

# Financial Statements

## Cambridge Fluid Systems Limited

---

**For the year ended 31 December 2011**



**Registered number: 2129153**

## Company Information

<b>Directors</b>	Mr A J Goodbrand Mr P J D Hunter Mr S Klec Mr A W Higgins Mr F M Burditt
<b>Company secretary</b>	Mr P J D Hunter
<b>Company number</b>	2129153
<b>Registered office</b>	Frays Mill Cowley Uxbridge Middlesex UB8 2AF
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road IQ Winnersh Wokingham Berkshire RG41 5TS
<b>Bankers</b>	HSBC Bank plc 60 Fenchurch Street London EC3M 4BA

# Contents

	Page
<b>Directors' report</b>	1 - 3
<b>Independent auditor's report</b>	4 - 5
<b>Profit and loss account</b>	6
<b>Balance sheet</b>	7
<b>Notes to the financial statements</b>	8 - 17

---

## **Directors' report**

**For the year ended 31 December 2011**

The directors present their report and the financial statements of the company for the year ended 31 December 2011

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

The principal activities of the company continue to be that 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 a slow down in the LED semiconductor market in Asia during the last quarter of the year although growth has been seen in sales to UK customers.

In 2012, the slow down seen in 2011 is expected to continue throughout 2012 in Asia and now includes also the UK. An improvement in the activity of the projects business is being seen.

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 £2,865,567 (2010 - £3,356,480).

Particulars of dividends paid are detailed within the notes 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 the main risks arising from the company'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' report**

**For the year ended 31 December 2011**

### **Directors**

The directors who served during the year were

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

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

## Directors' report

For the year ended 31 December 2011

### Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

### Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 3rd August 2012 and signed on its behalf



Mr P J D Hunter  
Secretary



## Independent auditor's report 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 2011, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent auditor's report to the members of Cambridge Fluid Systems Limited

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to be "Perry Burton", enclosed within a large, hand-drawn oval.

Perry Burton (Senior statutory auditor)  
for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Reading

Date

18 April 2012



## Profit and loss account

For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	1,2	23,127,274	28,388,359
Cost of sales		(17,741,921)	(22,235,063)
<b>Gross profit</b>		<b>5,385,353</b>	<b>6,153,296</b>
Administrative expenses		(1,516,149)	(1,493,048)
<b>Operating profit</b>	3	<b>3,869,204</b>	<b>4,660,248</b>
Interest receivable and similar income	6	28,744	3,084
<b>Profit on ordinary activities before taxation</b>		<b>3,897,948</b>	<b>4,663,332</b>
Tax on profit on ordinary activities	7	(1,032,381)	(1,306,852)
<b>Profit for the financial year</b>	19	<b>2,865,567</b>	<b>3,356,480</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

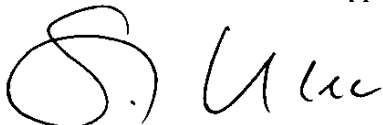
The notes on pages 8 to 17 form part of these financial statements

## Balance sheet

As at 31 December 2011

	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Tangible assets	9		229,953		239,714
Investments	10		21,930		-
			<u>251,883</u>		<u>239,714</u>
<b>Current assets</b>					
Stocks	11	781,781		2,099,912	
Debtors	12	3,019,430		2,429,455	
Cash at bank		4,945,346		5,988,134	
		<u>8,746,557</u>		<u>10,517,501</u>	
<b>Creditors</b> amounts falling due within one year	13	(2,734,006)		(5,152,337)	
<b>Net current assets</b>			<u>6,012,551</u>		<u>5,365,164</u>
<b>Total assets less current liabilities</b>			<u>6,264,434</u>		<u>5,604,878</u>
<b>Provisions for liabilities</b>					
Deferred tax	14		(14,914)		(20,925)
<b>Net assets</b>			<u><u>6,249,520</u></u>		<u><u>5,583,953</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		59,375		59,375
Profit and loss account	19		6,190,145		5,524,578
<b>Shareholders' funds</b>	20		<u><u>6,249,520</u></u>		<u><u>5,583,953</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

  
**Mr S Klee**  
 Director

Date 03-08-2012

The notes on pages 8 to 17 form part of these financial statements

# Notes to the financial statements

For the year ended 31 December 2011

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The directors have reviewed the principal accounting policies of the company and consider that 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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group

### 1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. In addition notes 1 to 21 of the financial statements include the company's objectives, policies and processes of managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### 1.3 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard No 1 (Revised 1996) 'Cash Flow Statements'

### 1.4 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

# Notes to the financial statements

For the year ended 31 December 2011

## 1. Accounting policies (continued)

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at cost

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

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

### 1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment

### 1.7 Stocks and work in progress

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

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.

### 1.8 Operating leases

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.

### 1.9 Pensions

The company contributes to group personal pension plans for the benefit of employees. The assets of the scheme 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.

# Notes to the financial statements

For the year ended 31 December 2011

## 1. Accounting policies (continued)

### 1 10 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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold

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

### 1.11 Foreign currencies

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

### 1 12 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 classified 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

# Notes to the financial statements

For the year ended 31 December 2011

## 1. Accounting policies (continued)

### 1.13 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.

## 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

A geographical analysis of turnover is as follows:

	2011 £	2010 £
United Kingdom	5,841,063	4,372,753
Rest of European Union	17,286,211	24,015,606
	<u>23,127,274</u>	<u>28,388,359</u>

## 3. Operating profit

The operating profit is stated after charging/(crediting):

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	58,271	54,774
Auditors' remuneration - audit fees	10,600	10,300
Auditors' remuneration - accountancy fees	1,250	1,250
Operating lease rentals		
- plant and machinery	4,490	3,771
- other operating leases	90,783	77,316
Net profit on foreign exchange	(25,244)	(28,411)
	<u></u>	<u></u>

# Notes to the financial statements

For the year ended 31 December 2011

## 4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011	2010
	£	£
Wages and salaries	1,475,914	1,286,223
Social security costs	131,485	97,639
Other pension costs	35,884	31,979
	<u>1,643,283</u>	<u>1,415,841</u>

The average monthly number of staff, including the directors, during the year was as follows

	2011	2010
	No.	No.
Production staff	25	35
Sales and Administrative staff	16	10
Directors	1	1
	<u>42</u>	<u>46</u>

## 5. Directors' remuneration

	2011	2010
	£	£
Emoluments	<u>154,833</u>	<u>133,744</u>
Company pension contributions to defined contribution pension schemes	<u>4,916</u>	<u>4,347</u>

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of defined contribution pension schemes

## 6. Interest receivable

	2011	2010
	£	£
Interest receivable from group companies	24,312	-
Other interest receivable	4,432	3,084
	<u>28,744</u>	<u>3,084</u>

## Notes to the financial statements

For the year ended 31 December 2011

**7. Taxation**

	2011 £	2010 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	1,038,392	1,300,814
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,712)	6,038
Prior year adjustment	(809)	-
Rate change	(1,490)	-
<b>Total deferred tax</b> (see note 14)	(6,011)	6,038
<b>Tax on profit on ordinary activities</b>	<u>1,032,381</u>	<u>1,306,852</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>3,897,948</u>	<u>4,663,332</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	1,032,956	1,305,733
<b>Effects of</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,769	2,323
Capital allowances for year in excess of depreciation	3,935	(7,242)
Other differences leading to an increase (decrease) in the tax charge	(268)	-
<b>Current tax charge for the year</b> (see note above)	<u>1,038,392</u>	<u>1,300,814</u>

**8. Dividends**

	2011 £	2010 £
Dividends paid	<u>2,200,000</u>	<u>500,000</u>



## Notes to the financial statements

For the year ended 31 December 2011

**9. Tangible fixed assets**

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 January 2011	522,938	35,702	471,873	1,030,513
Additions	46,541	-	1,969	48,510
At 31 December 2011	569,479	35,702	473,842	1,079,023
<b>Depreciation</b>				
At 1 January 2011	359,872	35,702	395,225	790,799
Charge for the year	34,537	-	23,734	58,271
At 31 December 2011	394,409	35,702	418,959	849,070
<b>Net book value</b>				
At 31 December 2011	175,070	-	54,883	229,953
At 31 December 2010	163,066	-	76,648	239,714

**10. Investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2011	-
Additions	21,930
At 31 December 2011	21,930
<b>Net book value</b>	
At 31 December 2011	21,930
At 31 December 2010	-

**Subsidiary undertakings**

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Cambridge Fluid Systems GmbH	Ordinary	100%
Name	Business	Registered office
Cambridge Fluid Systems GmbH	Servicing of group products	Germany

## Notes to the financial statements

For the year ended 31 December 2011

**11. Stocks**

	2011 £	2010 £
Work in progress	340,046	1,422,824
Finished goods and goods for resale	441,735	677,088
	<u>781,781</u>	<u>2,099,912</u>

**12. Debtors**

	2011 £	2010 £
Trade debtors	1,027,910	1,797,414
Amounts owed by group undertakings	1,944,219	10,059
Other debtors	-	585,400
Prepayments and accrued income	47,301	36,582
	<u>3,019,430</u>	<u>2,429,455</u>

**13. Creditors:****Amounts falling due within one year**

	2011 £	2010 £
Trade creditors	919,938	3,459,155
Amounts owed to group undertakings	86,625	61,522
Corporation tax	469,358	863,402
Social security and other taxes	24,163	36,188
Accruals and deferred income	1,233,922	732,070
	<u>2,734,006</u>	<u>5,152,337</u>

**14. Deferred taxation**

	2011 £	2010 £
At beginning of year	20,925	14,887
(Released during)/charge for year	(6,011)	6,038
	<u>14,914</u>	<u>20,925</u>

## Notes to the financial statements

For the year ended 31 December 2011

**14. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows

	2011	2010
	£	£
Accelerated capital allowances	<u>14,914</u>	<u>20,925</u>

**15. Capital commitments**

There were no capital commitments at either 31 December 2011 or 31 December 2010

**16. Operating lease commitments**

At 31 December 2011 the company had annual commitments under non-cancelable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Expiry date.				
Between 2 and 5 years	<u>87,454</u>	<u>87,454</u>	<u>16,166</u>	<u>16,166</u>

**17. 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 No 8 'Related party disclosures' and not disclosed transactions or balances with entities which form part of its group

**18. Share capital**

	2011	2010
	£	£
Authorised		
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		
1,187,500 Ordinary shares of £0.05 each	<u>59,375</u>	<u>59,375</u>

## Notes to the financial statements

For the year ended 31 December 2011

### 19. Reserves

	Profit and loss account £
At 1 January 2011	5,524,578
Profit for the year	2,865,567
Dividends paid	(2,200,000)
At 31 December 2011	<u>6,190,145</u>

In March 2012, a dividend was proposed and paid to Hale Hamilton (Valves) Limited, which amounted to £2,450,000

### 20. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	5,583,953	2,727,473
Profit for the year	2,865,567	3,356,480
Dividends (Note 8)	(2,200,000)	(500,000)
Closing shareholders' funds	<u>6,249,520</u>	<u>5,583,953</u>

### 21. Ultimate parent undertaking and controlling party

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  
30 Corporate Drive  
Suite 200  
Burlington  
MA 01803-4238  
United States of America