

FLOTRONIC PUMPS LIMITED
ABBREVIATED FINANCIAL STATEMENTS

31ST AUGUST 1999

Registered number: 2559708



JOHN A TUFFIN & CO
CHARTERED ACCOUNTANTS

12/13 Ship Street
Brighton, BN1 1AD

FLOTRONIC PUMPS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31st August 1999

CONTENTS

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Cash flow statement	7
Notes on abbreviated financial statements	8

FLOTRONIC PUMPS LIMITED

COMPANY INFORMATION

31st August 1999

INCORPORATED	in Wales on 20th December 1990
NUMBER	2559708
DIRECTORS	C.H.Dykes Esq R.G.Partlett Esq
SECRETARY	R.G.Partlett Esq
REGISTERED OFFICE	Ricebridge House Brighton Road BOLNEY West Sussex
BANKERS	Midland Bank plc 153 North Street BRIGHTON East Sussex BN1 1SW
AUDITORS	John A Tuffin & Co Chartered Accountants 12/13 Ship Street Brighton BN1 1AD

FLOTRONIC PUMPS LIMITED

DIRECTORS' REPORT

31st August 1999

The directors present their report and the abbreviated financial statements for the year ended 31st August 1999.

Principal activity

The principal activity of the company was research, development and manufacture of fluid control equipment.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £1,052,292.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. Ordinary dividends amounting to £340,000 were paid during the year.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31st August 1999 Ordinary shares	1st September 1998 Ordinary shares
C.H.Dykes Esq	25	25
R.G.Partlett Esq	Nil	Nil

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary John A Tuffin & Co will continue in office.

On behalf of the board



R.G.Partlett Esq
Secretary

30.03.2000

Date

FLOTRONIC PUMPS 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 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 to 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.

FLOTRONIC PUMPS LIMITED

**Auditors' report to
Flotronic Pumps Limited
under section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 4 to 14, together with the financial statements of the company for the year ended 31st August 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements 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 financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those 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 financial statements and that the abbreviated financial statements to be delivered are properly prepared. 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 statements.

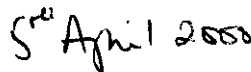
Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages are properly prepared in accordance with those provisions.

In our opinion the company is entitled not to prepare group accounts as the group qualifies as a medium-sized group.



John A Tuffin & Co
Registered Auditors
Chartered Accountants



Date

FLOTRONIC PUMPS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31st August 1999

	Note	1999 £	1998 £
Gross profit		2,393,654	2,350,801
Net operating expenses			
Administrative expenses		(1,733,335)	(1,458,636)
Bank interest receivable		5,032	3,895
Management fee receivable		3,000	-
Operating profit	3	668,351	896,060
Interest payable	5	(24,375)	(32,371)
Profit on ordinary activities before taxation		643,976	863,689
Taxation	6	(200,645)	(267,940)
Profit on ordinary activities after taxation		443,331	595,749
Dividends	7	(340,000)	(220,000)
Retained profit for the year	17	103,331	375,749

Movements in reserves are shown in the notes to the financial statements.

The company acquired a wholly owned Dutch subsidiary company Flotronic Pompen Nederland B.V., in April 1998. There were no other acquisitions or discontinued activities during the above two financial years.

There are no recognised gains and losses in 1999 or 1998 other than the profit for the year.

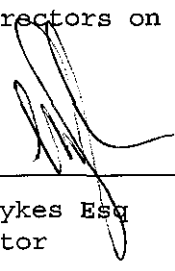
FLOTRONIC PUMPS LIMITED
ABBREVIATED BALANCE SHEET

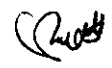
at 31st August 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	8	499,824	507,542
Current assets			
Stocks	9	444,374	416,414
Debtors	10	734,465	801,861
Investments	11	11,895	11,895
Cash at bank and in hand		212,235	98,217
		<u>1,402,969</u>	<u>1,328,387</u>
Creditors: amounts falling due within one year	12	<u>(809,739)</u>	<u>(857,085)</u>
Net current assets		<u>593,230</u>	<u>471,302</u>
Total assets less current liabilities		<u>1,093,054</u>	<u>978,844</u>
Creditors: amounts falling due after more than one year	13	<u>(40,762)</u>	<u>(29,883)</u>
		<u>1,052,292</u>	<u>948,961</u>
Capital and reserves			
Called up share capital	15	100	100
Revaluation reserve	16	123,250	123,250
Profit and loss account	17	928,942	825,611
Total shareholders' funds	14	<u>1,052,292</u>	<u>948,961</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated financial statements on pages 4 to 14 were approved by the board of directors on 30/03/2000 and signed on its behalf by:


 C.H. Dykes Esq
 Director


 R.G. Partlett Esq
 Director

FLOTRONIC PUMPS LIMITED

CASH FLOW STATEMENT

for the year ended 31st August 1999

	Note	1999		1998	
		£	£	£	£
Net cash inflow from operating activities	18	917,061		804,074	
Returns on investments and servicing of finance					
Interest paid		(10,701)		(7,484)	
Hire purchase interest		(13,674)		(24,887)	
			(24,375)		(32,371)
Taxation					
Corporation tax paid		(292,980)		(261,262)	
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(155,223)		(132,059)	
Sale of tangible fixed assets		18,199		8,250	
			(137,024)		(123,809)
			462,682		386,632
Equity dividends paid			(340,000)		(220,000)
			122,682		166,632
Management of liquid resources					
Purchase of current asset investments			-		(11,895)
Financing					
Debt due beyond a year:					
Bank loan repayments		-		(17,500)	
Finance lease and hire purchase repays		10,879		(31,185)	
			10,879		(48,685)
Increase in cash	19	133,561		106,052	

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 1999

1 Accounting policies**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

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

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Short leasehold property	10% on cost
Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	25% on cost

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Research and development

Expenditure on research and development incurred in the year other than on fixed assets is charged against profit.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

FLOTRONIC PUMPS LIMITED
NOTES ON ABBREVIATED FINANCIAL STATEMENTS
31st August 1999

9

2 Turnover

The turnover for the year was derived from the company's principal activity. exports for the year amounted to £470,245 (1998 £399,648).

3 Operating profit

	1999 £	1998 £
Operating profit is stated after crediting:		
Interest receivable	5,032	3,895
and after charging:		
Staff costs (note 4)	1,348,093	1,109,993
Auditors' remuneration	7,800	6,550
Operating leases:		
Hire of air conditioning equipment	3,090	1,555
Hire of computer equipment	41,128	17,217
Loss on sale of assets	7,348	642
Research and development expenditure	100,505	111,230
Depreciation of tangible fixed assets (note 8):		
Owned assets	137,392	131,631

4 Directors and employees

	1999 £	1998 £
Staff costs including directors' emoluments		
Direct wages	408,385	378,129
Wages and salaries	788,066	590,193
Staff pension scheme	31,027	26,423
Directors	120,615	115,248
	1,348,093	1,109,993
 Average monthly number employed including executive directors:	 Number 44	 Number 39
 Directors	 £	 £
Emoluments	75,000	70,000
Employers NI contributions	8,839	8,565
Pension scheme	33,600	33,600
Health insurance	3,176	3,083
	120,615	115,248

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £64,627 (1998 £60,023) including contributions in respect of employees.

There were no outstanding contributions payable to the fund at 31st August 1999.

FLOTRONIC PUMPS LIMITED
NOTES ON ABBREVIATED FINANCIAL STATEMENTS
31st August 1999

10

5 Interest payable

	1999 £	1998 £
Bank interest	848	1,575
Bank loan interest	9,853	5,871
Hire purchase interest	13,674	24,887
Interest on late payment of tax	-	38
	<u>24,375</u>	<u>32,371</u>

6 Taxation

	1999 £	1998 £
Corporation tax on profit on ordinary activities at 31% & 30% (1998 31%)	200,645	267,980
Over provision in earlier years	-	(40)
	<u>200,645</u>	<u>267,940</u>

7 Dividends

	1999 £	1998 £
Dividends paid	<u>340,000</u>	<u>220,000</u>

8 Tangible fixed assets

	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Short Leasehold Property £	Total £
Cost or valuation					
1st September 1998	234,774	695,433	191,996	44,039	1,166,242
Additions	91,681	32,328	26,334	4,880	155,223
Disposals	(51,699)	-	(1,812)	-	(53,511)
	<u>274,756</u>	<u>727,761</u>	<u>216,518</u>	<u>48,919</u>	<u>1,267,954</u>
Depreciation					
1st September 1998	110,216	372,532	146,254	29,699	658,701
Charge for the year	48,012	53,284	31,904	4,192	137,392
Disposals	(27,511)	-	(453)	-	(27,964)
	<u>130,717</u>	<u>425,816</u>	<u>177,705</u>	<u>33,891</u>	<u>768,129</u>
Net book amount					
31st August 1999	<u>144,038</u>	<u>301,945</u>	<u>38,813</u>	<u>15,028</u>	<u>499,824</u>
1st September 1998	<u>124,558</u>	<u>322,901</u>	<u>45,742</u>	<u>14,341</u>	<u>507,542</u>

Tangible fixed assets includes, in respect of assets held under finance leases and hire purchase contracts, net book value £191,990 (1998 £217,232), cumulative depreciation £108,057 (1998 £150,056) and charge for the year £51,358 (1998 £56,341).

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 1999

9 Stocks

	1999 £	1998 £
Stock and work in progress	444,374	416,414

10 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	573,047	671,125
Sundry debtors and prepayments	60,374	60,787
ACT recoverable	55,000	55,000
Amounts owed by related company	-	925
Amounts owed by subsidiary company	46,044	14,024
	734,465	801,861

11 Current asset investments

	1999 £	1998 £
Shares in group undertakings	11,895	11,895

The company own a 100% shareholding in Flotronic Pompen Nederland B.V., a company incorporated in Holland on the 12th June 1998.

Shareholders funds of the subsidiary company as at the 31st August were as follows:

	1999	1998
Share capital	DFL 40,000 (£11,895)	DFL 40,000 (£11,895)
Reserves	DFL 43,753 (£13,105)	DFL 4,463 (£ 1,377)
	DFL 83,753 (£25,000)	DFL 44,463 (£13,272)

Flotronic Pompen Nederland B.V. made a profit of DFL 39,290 (£11,728) in the year ended 31 August 1999. The profit has been translated using the 'middle' rate of exchange between the Dutch Guilder and the Pound Sterling amounting to £1 = DFL 3.35 at 31st August 1999.

The directors have taken advantage of Sections 228 and 248 of the Companies Act 1985 in that they have not prepared group accounts as the group qualifies as a medium-sized group.

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 1999

12 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank overdrafts	-	19,543
Bank loan	85,506	17,500
Trade creditors	275,477	270,668
Amounts owed to related companies	20,867	22,603
Corporation tax	200,645	267,980
Paye and national insurance	33,493	30,202
Hire purchase account	64,149	80,620
Sundry creditors and accruals	71,381	39,607
ACT payable	-	25,000
Value added tax	58,221	83,362
	<u>809,739</u>	<u>857,085</u>

The bank holds a fixed charge over the company's books debts and a floating charge over all other assets as security on loans and overdrafts.

13 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Amounts payable within two to five years		
Obligations under finance leases and hire purchase contracts	<u>40,762</u>	<u>29,883</u>

Finance leases and hire purchase contracts are secured on the assets being acquired by them.

14 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	443,331	595,749
Dividends	<u>(340,000)</u>	<u>(220,000)</u>
Net addition to shareholders' funds	103,331	375,749
Opening shareholders' funds	<u>948,961</u>	<u>573,212</u>
Closing shareholders' funds	<u>1,052,292</u>	<u>948,961</u>

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 1999

15 Called up share capital

	1999		1998	
	Number of shares	£	Number of shares	£
Ordinary shares of £1 each				
Authorised	1,300	1,300	1,300	1,300
Allotted, called up and fully paid				
Authorised share capital	100	100	100	100

16 Revaluation reserve

	1999 £
1st September 1998 and 31st August 1999	123,250

17 Profit and loss account

	1999 £
1st September 1998	825,611
Retained profit for the year	103,331
31st August 1999	928,942

18 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1999 £	1998 £
Operating profit	668,351	896,060
Depreciation charges	137,392	131,631
Loss on sale of fixed assets	7,348	642
Increase in stocks	(27,960)	(89,987)
Decrease/(increase) in debtors	67,395	(20,552)
Increase/(decrease) in creditors	64,535	(113,720)
Net cash inflow from operating activities	917,061	804,074

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 1999

19 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	98,217	114,018	212,235
Bank overdrafts	(19,543)	19,543	-
Total	78,674	133,561	212,235

Reconciliation of net cash flow to movement in net debt

	1999 £	1998 £
Increase in cash in the year	133,561	106,052
Net debt at 1st September 1998	78,674	(27,378)
Net debt at 31st August 1999	212,235	78,674

20 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st August 2000:

	£
Rent - lease expires 31st January 2002	40,944
Hire of computer equipment - expires 1st October 2001	2,021
- expires 1st February 2002	1,674
- expires 1st March 2001	9,915
- expires 1st July 2001	6,211
- expires 4th September 1999	124
- expires 2nd October 1999	226
- expires 6th June 2000	1,814
- expires 21st August 2000	372
- expires 10th October 1999	146
- expires 1st April 2001	2,747
- expires 1st February 2001	2,408
Hire of air conditioning equipment - expires 1st April 2001	340
- expires 1st February 2001	2,750
	71,692