

ELECTRO-FLOW CONTROLS LIMITED
UNAUDITED ABBREVIATED ACCOUNTS
FOR
31 MARCH 2006



SIMPSON FORSYTH
Chartered Accountants
52 Queen's Road
Aberdeen
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ELECTRO-FLOW CONTROLS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

CONTENTS	PAGE
Abbreviated balance sheet	1
Notes to the abbreviated accounts	3

ELECTRO-FLOW CONTROLS LIMITED

ABBREVIATED BALANCE SHEET

31 MARCH 2006

		2006		2005 (restated)	
	Note	£	£	£	£
FIXED ASSETS	2				
Intangible assets			30,001		44,861
Tangible assets			64,116		17,993
Investments			704		704
			<u>94,821</u>		<u>63,558</u>
CURRENT ASSETS					
Stocks		167,714		124,648	
Debtors		681,644		438,549	
Cash at bank and in hand		155,212		49,937	
		<u>1,004,570</u>		<u>613,134</u>	
CREDITORS: Amounts falling due within one year	3	<u>693,560</u>		<u>486,195</u>	
NET CURRENT ASSETS			<u>311,010</u>		<u>126,939</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>405,831</u>		<u>190,497</u>
CREDITORS: Amounts falling due after more than one year	4		<u>14,642</u>		<u>31,667</u>
			<u>391,189</u>		<u>158,830</u>

The Balance sheet continues on the following page.

The notes on pages 3 to 7 form part of these abbreviated accounts

ELECTRO-FLOW CONTROLS LIMITED

ABBREVIATED BALANCE SHEET *(continued)*

31 MARCH 2006

	Note	2006 £	2005 <i>(restated)</i> £
CAPITAL AND RESERVES			
Called up equity share capital	6	34,000	34,000
Profit and loss account		357,189	124,830
SHAREHOLDERS' FUNDS		<u>391,189</u>	<u>158,830</u>


The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act


The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors on 21 December 2006 and are signed on their behalf by


J C A WHEELER
Director


E J LITTLECHILD
Director

The notes on pages 3 to 7 form part of these abbreviated accounts

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

Financial Reporting Standard for Smaller Entities (effective January 2005)

Financial Reporting Standard for Smaller Entities (effective January 2005)

The company has adopted the Financial Reporting Standard for Smaller Entities (effective January 2005) which supersedes the Financial Reporting Standard for Smaller Entities (effective June 2002)

The adoption of the Financial Reporting Standard for Smaller Entities (effective January 2005) has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

No adjustments have arisen due to this change in accounting policy, as there were no proposed dividends in the accounts for the year ended 31 March 2005.

Work in progress

Stage payments are invoiced on contracts, and any amounts not invoiced at the year end have in previous periods been included as work in progress. Due to the nature of current contracts, the amounts not invoiced at 31 March 2006 are much more significant than previously and the accounting policy has been changed to reclassify the uninvoiced work as long term contracts.

The value of long term contracts is included in turnover and the balance outstanding is including in debtors at the year end. Under the previous policy, work in progress was deducted from cost of sales and the balance outstanding included in stocks.

The figures for the year ended 31 March 2005 have been restated on a similar basis.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES *(continued)*

Turnover

The turnover shown in the profit and loss account represents sales made during the year, exclusive of Value Added Tax

In respect of long term contracts, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long term contracts is recognised by reference to the stage of completion

Development costs

Development costs are capitalised and classified as an asset on the balance sheet, where the expenditure is for a clearly defined commercially viable project which is separately identifiable and is reasonably expected to generate revenues in excess of its cost. Development costs are amortised over their useful economic life on a straight line basis

Amortisation

Amortisation 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

Development costs over 5 years in proportions of 1/40, 12/40, 12/40, 12/40, 3/40

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	25% straight line
Fixtures & Fittings	25% straight line
Motor Vehicles	25% straight line
Equipment	33% straight line

Investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made

Stocks

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

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES *(continued)*

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as payments on account. Excess progress payments are included in creditors as payments on accounts. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long term contract balances in stock.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

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.

Foreign currencies

Current assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

2. FIXED ASSETS

	Intangible Assets £	Tangible Assets £	Investments £	Total £
COST				
At 1 April 2005	130,267	155,263	704	286,234
Additions	–	66,174	–	66,174
Disposals	–	(10,073)	–	(10,073)
At 31 March 2006	130,267	211,364	704	342,335
DEPRECIATION				
At 1 April 2005	85,406	137,270	–	222,676
Charge for year	14,860	17,532	–	32,392
On disposals	–	(7,554)	–	(7,554)
At 31 March 2006	100,266	147,248	–	247,514
NET BOOK VALUE				
At 31 March 2006	30,001	64,116	704	94,821
At 31 March 2005	44,861	17,993	704	63,558

Included within plant & machinery are assets with costs of £27,500 (2005 nil) and depreciation of £2,292 (2005 nil) which are leased to customers

The investment shown is the cost of the investment in the subsidiary company, EFC Americas Inc, a company incorporated in the USA

During the year EFC Americas Inc did not trade and the costs of running the office in the USA have been met by the holding company, Electro Flow Controls Limited

The company owns 100% of the share capital of EFC Americas Inc, amounting to 10,000 shares at a cost of \$1,000. The aggregate balance of capital and reserves of the subsidiary was \$1,000 at the balance sheet date and this is represented by the investment figure of £704. Converted at the balance sheet date the investment value is £574.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2006	2005 (restated)
	£	£
Bank loan	20,000	20,000
Hire purchase agreements	2,344	1,469
	<u>22,344</u>	<u>21,469</u>

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2006	2005 (restated)
	£	£
Bank loan	11,667	31,667
Hire purchase agreements	2,976	
	<u>14,643</u>	<u>31,667</u>

5. TRANSACTIONS WITH THE DIRECTORS

During the year the company paid costs amounting to £6,240 (2005 £5,404) on behalf of Mr J C A Wheeler, a director. Amounts of £34,622 were transferred to Mr Wheeler during the year. At the year end a balance of £4,347 was due by Mr Wheeler to the company (2005 £36,515 was due to Mr Wheeler by the company).

During the year the company paid costs of £174 (2005 £721) on behalf of Mr E Littlechild, a director. An amount of £14,597 was transferred to Mr Littlechild during the year. Mr Littlechild incurred costs of £721 (2005 nil) on behalf of the company. A balance of £36 was due to Mr Littlechild at the year end date (2005 £14,086).

6. SHARE CAPITAL

Authorised share capital:

	2006	2005 (restated)
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>

ELECTRO-FLOW CONTROLS LIMITED

ACCOUNTANTS' REPORT TO THE DIRECTORS OF ELECTRO-FLOW CONTROLS LIMITED

YEAR ENDED 31 MARCH 2006

In accordance with our terms of engagement, and in order to assist you to fulfil your duties under the Companies Act 1985, we have prepared the financial statements of the company on pages 1 to 7 from the accounting records and information and explanations supplied to us

This report is made to the Company's Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken to enable us to prepare the financial statements on behalf of the Company's Directors 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 Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with best practice guidance issued by the Institute of Chartered Accountants of Scotland and have complied with the ethical guidance laid down by the Institute relating to members undertaking the preparation of financial statements.

You have acknowledged on the balance sheet as at 31 March 2006 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



SIMPSON FORSYTH
Chartered Accountants

52 Queen's Road
Aberdeen
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21 December 2006