

Abbreviated Financial Statements
for the Year Ended 31 August 2003
for
Flotronic Pumps Limited



Flotronic Pumps Limited

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for the Year Ended 31 August 2003

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Flotronic Pumps Limited

Company Information
for the Year Ended 31 August 2003

DIRECTORS:

C.H. Dykes
L H Norris
R.G. Partlett
P.C. Dykes
J .B. Wheatley

SECRETARY:

R.G. Partlett

REGISTERED OFFICE:

Ricebridge House
Brighton Road
Bolney
WEST SUSSEX

REGISTERED NUMBER:

2559708 (England and Wales)

AUDITORS:

GIBSON APPLEBY
Chartered Accountants
REGISTERED AUDITOR
Blenheim House
120 Church Street
Brighton
East Sussex
BN1 1AU

BANKERS:

HSBC Bank plc
153 North Street
Brighton
East Sussex
BN1 1RE

Flotronic Pumps Limited

Report of the Directors

for the Year Ended 31 August 2003

The directors present their report with the financial statements of the company for the year ended 31 August 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of researching, developing and manufacturing fluid control equipment.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

2000	- 30 November 2002
1000	- 31 May 2003
3000	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 August 2003 will be £300,000.

DIRECTORS

The directors during the year under review were:

C.H. Dykes

L H Norris

R.G. Partlett

P.C. Dykes

J.B. Wheatley

- appointed 4.4.03

The beneficial interests of the directors holding office on 31 August 2003 in the issued share capital of the company were as follows:

	31.8.03	1.9.02 or date of appointment if later
Ordinary £1 shares		
C.H. Dykes	25	25
L H Norris	75	75
R.G. Partlett	-	-
P.C. Dykes	-	-
J.B. Wheatley	-	-

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

AUDITORS

The auditors, GIBSON APPLEBY, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



R.G. Partlett - SECRETARY

Dated: 27.08.03

Flotronic Pumps Limited

Report of the Independent Auditors to

Flotronic Pumps Limited

Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages five to seventeen, together with the full financial statements of the company for the year ended 31 August 2003 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 that provision and to 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 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 did 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 five to seventeen are properly prepared in accordance with that provision.

Gibson Appleby

Gibson Appleby
Chartered Accountants
REGISTERED AUDITOR
Blenheim House
120 Church Street
Brighton
East Sussex
BN1 1AU

Dated: *28 April 2004*

Flotronic Pumps Limited

Abbreviated Profit and Loss Account
for the Year Ended 31 August 2003

	Notes	31.8.03 £	£	31.8.02 £	£
GROSS PROFIT			2,081,766		1,990,919
Distribution costs		7,267		(5,487)	
Administrative expenses		<u>1,814,553</u>	<u>1,821,820</u>	<u>1,924,589</u>	<u>1,919,102</u>
OPERATING PROFIT	3		259,946		71,817
Interest receivable and similar income			<u>1,539</u>		<u>1,355</u>
			261,485		73,172
Interest payable and similar charges	4		<u>10,359</u>		<u>7,194</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			251,126		65,978
Tax on profit on ordinary activities	5		<u>78,177</u>		<u>20,375</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			172,949		45,603
Extraordinary items after taxation	6		<u>-</u>		<u>63,900</u>
PROFIT FOR THE FINANCIAL YEAR			172,949		109,503
Dividends	7		<u>300,000</u>		<u>-</u>
			(127,051)		109,503
Retained profit brought forward			<u>950,452</u>		<u>840,949</u>
RETAINED PROFIT CARRIED FORWARD			<u>£823,401</u>		<u>£950,452</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

Flotronic Pumps Limited

Abbreviated Balance Sheet

31 August 2003

	Notes	31.8.03 £	31.8.02 £
FIXED ASSETS:			
Intangible assets	8	-	-
Tangible assets	9	427,642	387,231
Investments	10	12,544	12,544
		<u>440,186</u>	<u>399,775</u>
CURRENT ASSETS:			
Stocks	11	427,982	407,005
Debtors	12	646,095	636,767
Cash at bank		151,195	170,238
		<u>1,225,272</u>	<u>1,214,010</u>
CREDITORS: Amounts falling due within one year	13	<u>636,783</u>	<u>499,017</u>
NET CURRENT ASSETS:		<u>588,489</u>	<u>714,993</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>1,028,675</u>	<u>1,114,768</u>
CREDITORS: Amounts falling due after more than one year	14	<u>105,824</u>	<u>64,866</u>
		<u>£922,851</u>	<u>£1,049,902</u>
CAPITAL AND RESERVES:			
Called up share capital	16	100	100
Revaluation reserve	17	99,350	99,350
Profit and loss account		823,401	950,452
SHAREHOLDERS' FUNDS:	19	<u>£922,851</u>	<u>£1,049,902</u>

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

ON BEHALF OF THE BOARD:



C.H. Dykes - DIRECTOR



R.G. Partlett - DIRECTOR

Approved by the Board on 27.08.03

The notes form part of these financial statements

Flotronic Pumps Limited

Cash Flow Statement
for the Year Ended 31 August 2003

	Notes	31.8.03 £	31.8.02 £
Net cash inflow from operating activities	1	499,842	315,462
Returns on investments and servicing of finance	2	(8,820)	(5,839)
Taxation		(20,373)	5,322
Capital expenditure	2	(189,692)	(124,729)
Equity dividends paid		(300,000)	-
(Decrease)/Increase in cash in the period		<u>£(19,043)</u>	<u>£190,216</u>
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		(19,043)	190,216
Cash inflow from increase in debt and lease financing		<u>(86,996)</u>	<u>(69,220)</u>
Change in net funds resulting from cash flows		(106,039)	120,996
Movement in net funds in the period		(106,039)	120,996
Net funds/(debt) at 1 September		58,480	(62,516)
Net (debt)/funds at 31 August		<u>£(47,559)</u>	<u>£58,480</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2003

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.8.03 £	31.8.02 £
Operating profit	259,946	71,817
Depreciation charges	129,283	114,400
Loss on sale of fixed assets	19,999	12,743
Amount due from subsidiary company written back as payable	-	40,000
Difference	(1)	-
(Increase)/Decrease in stocks	(20,977)	49,305
Increase in debtors	(9,328)	(121,594)
Increase in creditors	120,920	148,791
Net cash inflow from operating activities	499,842	315,462

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.8.03 £	31.8.02 £
Returns on investments and servicing of finance		
Interest received	1,539	1,355
Interest paid	(66)	(1,981)
Interest element of hire purchase or finance lease rentals payments	(10,293)	(5,213)
Net cash outflow for returns on investments and servicing of finance	(8,820)	(5,839)
Capital expenditure		
Purchase of intangible fixed assets	(5,946)	(4,869)
Purchase of tangible fixed assets	(190,095)	(133,185)
Sale of tangible fixed assets	6,349	13,325
Net cash outflow for capital expenditure	(189,692)	(124,729)

Notes to the Cash Flow Statement
for the Year Ended 31 August 2003

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.9.02 £	Cash flow £	At 31.8.03 £
Net cash:			
Cash at bank	170,238	(19,043)	151,195
	<u>170,238</u>	<u>(19,043)</u>	<u>151,195</u>
Debt:			
Hire purchase or finance leases	(111,758)	(86,996)	(198,754)
	<u>(111,758)</u>	<u>(86,996)</u>	<u>(198,754)</u>
Total	<u>58,480</u>	<u>(106,039)</u>	<u>(47,559)</u>
Analysed in Balance Sheet			
Cash at bank	170,238		151,195
Hire purchase or finance leases			
within one year	(46,892)		(92,930)
after one year	(64,866)		(105,824)
	<u>58,480</u>		<u>(47,559)</u>

The notes form part of these financial statements

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2003

1. **ACCOUNTING POLICIES**

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Intangible fixed assets

Domain names are depreciated in full in the year of expenditure.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

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

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

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

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2003

2. **STAFF COSTS**

	31.8.03	31.8.02
	£	£
Wages and salaries	1,280,796	1,247,990
Social security costs	20,189	16,641
Other pension costs	39,676	70,383
	<u>1,340,661</u>	<u>1,335,014</u>

The average monthly number of employees during the year was as follows:

31.8.03	31.8.02
40	36
<u> </u>	<u> </u>

3. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.8.03	31.8.02
	£	£
Hire of plant and machinery	15,049	-
Depreciation - owned assets	78,230	76,035
Depreciation - assets on hire purchase contracts or finance leases	45,107	33,496
Loss on disposal of fixed assets	19,999	12,743
Patents and licences written off	5,946	4,869
Auditors' remuneration	8,950	7,950
Foreign exchange differences	<u>(11,236)</u>	<u>8,658</u>
Directors' emoluments	<u>174,800</u>	<u>149,579</u>

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	31.8.03	31.8.02
	£	£
Bank interest	66	1,981
Hire purchase	<u>10,293</u>	<u>5,213</u>
	<u>10,359</u>	<u>7,194</u>

5. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.8.03 £	31.8.02 £
Current tax:		
UK corporation tax	78,177	20,374
Over/under provisions	-	1
Total current tax	<u>78,177</u>	<u>20,375</u>
Tax on profit on ordinary activities	<u>78,177</u>	<u>20,375</u>

6. **EXTRAORDINARY ITEMS**

	31.8.03 £	31.8.02 £
Income:		
Revaluation reserve adjustment	-	23,900
Amount due by subsidiary written back as payable (see fixed asset investments note)	-	40,000
	<u>-</u>	<u>63,900</u>

7. **DIVIDENDS**

	31.8.03 £	31.8.02 £
Equity shares:		
Interim dividends paid	<u>300,000</u>	<u>-</u>

8. **INTANGIBLE FIXED ASSETS**

	Patents and licences £
COST:	
At 1 September 2002	29,949
Additions	5,946
At 31 August 2003	<u>35,895</u>
AMORTISATION:	
At 1 September 2002	29,949
Charge for year	5,946
At 31 August 2003	<u>35,895</u>
NET BOOK VALUE:	
At 31 August 2003	<u>-</u>

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2003

9. **TANGIBLE FIXED ASSETS**

	Leasehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST:					
At 1 September 2002	48,919	789,141	286,277	223,731	1,348,068
Additions	-	19,506	114,884	55,705	190,095
Disposals	(48,153)	(4,852)	(73,929)	(80,532)	(207,466)
At 31 August 2003	766	803,795	327,232	198,904	1,330,697
DEPRECIATION:					
At 1 September 2002	45,626	553,034	244,748	117,428	960,836
Charge for year	77	38,156	50,156	34,948	123,337
Eliminated on disposals	(45,243)	(3,632)	(73,929)	(58,314)	(181,118)
At 31 August 2003	460	587,558	220,975	94,062	903,055
NET BOOK VALUE:					
At 31 August 2003	306	216,237	106,257	104,842	427,642
At 31 August 2002	3,292	236,107	41,529	106,303	387,231

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 September 2002	39,140	4,054	119,310	162,504
Additions	12,548	13,340	55,705	81,593
At 31 August 2003	51,688	17,394	175,015	244,097
DEPRECIATION:				
At 1 September 2002	5,871	1,014	39,477	46,362
Charge for year	6,873	4,349	33,885	45,107
At 31 August 2003	12,744	5,363	73,362	91,469
NET BOOK VALUE:				
At 31 August 2003	38,944	12,031	101,653	152,628
At 31 August 2002	33,269	3,040	79,833	116,142

10. **FIXED ASSET INVESTMENTS**

		£
COST:		
At 1 September 2002		
and 31 August 2003		12,544
NET BOOK VALUE:		
At 31 August 2003		12,544
At 31 August 2002		12,544
	31.8.03	31.8.02
	£	£
Unlisted investments	12,544	12,544

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Flotronic Pompen Nederland (FPL) B.V.

Country of incorporation: Holland

Nature of business: Pumps and related articles

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.8.03	31.8.02
		£	£
Aggregate capital and reserves		58,983	41,582
Profit for the year		13,753	17,869

The profit of Flotronic Pompen Nederland (FPL) B.V. has been translated using the 'middle' rate of exchange between the Euro and the Pound Sterling amounting to £1 = 1.450747 Euro at 31 August 2003 (31/8/02 : £1 = 1.578 Euro).

The aggregate capital & reserves at 31 August 2003 were Euros 85,569 (31/8/2002 - Euros 65,616), and the profit for the year was Euros 19,953 (2002 - Euros 28,198), as stated in the Dutch financial statements of Flotronic Pompen Nederland (FPL) B.V.

The original cost of the 100% shareholding was £11,894.

At the year end, the Dutch subsidiary owed the company £98,076 ie.Euros 138,967 (31.8.02 £88,874 ie.Euros 137,966).

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2003

10. **FIXED ASSET INVESTMENTS - continued**

Process and Control Today Limited

Nature of business: Developing and maintaining web sites

Class of shares:	%
Ordinary	holding 65.00

	31.8.03	31.8.02
	£	£
Aggregate capital and reserves	6,539	14,820
(Loss)/Profit for the year	(8,281)	44,048

Website development and maintenance costs totalling £60,000 (2002 £127,500), and advertising costs totalling £nil (2002 £21,000) payable to Process and Control Today Limited are included in the profit and loss account for the year. Flotronic Pumps Limited reinstated debts due to them by Process and Control Today Limited totalling £40,000 last year. The amount owed by the subsidiary at the year end was £27,059 (31.8.02 £793). Process and Control Today Limited are showing a loss of £8,281 in it's financial accounts for the year ended 31st August 2003 (31.8.02 Profit £44,048).

The original cost of the 65% shareholding was £650. These financial statements present information about the company as an individual undertaking and not about its group. The group is a medium-sized group and is therefore exempt from preparing group accounts.

11. **STOCKS**

	31.8.03	31.8.02
	£	£
Stock	427,982	407,005

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.03	31.8.02
	£	£
Trade debtors	435,515	482,861
Amounts due from subsidiaries	125,135	89,667
Prepayments & accrued income	85,445	64,239
	646,095	636,767

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2003

13. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.8.03	31.8.02
	£	£
Trade creditors	244,622	241,999
Hire purchase	92,930	46,892
Amounts due to related companies	41,041	33,310
V.A.T.	65,954	54,497
Social security & other taxes	33,853	38,432
Taxation	78,178	20,374
Accrued expenses	<u>80,205</u>	<u>63,513</u>
	<u>636,783</u>	<u>499,017</u>

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

	31.8.03	31.8.02
	£	£
Hire purchase	<u>105,824</u>	<u>64,866</u>

15. **SECURED DEBTS**

The bank hold a fixed charge over the book debts of the company and a floating charge over all the other assets.

16. **CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	31.8.03	31.8.02
		£1	£	£
1,300	Ordinary		<u>1,300</u>	<u>1,300</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.8.03	31.8.02
		£1	£	£
100	Ordinary		<u>100</u>	<u>100</u>

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2003

17. REVALUATION RESERVE

	31.8.03	31.8.02
	£	£
Brought forward	99,350	123,250
Decrease in revaluation	-	(23,900)
	<u>99,350</u>	<u>99,350</u>

18. RELATED PARTY DISCLOSURES

The following amounts were payable during the year to companies controlled by the company director, Mr L.H.Norris, under normal commercial terms. These amounts have been charged in the company's profit and loss account for the year ended 31st August 2003 :

Detail	2003 £	2002 £	Related company
Management fees	22,000	22,000	Hunt Norris Ltd
Research and development	33,600	56,000	Advanced Intellectual Products Ltd
Light and heat	3,527	-	Norris Brothers Ltd
Repairs and renewals	8,724	12,109	ditto
Accountancy and secretarial	52,800	52,800	ditto
Rent and rates	105,180	77,341	ditto
Insurance	4,832	1,833	ditto
	<u>230,663</u>	<u>222,083</u>	

At the balance sheet date, Norris Brothers Limited were owed £35,541 by Flotronic Pumps Limited (2002 £27,810) and Hunt Norris Limited were owed £5,500 (2002 £5,500).

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.8.03	31.8.02
	£	£
Profit for the financial year	172,949	109,503
Dividends	(300,000)	-
	<u>(127,051)</u>	<u>109,503</u>
Decrease to revaluation reserve	-	(23,900)
Net (reduction)/addition to shareholders' funds	(127,051)	85,603
Opening shareholders' funds	1,049,902	964,299
Closing shareholders' funds	<u>922,851</u>	<u>1,049,902</u>
Equity interests	<u>922,851</u>	<u>1,049,902</u>