation (note 11)	5,081	3,343
	<u>1,811,285</u>	<u>2,292,896</u>

**11 Deferred taxation**

The deferred tax included in the balance sheet is as follows:

	2008	2007
	£	£
Included in debtors (note 10)	<u>5,081</u>	<u>3,343</u>

The movement in the deferred taxation account during the year was:

	2008	2007
	£	£
Balance brought forward	3,343	16,300
Profit and loss account movement arising during the year	<u>1,738</u>	<u>(12,957)</u>
Balance carried forward	<u>5,081</u>	<u>3,343</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008	2007
	£	£
Excess of depreciation over taxation allowances	<u>5,081</u>	<u>3,343</u>

**12 Creditors: amounts falling due within one year**

	2008	2007
	£	£
Trade creditors	1,012,521	559,281
Amounts owed to group undertakings	-	51,462
Corporation tax	101,259	119,575
Other taxation and social security	16,454	159,275
Accruals and deferred income	368,689	572,644
	<u>1,498,923</u>	<u>1,462,237</u>

**13 Commitments under operating leases**

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	4,305	20,833	-
Within 2 to 5 years	32,000	3,321	-	13,653
After more than 5 years	-	-	32,000	-
	<u>32,000</u>	<u>7,626</u>	<u>52,833</u>	<u>13,653</u>

**14 Related party transactions**

The company is a wholly owned subsidiary of Circor International, Inc. and has taken advantage of the exemption afforded by Financial Reporting Standard 8 'Related party disclosures' and not disclosed transactions or balances with entities which form part of its group.

**15 Share capital**

Authorised share capital:

	2008	2007
	£	£
20,000,000 Ordinary shares of £0.05 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £0.05 each	<u>1,187,500</u>	<u>59,375</u>	<u>1,187,500</u>	<u>59,375</u>

**16 Profit and loss account**

	2008	2007
	£	£
Balance brought forward	1,794,634	1,232,597
Profit for the financial year	585,260	562,037
Equity dividends	(400,000)	—
Balance carried forward	<u>1,979,894</u>	<u>1,794,634</u>

**17 Reconciliation of movements in shareholders' funds**

	2008	2007
	£	£
Profit for the financial year	585,260	562,037
Equity dividends	(400,000)	—
Net addition to shareholders' funds	185,260	562,037
Opening shareholders' funds	<u>1,854,009</u>	<u>1,291,972</u>
Closing shareholders' funds	<u>2,039,269</u>	<u>1,854,009</u>

**18 Ultimate parent company**

The company is a wholly owned subsidiary undertaking of Hale Hamilton (Valves) Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party is Circor International Inc., a company listed on the New York Stock Exchange, and incorporated in the United States of America.

The largest and smallest group in which the results are consolidated is that headed by Circor International Inc. Copies of the consolidated financial statements of Circor International Inc. can be obtained from the US Securities and Exchange Commission or the following address:

Circor International Inc.  
25 Corporate Drive  
Suite 130  
Burlington  
MA 01803-4238  
United States of America