

**SPECIALISED PETROLEUM MANUFACTURING LIMITED**

**ANNUAL REPORT**

**YEAR ENDED 30 JUNE 1996**

**PANNELL KERR FORSTER**  
Chartered Accountants



# **SPECIALISED PETROLEUM MANUFACTURING LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	D E Lowrance A McDonald R Gilbert
<b>Secretary</b>	A McDonald
<b>Company Number</b>	131809
<b>Registered Office</b>	38 Albyn Place Aberdeen AB10 1ZS
<b>Auditors</b>	Pannell Kerr Forster Chartered Accountants 38 Albyn Place Aberdeen AB10 1ZS

# **SPECIALISED PETROLEUM MANUFACTURING LIMITED**

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**SPECIALISED PETROLEUM MANUFACTURING LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 1996**

The directors submit their report and the financial statements for the year ended 30 June 1996.

**Principal activity**

The principal activities of the company during the year were the selling and rental of specialist flow control products to the oil industry.

**Directors**

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary shares of £1 each	
	1996	1995
D E Lowrance	1	1
A McDonald	-	-
R Gilbert	-	-

Other than disclosed above the directors' have no interests in the shares of the company other than by virtue of their interest in the parent undertakings.

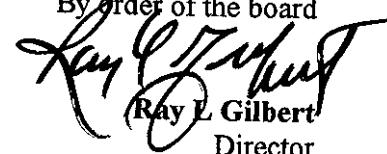
**Auditors**

The auditors, Pannell Kerr Forster, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

**Small company exemptions**

Advantage has been taken in the preparation of this report of the exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

By order of the board

  
Ray L Gilbert  
Director

7<sup>th</sup> Nov 1996

# **SPECIALISED PETROLEUM MANUFACTURING 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 of the company 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;
- 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 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
SPECIALISED PETROLEUM MANUFACTURING LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards. 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Aberdeen

*17<sup>th</sup> Dec 1996*

**PANNELL KERR FORSTER**  
Chartered Accountants  
Registered Auditors

**SPECIALISED PETROLEUM MANUFACTURING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 1996**

	Notes	1996 £	1995 £
<b>TURNOVER</b>			
Cost of sales	2	1,814,379 (1,023,803)	1,074,102 (581,111)
<b>GROSS PROFIT</b>		<u>790,576</u>	<u>492,991</u>
Administrative expenses		(396,959)	(290,504)
Other operating income		5,500	-
<b>OPERATING PROFIT</b>	3	<u>399,117</u>	<u>202,487</u>
Interest receivable and similar items		2,685	2,842
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>401,802</u>	<u>205,329</u>
<b>TAXATION</b>		(129,638)	(59,009)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>272,164</u></u>	<u><u>146,320</u></u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

**SPECIALISED PETROLEUM MANUFACTURING LIMITED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 1996**

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible	4	167,400	197,308
<b>CURRENT ASSETS</b>			
Stocks		409,059	420,307
Debtors	5	410,476	308,663
Cash at bank and in hand		169,974	90,994
		<u>989,509</u>	<u>819,964</u>
<b>CREDITORS: amounts falling due within one year</b>	6	(710,681)	(642,801)
<b>NET CURRENT ASSETS</b>		<u>278,828</u>	<u>177,163</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>446,228</u>	<u>374,471</u>
<b>CREDITORS: amounts falling due after more than one year</b>	7	-	(196,380)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	8	-	(4,027)
<b>NET ASSETS</b>		<u><u>446,228</u></u>	<u><u>174,064</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000	1,000
Profit and loss account	10	445,228	173,064
<b>SHAREHOLDERS' FUNDS</b>	11	<u><u>446,228</u></u>	<u><u>174,064</u></u>

Advantage has been taken in the preparation of the financial statements of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that the company is entitled to the exemptions mentioned in section 246 of the Act as a small company.

The financial statements were approved by the board on 7 November 1996

Signed on behalf of the board of directors

*A. McDonald*

**A McDonald**  
Director



**SPECIALISED PETROLEUM MANUFACTURING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1996**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

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

**(b) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

**(c) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Lease premium	Over period of lease
Plant, machinery, fixtures, fittings & office equipment	20 % straight line basis
Motor vehicles	25 % straight line basis

**(d) Operating leases**

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

**(e) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

**(f) Foreign currencies**

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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**(g) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**(h) Pensions**

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

**2 TURNOVER**

19% of turnover (1995 - 30%) is attributable to geographical markets outside the United Kingdom.

**SPECIALISED PETROLEUM MANUFACTURING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1996**

**3 OPERATING PROFIT**

The operating profit is stated after charging:

	1996 £	1995 £
Depreciation of tangible fixed assets:		
- owned by the company	74,016	57,814
Directors' emoluments	63,286	52,963
Audit fees	3,050	2,950
Operating lease rentals:		
- plant & machinery	19,540	5,734
- other	6,424	-
Pension cost	4,551	4,551
	<u>          </u>	<u>          </u>

**4 TANGIBLE FIXED ASSETS**

	Land & buildings £	Plant & machinery fixtures & fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 July 1995	10,700	302,212	29,860	342,772
Additions	-	21,480	24,690	46,170
Disposals	-	(2,950)	(17,684)	(20,634)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 1996	10,700	320,742	36,866	368,308
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
At 1 July 1995	3,086	121,740	20,638	145,464
Charge for year	823	64,124	9,069	74,016
On disposals	-	(1,623)	(16,949)	(18,572)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 1996	3,909	184,241	12,758	200,908
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book amount</b>				
At 30 June 1996	6,791	136,501	24,108	167,400
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 1995	7,614	180,472	9,222	197,308
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Included in plant and equipment is equipment held for rental purposes the original cost of which is £247,770 and on which accumulated depreciation of £135,919 has been charged.

**SPECIALISED PETROLEUM MANUFACTURING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1996**

**5 DEBTORS**

	1996	1995
	£	£
Trade debtors	403,910	285,391
Other debtors	6,566	23,272
	<u>410,476</u>	<u>308,663</u>

**6 CREDITORS:**

**Amounts falling due within one year**

	1996	1995
	£	£
Trade creditors	24,395	59,237
Amounts owed to group undertakings	478,355	482,467
Corporation tax	133,666	59,182
Other tax and social security	43,403	28,068
Other creditors	30,862	13,847
	<u>710,681</u>	<u>642,801</u>

**7 CREDITORS:**

**Amounts falling due after more than one year**

	1996	1995
	£	£
Amounts owing to group undertakings	-	196,380
	<u>-</u>	<u>196,380</u>

**8 PROVISIONS FOR LIABILITIES AND CHARGES**

**Deferred tax**

	£
At 1 July 1995	4,027
Charged to profit and loss account	(4,027)
	<u>-</u>
At 30 June 1996	-
	<u>-</u>

**9 SHARE CAPITAL**

	Authorised	Allotted, called up and fully paid	
	£	No.	£
At 1 July 1995 and 30 June 1996			
Ordinary shares of £1 each	100,000	1,000	1,000
	<u>100,000</u>	<u>1,000</u>	<u>1,000</u>

**SPECIALISED PETROLEUM MANUFACTURING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1996**

**10 RESERVES**

<b>Profit and loss account</b>	<b>£</b>
At 1 July 1995	173,064
Profit for the year	272,164
At 30 June 1996	<u>445,228</u>

**11 SHAREHOLDERS' FUNDS**

	1996 £	1995 £
Shareholders' funds at 1 July 1995	174,064	27,744
Profit for the year	272,164	146,320
Shareholders' funds at 30 June 1996	<u>446,228</u>	<u>174,064</u>

**12 OTHER COMMITMENTS**

At 30 June 1996 the company had annual commitments under operating leases as follows:

	1996 £	1995 £
<b>Expiry date:</b>		
Within 1 year	6,536	-
Between 1 and 5 years	18,730	-

**13 CONTINGENT LIABILITIES**

Specialised Petroleum Manufacturing Limited are currently in dispute with the present landlords concerning a rent review. The outcome of this is uncertain, but is not expected to materially affect the financial statements for the year.

**14 PENSION COSTS**

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

**15 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

In the opinion of the directors the ultimate parent company is Special Projects Manufacturing Co Inc, a company incorporated in the USA.