

PETROTECHNIK LIMITED
ABBREVIATED ACCOUNTS - FOR THE YEAR ENDED
31 MARCH 2001
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

The company's registered number is 2631843.



PETROTECHNIK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2001

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 March 2001.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The principal activity of the company is the sale of UPP polyethylene pipework and associated fittings and equipment for use in petrol filling stations and other fuel distribution centres. During the year the UK market for the company's products remained depressed.

The directors, however, expect the general level of activity, particularly in export markets, to increase significantly during the next twelve months.

RESULTS AND DIVIDENDS:

The results for the year are set out in the profit and loss account on page 4.

The directors recommend the payment of the following dividends:

	2001	2000
	£	£
'A' Ordinary shares (proposed)	19,789	49,500
Ordinary shares (proposed)	59,369	148,500
	<u>79,158</u>	<u>198,000</u>

The directors propose to transfer £3,226, the retained profit for the year, to reserves (2000 £311,997).

DIRECTORS AND THEIR INTERESTS:

The directors who served during the year were:

J.A. Boudry	L.Humphrey (resigned 30/11/00)	S.DeWild
J. Ageheim	W.Wright (resigned 22/09/00)	G.Owens
J. Lee (resigned 15/06/00)	M.Duguid	A.Golding (appointed 14/12/00)

The directors who held office at 31 March 2001 had no beneficial interests, other than those shown below, in the shares of the company.

	Ordinary shares at 31 March	
	2001	2000
J.A. Boudry	10,000	10,000
J. Ageheim	2,544	1,765
J. Lee	-	2,941

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing those accounts, the directors are required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- iv. prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- v) 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 accounts 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.

CHARITABLE DONATIONS

During the year the company donated £ 575 (2000-£1,011) to charity.

AUDITORS

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

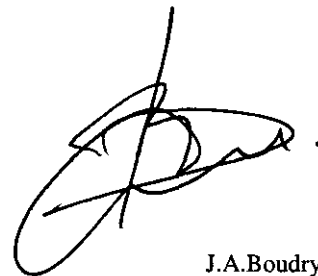
EXEMPTIONS

In the directors' opinion the company is entitled, for the year ended 31 March 2001, to the exemptions conferred by Section 248 of the Companies Act 1985 from the requirements to prepare group accounts.

BY ORDER OF THE BOARD,

Maitland Road
Lion Barn Business Park
Needham Market
Ipswich
Suffolk IP6 8NZ.

28th January 2002



J.A. Boudry
Secretary

AUDITORS' REPORT

AUDITORS' REPORT TO PETROTECHNIK LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985.

We have audited the abbreviated accounts on pages 4 to 16, together with the financial statements of the company for the year ended 31 March 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A 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 section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts to be delivered have been properly prepared in accordance with those relevant provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered 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 have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with the events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared with section 246A(3) of the Companies Act 1985 in respect of the year ended 31 March 2001, and the abbreviated accounts on pages 4 to 16 have been properly prepared in accordance with that provision.



Arthur Andersen
Chartered Accountants and Registered Auditors

Betjeman House
104 Hills Road
Cambridge
CB2 1LH

28 January 2002

PETROTECHNIK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
GROSS PROFIT		2,140,688	2,442,438
Other operating expenses (net)	3	<u>(1,960,459)</u>	<u>(1,755,404)</u>
OPERATING PROFIT		180,229	687,034
Interest payable	4	(41,837)	(12,955)
Interest receivable		<u>6,057</u>	<u>13,946</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	144,449	688,025
Tax on profit on ordinary activities	7	<u>(62,065)</u>	<u>(178,028)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		82,384	509,997
Dividends paid and proposed	8	(79,158)	(198,000)
RETAINED PROFIT FOR THE YEAR		<u>3,226</u>	<u>311,997</u>

There are no recognised gains or losses, other than the profit for the year after taxation, and therefore a statement of total recognised gains and losses has not been included in these accounts.

All amounts shown relate to continuing operations.

The accompanying notes are an integral part of this profit and loss account.

PETROTECHNIK LIMITED
BALANCE SHEET -- 31 MARCH 2001

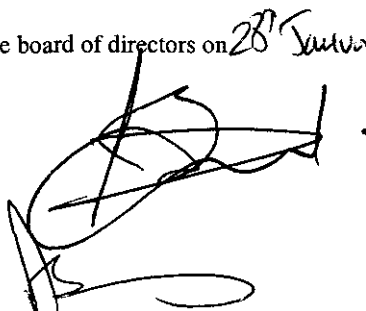
	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10 (a)	225,446	310,617
Investments	10 (b)	413,506	11,506
		<u>638,952</u>	<u>322,123</u>
CURRENT ASSETS			
Stocks - goods for resale	11	425,337	412,493
Debtors	12	3,753,880	3,088,180
Cash at bank and in hand		3,751	303,118
		<u>4,182,968</u>	<u>3,803,791</u>
CREDITORS: Amounts falling due within one year	13	<u>(1,855,706)</u>	<u>(1,709,425)</u>
NET CURRENT ASSETS		<u>2,327,262</u>	<u>2,094,366</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,966,214</u>	<u>2,416,489</u>
CREDITORS: Amounts falling due after more than one year	14	(26,565)	(46,891)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(566,825)	-
NET ASSETS		<u>2,372,824</u>	<u>2,369,598</u>
CAPITAL AND RESERVES			
Called-up share capital	17	19,608	19,608
Share premium account	19	9,994	9,994
Capital redemption reserve	19	60,400	60,400
Profit and loss account	19	2,282,822	2,279,596
EQUITY SHAREHOLDERS' FUNDS	19	<u>2,372,824</u>	<u>2,369,598</u>

Advantage has been taken of the exemption conferred by Part B of Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the directors' opinion, the company is entitled to the benefits of those exemptions as a medium company.

The accounts on pages 4 to 16 were approved by the board of directors on 28th January 2002 and signed on its behalf by:-

J.A. Boudry - Director

A. Golding - Director



The accompanying notes are an integral part of this balance sheet.

PETROTECHNIK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Reconciliation of operating profit to operating cash flows			
Operating profit		180,229	687,034
Depreciation charges		129,032	159,144
Loss / (Profit) on disposal of fixed assets		3,555	(11,143)
(Increase)/Decrease in stock		(12,844)	481,606
Increase in debtors		(97,875)	(459,209)
Increase/(Decrease) in creditors		<u>216,782</u>	<u>(428,162)</u>
Net cash inflow from operating activities		418,879	429,270
Cashflow Statement			
Net cash inflow from operating activities		418,879	429,270
Returns on investments and servicing of finance	21	(32,433)	1,561
Taxation		(163,364)	(327,021)
Capital expenditure	21	(10,731)	(12,938)
Acquisitions	21	<u>(402,000)</u>	<u>(5,002)</u>
		(189,649)	85,870
Equity dividend paid		<u>(198,000)</u>	<u>(265,690)</u>
Cash outflow before financing		(387,649)	(179,820)
Financing	21	<u>(94,870)</u>	<u>(116,289)</u>
Decrease in cash		<u>(482,519)</u>	<u>(296,109)</u>
Reconciliation of net cashflow to movement in net (debt) / funds			
	22		
Decrease in cash in the year		(482,519)	(296,109)
New finance leases		(36,686)	(55,215)
Cash outflow from decrease in debt and lease financing		<u>94,870</u>	<u>116,289</u>
Movement in net funds in year		(424,335)	(235,035)
Net funds at 1 April 2000		<u>171,867</u>	<u>406,902</u>
Net (debt) funds at 31 March 2001		<u>(252,468)</u>	<u>171,867</u>

The accompanying notes are an integral part of this cash flow statement.

PETROTECHNIK LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2001

1. ACCOUNTING POLICIES:

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

Advantage has been taken of the exemptions conferred by section 248 of the Companies Act 1985 on the grounds that, in the directors' opinion, the company is entitled to the benefit of those exemptions as a medium sized company. Accordingly the company's subsidiary companies have not been consolidated and are treated as investments in these financial statements.

b) Fixed assets

Tangible and intangible fixed assets are stated at cost, less accumulated depreciation or amortisation and any provision for impairment. Residual value is calculated on prices prevailing at the date of acquisition.

Depreciation or amortisation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Short term leasehold	20%
Fixtures and fittings	20%
Motor vehicles	25%
Equipment	20% to 33%
Patents	20%
Trademarks	20%

c) Investments

Fixed asset investments are shown at cost less provision for impairment.

d) Stocks

Stocks are stated at the lower of first-in, first-out cost and net realisable value. Cost includes all expenditure incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred on disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) is provided, if material, using the liability method on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which in the opinion of the directors will probably not reverse.

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES (continued):

f) Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at an average exchange rate for the period. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

g) Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

h) Leases

The company enters into operating and finance leases.

Assets held under finance leases and hire purchase contracts are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the period of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease or hire purchase contract to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales or other operating expenses as appropriate. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Further information on future commitments is given in note 20.

i) Pension costs

The company provides pensions to its employees through a funded defined contribution pension scheme. The assets of the scheme are held independently of the company by insurance companies. The amount charged to the profit and loss account is the contributions payable during the year.

j) Development costs

Development costs are charged to the profit and loss account in the year of expenditure.

k) Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

2. TURNOVER:

No segmental analysis is given as in the opinion of the directors, disclosure of this information would be seriously prejudicial to the interests of the company.

3. OTHER OPERATING EXPENSES (NET):

	<u>2001</u>	<u>2000</u>
	£	£
Selling and marketing costs	600,625	545,920
Development expenses	84,832	125,925
Administrative expenses	<u>1,275,002</u>	<u>1,083,559</u>
	<u>1,960,459</u>	<u>1,755,404</u>

NOTES TO THE ACCOUNTS (Continued)

4. INTEREST PAYABLE:

	<u>2001</u>	<u>2000</u>
	£	£
Interest payable on bank overdrafts	34,865	-
Interest payable on hire purchase contracts	6,972	12,955
	<u>41,837</u>	<u>12,955</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after charging/(crediting):-

	<u>2001</u>	<u>2000</u>
	£	£
a) Depreciation of tangible fixed assets:-		
- owned	80,101	79,791
- held under hire purchase contracts	48,931	79,353
b) Exceptional costs associated with product recall programme (Note 15)	662,696	-
Exceptional income from supplier associated with product recall programme (Note 15)	(662,696)	-
c) Auditors' remuneration – audit fee	7,500	6,000
d) Staff costs (see Note 6)	925,282	978,143
e) Operating lease rentals:-		
Land and buildings	53,270	54,557
f) Loss / (Profit) on disposal of fixed assets	3,555	(11,143)
g) Foreign exchange losses / (gains)	14,638	(60,961)
h) Government grants released	<u>-</u>	<u>(9,226)</u>

6. STAFF COSTS:

The average monthly number of persons employed (including executive directors) by the company during the year was as follows :-

	<u>2001</u>	<u>2000</u>
	Number	Number
Sales and administration	22	22
Development	2	3
	<u>24</u>	<u>25</u>

Their aggregate remuneration comprised :-

	<u>2001</u>	<u>2000</u>
	£	£
Wages and salaries	798,143	832,230
Social security costs	78,965	88,527
Other pension costs and benefits	48,174	57,386
	<u>925,282</u>	<u>978,143</u>
Directors' remuneration:-		
Emoluments	368,527	426,012
Compensation for loss of office	65,250	-
Company contributions to money purchase pension schemes	29,576	27,664
	<u>463,353</u>	<u>453,676</u>
Highest paid director – emoluments	151,610	146,725
- contributions to money purchase pension schemes	19,223	16,918
	<u>170,833</u>	<u>163,643</u>

NOTES TO THE ACCOUNTS (Continued)

6. STAFF COSTS (Continued):

	<u>2001</u>	<u>2000</u>
	£	£
Fees paid to third parties in respect of directors' services	<u>49,612</u>	<u>33,508</u>
Number of directors who were members of pension schemes was as follows:		
Money Purchase Schemes	<u>5</u>	<u>5</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES:

	<u>2001</u>	<u>2000</u>
	£	£
Corporation tax at 30% (2000-30%) on taxable profit for the year	57,103	183,308
Under / (Over) provision in respect of previous year	<u>4,962</u>	<u>(5,280)</u>
	<u>62,065</u>	<u>178,028</u>

8. DIVIDENDS PAID AND PROPOSED:

	<u>2001</u>	<u>2000</u>
	£	£
'A' Ordinary shares – proposed - £4.04 per share (2000 - £10.10 per share)	19,789	49,500
Ordinary shares – proposed - £ 4.04 per share (2000 - £10.10 per share)	<u>59,369</u>	<u>148,500</u>
	<u>79,158</u>	<u>198,000</u>

9. INTANGIBLE FIXED ASSETS:

The movement in the year was as follows:-

	<u>Patents and Trademarks</u>
	£
COST	
Beginning of year	43,893
Additions	<u>-</u>
End of year	<u>43,893</u>
AMORTISATION	
Beginning of year	43,893
Charge	<u>-</u>
End of year	<u>43,893</u>
NET BOOK VALUE	
Beginning of year	-
End of year	<u>-</u>

NOTES TO THE ACCOUNTS (Continued)

10 (a) TANGIBLE FIXED ASSETS:

The movement in the year was as follows:-

	Short term Leasehold <u>Improvements</u>	Plant & <u>Machinery</u>	<u>Total</u>
COST	£	£	£
Beginning of year	55,186	856,716	911,902
Additions	-	55,031	55,031
Disposals	-	(57,660)	(57,660)
End of year	<u>55,186</u>	<u>854,087</u>	<u>909,273</u>
DEPRECIATION			
Beginning of year	55,186	546,099	601,285
Charge	-	129,032	129,032
Disposals	-	(46,490)	(46,490)
End of year	<u>55,186</u>	<u>628,641</u>	<u>683,827</u>
NET BOOK VALUE			
Beginning of year	-	310,617	310,617
End of year	<u>-</u>	<u>225,446</u>	<u>225,446</u>

The net book value of plant and machinery includes an amount of £129,742 (2000 - £206,122) in respect of assets held under hire purchase contracts.

10 (b) TANGIBLE FIXED ASSETS - INVESTMENT IN SUBSIDIARY UNDERTAKINGS:-

<u>Name of Subsidiary Undertaking</u>	<u>Country of Incorporation</u>	<u>Principal activity and Country of operation</u>	<u>Holding</u>
PetroTechnik France S.A.R.L.	France	Agency company for the sale of UPP pipe and fittings in France and French territories.	100% Ordinary
Cookson and Zinn (PTL) Ltd	England	Manufacture of steel tanks in the UK	100% Ordinary
PetroTechnik do Brasil Ltda	Brazil	Agency company for the sale of UPP pipe and fittings in Brazil and Latin America	100% Ordinary
COST		£	
Beginning of year		11,506	
Investment during the year		<u>402,000</u>	
End of year		<u>413,506</u>	
NET BOOK VALUE			
Beginning of year		11,506	
End of year		<u>413,506</u>	

No amounts were written off the investments during the year.

NOTES TO THE ACCOUNTS (Continued)

10 (b) TANGIBLE FIXED ASSETS - INVESTMENT IN SUBSIDIARY UNDERTAKINGS (Continued):

PetroTechnik France S.A.R.L, Cookson and Zinn (PTL) Ltd and PetroTechnik do Brasil Ltda have been treated as subsidiary undertakings because PetroTechnik Limited exercises dominant influence over these investments, directing their financial and operating policies. Advantage has been taken of the exemptions conferred by Section 248 of the Companies Act 1985 on the grounds that, in the directors' opinion, the company is entitled to the benefit of those exemptions as a medium sized company. Accordingly PetroTechnik France S.A.R.L, Cookson and Zinn (PTL) Ltd and PetroTechnik do Brasil Ltda have not been consolidated and are treated as investments.

11. STOCKS:

In the directors' opinion, the replacement value of stock is not materially different from the value stated in the accounts. The company has consignment stock of £109,165 (2000 - £80,426) where the risks and benefits associated with the stock remain with the manufacturer until transfer of title and consequently this stock has not been recognised as an asset of the company.

12. DEBTORS:

The following are included in debtors-

	<u>2001</u>	<u>2000</u>
	£	£
Trade debtors	1,158,437	1,166,682
Amounts due from subsidiary undertakings	1,743,695	1,620,697
VAT recoverable	83,714	128,730
Other debtors	99,143	75,224
Amounts recoverable from suppliers (Note 5)	662,696	-
Prepayments and accrued income	6,195	96,847
	<u>3,753,880</u>	<u>3,088,180</u>

Included within amounts due from subsidiary undertakings is £270,335 (2000: £318,786) falling due after more than one year.

Amounts recoverable from suppliers represents the expected full reimbursement to the company for costs it has and will incur in its product recall programme (see Note 15).

13. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

The following amounts are included in creditors falling due within one year-

	<u>2001</u>	<u>2000</u>
	£	£
Bank overdraft	183,152	-
Obligations under hire purchase contracts	46,502	84,360
Trade creditors	1,028,711	953,523
Corporation tax	27,344	128,643
Other creditors:		
- other taxes and social security	21,418	25,085
- other creditors	5,239	2,972
- accruals	464,182	316,842
Proposed dividends	79,158	198,000
	<u>1,855,706</u>	<u>1,709,425</u>

Creditors include hire purchase loans of £46,502 (2000 - £84,360), secured on certain fixed assets of the company.

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

NOTES TO THE ACCOUNTS (Continued)

14. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

	<u>2001</u>	<u>2000</u>
	£	£
Obligations under hire purchase contracts	<u>26,565</u>	<u>46,891</u>
Analysis of borrowings and hire purchase contracts:		
	<u>2001</u>	<u>2000</u>
	£	£
Due within 1 year - hire purchase	46,502	84,360
- bank overdraft	183,152	-
Due within 2-5 years		
- hire purchase	<u>26,565</u>	<u>46,891</u>
	256,219	131,251
Less included in Creditors – amounts falling due within one year	<u>(229,654)</u>	<u>(84,360)</u>
	<u>26,565</u>	<u>46,891</u>

The hire purchase obligations are secured on certain fixed assets of the company.

The bank overdraft is secured by a fixed and floating charge over assets of the company.

15. PROVISIONS FOR LIABILITIES AND CHARGES:

Provision at 1 April 2000	-
Charges to the profit and loss account as an exceptional operating expense (Note 5)	662,696
Utilised in year	<u>(95,871)</u>
Provision at 31 March 2001	<u>566,825</u>

As a proactive measure the company recalled a small amount of pipe during the year, this pipe having been identified as not fully complying with specifications.

There were no leaks or failures before, during or since the recall programme of this pipe.

All costs associated with this recall programme have been underwritten by the manufacturer (see Note 12).

16. DEFERRED TAXATION

If provision were to be made for the full amount of potential deferred taxation the charge for the year would have been increased by:

	<u>2001</u>	<u>2000</u>
	£	£
Accelerated capital allowances	(10,550)	(10,735)
Other timing differences	<u>11,904</u>	<u>39,098</u>
	<u>1,354</u>	<u>28,363</u>

The deferred tax asset not provided is as follows:

	<u>2001</u>	<u>2000</u>
	£	£
Accelerated capital allowances	8,704	(1,846)
Other timing differences	<u>780</u>	<u>12,684</u>
	<u>9,484</u>	<u>10,838</u>

NOTES TO THE ACCOUNTS (Continued)

17. CALLED-UP SHARE CAPITAL:

Authorised:

	<u>2001</u>	<u>2000</u>
	£	£
14,706 ordinary shares of £1 each	14,706	14,706
4,902 'A' ordinary shares of £1 each	4,902	4,902
60,400 11 % cumulative redeemable preference shares of £1 each	<u>60,400</u>	<u>60,400</u>
	<u>80,008</u>	<u>80,008</u>
Allotted, called-up and fully paid:		
14,706 ordinary shares of £1 each	14,706	14,706
4,902 'A' ordinary shares of £1 each	<u>4,902</u>	<u>4,902</u>
	<u>19,608</u>	<u>19,608</u>

Distribution of Profits:

Equity

'A' ordinary shareholders have a preferential right to 8% of the first £500,000 of profit before taxation of the company, and 5% of the excess over £500,000, in each financial year, as well as to participate equally with ordinary shareholders. No ordinary dividends shall be paid in any financial year unless any preference dividend in respect of the preference shares, or preferential dividend in respect of the 'A' ordinary shares have been paid or until all preference shares which have fallen due for redemption have been redeemed. Any ordinary dividend shall not exceed the dividend paid on each 'A' ordinary share.

Allocation of Capital:

On a return of capital on a winding up, or a capital reduction or otherwise:

- The holders of the preference shares shall receive (provided sufficient assets exist) £1 per share together with any arrears of preference dividend.
- The holders of the 'A' ordinary shares shall receive (provided sufficient assets exist) £1 per share together with any arrears of dividend.
- Any surplus assets arising after, first, the repayment of (a) and (b) above and, second, the repayment of £1 per share to the holders of each of the ordinary shares shall be distributed amongst the holders of the 'A' ordinary shares and the ordinary shares (pari passu as if the same constituted one class of share) in proportion to the amounts paid up or credited as paid up on these shares.

Other rights:

The holders of 'A' ordinary shares may at any time convert the whole of their 'A' ordinary shares into a like number of ordinary shares. Each of the 'A' ordinary, and ordinary shares carry one vote. The preference shares do not carry a vote. Details of dividends paid and proposed appear in Note 8.

18. RELATED PARTY TRANSACTIONS:

J.Boudry, a director of PetroTechnik Limited, controls the company as a result of controlling 51% of the issued share capital of PetroTechnik Limited.

Limit AB and PetroTechnik AB, of which J. Ageheim is a director and shareholder, supplied consultancy services during the year amounting to £98,083 (2000 - £111,137). Included in trade creditors at the year end was £69,513 (2000 - £5,039) due to PetroTechnik AB. Sale of goods to PetroTechnik AB in the normal course of business during the year amounted to £410,844 (2000 - £133,473). Included in trade debtors at the year end was £150,135 (2000 - £8,914) due from PetroTechnik AB.

During the year, intercompany transactions occurred between PetroTechnik France SARL and PetroTechnik Limited. The nature of these transactions was the provision of goods and services consisting of total sales of £1,465,297 (2000 - £1,180,869).

MSD Solutions Limited, of which M.Duguid is a director and shareholder, provided consultancy services to the company during the year of £23,612 (2000 - £21,304). Included within trade creditors was £2,619 (2000 - £2,072) due to MSD Solutions Limited.

NOTES TO THE ACCOUNTS (Continued)

19. ANALYSIS OF RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS:

	Ordinary Share Capital	Share Premium Account	Capital Redemption Reserve	Profit and Loss Account	Total Shareholder Funds
<u>2000</u>	£	£	£	£	£
Beginning of year	19,608	9,994	60,400	1,967,599	2,057,601
Profit for year	-	-	-	509,997	509,997
Dividends paid and Proposed	-	-	-	(198,000)	(198,000)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>2,279,596</u>	<u>2,369,598</u>

	Ordinary Share Capital	Share Premium Account	Capital Redemption Reserve	Profit and Loss Account	Total Shareholder Funds
<u>2001</u>	£	£	£	£	£
Beginning of year	19,608	9,994	60,400	2,279,596	2,369,598
Profit for year	-	-	-	82,384	82,384
Dividends paid and Proposed	-	-	-	(79,158)	(79,158)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>2,282,822</u>	<u>2,372,824</u>

Of the total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:-

	<u>2001</u>	<u>2000</u>
	£	£
Distributable:		
- profit and loss account	2,282,822	2,279,596
Non-distributable:		
- share premium account	9,994	9,994
- capital redemption reserve	<u>60,400</u>	<u>60,400</u>
Total reserves	<u>2,353,216</u>	<u>2,349,990</u>

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

	<u>2001</u>	<u>2000</u>
	£	£

a) Capital commitments

At the end of the year, capital commitments were:

Contracted for but not provided in the accounts	<u>-</u>	<u>495,000</u>
---	----------	----------------

b) Lease commitments

The company leased certain land and buildings on a short term lease which has now expired. The lease is renewable on a quarterly basis. The company is responsible for the insurance of the building.

The minimum annual rental payable under the lease is as follows:-

	<u>2001</u>	<u>2000</u>
	£	£
Operating leases which expire:		
- within 1 year	<u>-</u>	<u>47,000</u>

NOTES TO THE ACCOUNTS (Continued)

c) Contingent liabilities

At 31 March 2001 the company had given a bond to H M Customs & Excise totalling £40,000 (2000 - £40,000) in the normal course of business.

21. ANALYSIS OF CASH FLOWS:

	<u>2001</u>	<u>2000</u>
	£	£
Returns on Investments and Servicing of Finance		
Interest received	5,057	14,516
Interest paid	(30,518)	-
Finance lease interest paid	(6,972)	(12,955)
	<u>(32,433)</u>	<u>1,561</u>
 Capital Expenditure		
Payments to acquire tangible fixed assets	(18,346)	(24,438)
Receipts from sale of tangible fixed assets	7,615	11,500
	<u>(10,731)</u>	<u>(12,938)</u>
 Acquisitions		
Investment in subsidiaries	(402,000)	(5,002)
 Financing		
Capital element of finance leases	(94,870)	(116,289)

22. ANALYSIS OF CHANGES IN NET FUNDS / (DEBTS)

	<u>Beginning of year</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>	<u>End of year</u>
	£	£	£	£
Cash at bank and in hand	303,118	(299,367)	-	3,751
Bank overdrafts	-	(183,152)	-	(183,152)
	<u>303,118</u>	<u>(482,519)</u>	<u>-</u>	<u>(179,401)</u>
 Hire purchase and finance leases	(131,251)	94,870	(36,686)	(73,067)
	<u>171,867</u>	<u>(387,649)</u>	<u>(36,686)</u>	<u>(252,468)</u>

23. PENSIONS

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as incurred and the charge for the year was £40,874 (2000: £40,637). The outstanding contributions included within accruals at the balance sheet date were £2,599 (2000: £20,278).