

ELECTRO-FLOW CONTROLS LIMITED
ABBREVIATED ACCOUNTS
FOR
31ST MARCH 2004

SIMPSON FORSYTH

Chartered Accountants & Registered Auditors
52 Queen's Road
Aberdeen
AB15 4YE



ELECTRO-FLOW CONTROLS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

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ELECTRO-FLOW CONTROLS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 8, together with the financial statements of the company for the year ended 31st March 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

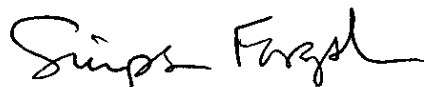
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 4 to 8 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On 2nd November 2004 we reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31st March 2004, and the full text of our audit report is reproduced on pages 2 to 3 of these financial statements.



SIMPSON FORSYTH
Chartered Accountants
& Registered Auditors

52 Queen's Road
Aberdeen
AB15 4YE

2nd November 2004

ELECTRO-FLOW CONTROLS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELECTRO-FLOW CONTROLS LIMITED

YEAR ENDED 31ST MARCH 2004

We have audited the financial statements on pages 6 to 14 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT 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.

ELECTRO-FLOW CONTROLS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELECTRO-FLOW CONTROLS LIMITED *(continued)*

YEAR ENDED 31ST MARCH 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



SIMPSON FORSYTH
Chartered Accountants
& Registered Auditors

52 Queen's Road
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AB15 4YE

2nd November 2004

ELECTRO-FLOW CONTROLS LIMITED

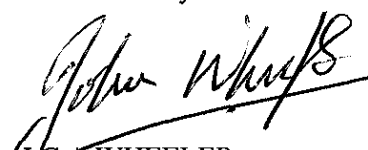
ABBREVIATED BALANCE SHEET

31ST MARCH 2004

	Note	2004 £	2003 £
FIXED ASSETS	2		
Intangible assets		46,885	25,817
Tangible assets		22,205	37,090
Investments		704	704
		<u>69,794</u>	<u>63,611</u>
CURRENT ASSETS			
Stocks		182,754	190,918
Debtors		212,454	281,595
Cash at bank and in hand		5,483	59,089
		<u>400,691</u>	<u>531,602</u>
CREDITORS: Amounts falling due within one year	3	<u>369,786</u>	<u>363,791</u>
NET CURRENT ASSETS		<u>30,905</u>	<u>167,811</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>100,699</u>	<u>231,422</u>
CREDITORS: Amounts falling due after more than one year	4	<u>53,136</u>	<u>79,357</u>
		<u>47,563</u>	<u>152,065</u>
CAPITAL AND RESERVES			
Called-up equity share capital	5	34,000	34,000
Profit and loss account		13,563	118,065
SHAREHOLDERS' FUNDS		<u>47,563</u>	<u>152,065</u>

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 2nd November 2004 and are signed on their behalf by:


J.C.A. WHEELER
Director

The notes on pages 5 to 8 form part of these abbreviated accounts.

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

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 June 2002).

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.

Turnover

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

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 up 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.

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

1. ACCOUNTING POLICIES *(continued)*

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 level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

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.

2. FIXED ASSETS

	Intangible Assets £	Tangible Assets £	Investments £	Total £
COST				
At 1st April 2003	70,871	165,034	704	236,609
Additions	39,707	4,817	–	44,524
Disposals	–	(23,465)	–	(23,465)
At 31st March 2004	110,578	146,386	704	257,668
DEPRECIATION				
At 1st April 2003	45,054	127,944	–	172,998
Charge for year	18,639	15,759	–	34,398
On disposals	–	(19,522)	–	(19,522)
At 31st March 2004	63,693	124,181	–	187,874
NET BOOK VALUE				
At 31st March 2004	46,885	22,205	704	69,794
At 31st March 2003	25,817	37,090	704	63,611

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

2. FIXED ASSETS *(continued)*

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 £838.

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.

3. CREDITORS: Amounts falling due within one year

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

	2004	2003
	£	£
Bank loans and overdrafts	84,725	20,000
Hire purchase agreements	4,354	7,603
	<u>89,079</u>	<u>27,603</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:

	2004	2003
	£	£
Bank loans and overdrafts	51,667	71,667
Hire purchase agreements	1,469	7,690
	<u>53,136</u>	<u>79,357</u>

ELECTRO-FLOW CONTROLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

5. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>