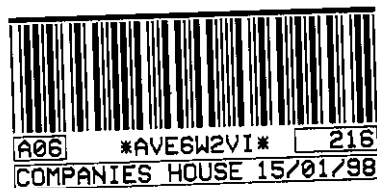

FLOTRONIC PUMPS LIMITED
ABBREVIATED STATUTORY ACCOUNTS FOR THE
YEAR ENDED 31ST AUGUST 1997

Company Number: 2559708

JOHN A TUFFIN & CO
CHARTERED ACCOUNTANTS



FLOTRONIC PUMPS LIMITED

ABBREVIATED STATUTORY ACCOUNTS FOR THE
YEAR ENDED 31ST AUGUST 1997

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AUDITORS' REPORT TO**FLOTRONIC PUMPS LIMITED****PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8**
TO THE COMPANIES ACT 1985

We have examined the abbreviated financial accounts pages 2 and 3 together with the financial accounts of the company prepared under section 226 of the Companies Act 1985 for the year ended 31st August 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 2 and whether the abbreviated financial accounts have been properly prepared in accordance with that schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial accounts, that the company is entitled to the exemptions and that the abbreviated financial accounts have been properly prepared from those financial accounts. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial accounts.

Opinion

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred in section A of Part III of Schedule 8 to that Act, in respect of the year ended 31st August 1997 and the abbreviated accounts on pages 2 and 3 have been properly prepared in accordance with that Schedule.

Other information

In December 1997 we reported, as auditors of the company, to the shareholders on the financial accounts prepared under Section 226 of the Companies Act 1985 for the year ended 31st August 1997, and our audit report was as follows:

'We have audited the financial accounts on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 6a.

Respective responsibilities of directors and auditors

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

continued

AUDITORS' REPORT TOFLOTRONIC PUMPS LIMITEDPURSUANT TO PARAGRAPH 24 OF SCHEDULE 8
TO THE COMPANIES ACT 1985

(continued)

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial accounts, 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 accounts are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial accounts.

Opinion

In our opinion the financial accounts give a true and fair view of the state of the company's affairs as at 31st August 1997 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.'


_____12-1-1998

John A Tuffin & Co
Registered Auditors
Chartered Accountants

Date

12/13 Ship Street
Brighton
BN1 1AD

FLOTRONIC PUMPS LIMITEDABBREVIATED BALANCE SHEET
AS AT 31ST AUGUST 1997

	Note	£	1997	£	1996	£
FIXED ASSETS						
Tangible Assets	2		516,004		518,797	
CURRENT ASSETS						
Stock		326,427		274,448		
Debtors		781,309		595,921		
Cash at Bank and in Hand		987		64,129		
			1,108,723		934,498	
CREDITORS: Amounts Falling Due Within One Year	3	972,943		799,749		
NET CURRENT ASSETS			135,780		134,749	
TOTAL ASSETS LESS CURRENT LIABILITIES			651,784		653,546	
CREDITORS: Amounts Falling Due After More Than One Year	3		78,568		217,547	
			£ 573,216		£ 435,999	
CAPITAL AND RESERVES						
Called Up Share Capital	4		100		100	
Revaluation Reserve			123,250		123,250	
Profit and Loss Account			449,866		312,649	
TOTAL SHAREHOLDERS' FUNDS			£ 573,216		£ 435,999	

In preparing these abbreviated accounts advantage has been taken of the exemptions conferred by Section A 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 benefit of those exemptions as a small company under the provisions of sections 246 and 247 of the Act.

In the preparation of the accounts advantage has been taken of special provisions of Part VII of the Companies Act 1985 relating to small companies on the grounds that, in the directors' opinion, the company qualifies as a small company and is entitled to make use of the special provisions.

Signed on behalf of the
board of directors

C.H.Dykes
Director

9.1.98

Date

The notes on pages 3a to 3b form part of these accounts.

FLOTRONIC PUMPS LIMITED
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 1996

1. ACCOUNTING POLICIES

a. Basis of Accounting

These financial accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

b. Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

c. Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold Property	10% on cost
Plant and Equipment	15% reducing balance
Fixtures and Fittings	25% on cost
Motor Vehicles	25% reducing balance

d. Stocks and Work in Progress

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

e. Research and Development

Research and development expenditure is written off in the year in which it is incurred.

f. Foreign Currencies

Assets and liabilities denominated 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.

g. Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

h. Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

FLOTRONIC PUMPS LIMITED
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 1997

2. FIXED ASSETS

	Tangible Fixed Assets £
COST OR VALUATION	
At 1st September 1996	949,874
Additions	170,394
Disposals	(62,225)
At 31st August 1997	1,058,043
DEPRECIATION	
At 1st September 1996	431,077
Charge for year	135,665
Withdrawn on disposals	(24,703)
At 31st August 1997	542,039
NET BOOK VALUE	
At 31st August 1997	516,004
At 31st August 1996	518,797

3. CREDITORS**SECURED BORROWINGS:**

The bank loan of £107,500 (1996 - £197,500) and bank overdraft of £28,359 (1996 - Nil) are secured by a fixed and floating charge on the assets of the company.

4. SHARE CAPITAL

	<u>1997</u> £	<u>1996</u> £
Ordinary Shares of £1 each		
Authorised	1,300	1,300
Allotted, Issued and Fully Paid	100	100

5. EXCEPTIONAL ITEMS

An exceptional item totalling £31,637 for compensation for loss of office was a result of putting its German subsidiary company, Flotronic GMBH, into a dormant condition with effect from 1 September 1996. This amount has been written off to the profit and loss account in the year.

The company made remissions of claims in connection with the funding of Flotronic GMBH totalling £45,223 in 1996, and its related company (Valvcon Limited) totalling £40,129. These amounts were written off to the profit and loss account last year. The 100% shareholding in Flotronic GMBH, nominal value £20,000, was also written off as an exceptional item in the profit and loss account last year as having no tangible value.