REGISTERED NUMBER: SC044233 (Scotland)



ABBREVIATED ACCOUNTS FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

FOR

CUNNINGHAM & SHEARER (HOLDINGS) LTD

MARTIN AITKEN —&CO—
CHARTERED ACCOUNTANTS & BUSINESS ADVISERS

CUNNINGHAM & SHEARER (HOLDINGS) LTD

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FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

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CUNNINGHAM & SHEARER (HOLDINGS) LTD

COMPANY INFORMATION
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

DIRECTORS:	D I Cunningham	
	S Conroy	- resigned 30.7.04
	R Capper	- appointed 3.3.03
SECRETARY:	S Conroy	- resigned 30.7.04
REGISTERED OFFICE:	42 Methil Street Scotstoun Glasgow G14 0AN	
REGISTERED NUMBER:	SC044233 (Scotland)	
AUDITORS:	*Martin Aitken & Co* Chartered Accountants and Registered Auditors Caledonia House 89 Seaward Street Glasgow *G41 1HJ*	
BANKERS:	The Royal Bank of Scotland Glasgow Argyle Street Branch Westergate Chambers 292 Argyle Street Glasgow G2 8DD	
SOLICITORS:	Miller Beckett & Jackson Solicitors 190 St Vincent Street Glasgow G2 5SP	

CUNNINGHAM & SHEARER (HOLDINGS) LTD

REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

The directors present their report with the accounts of the company for the period 1 January 2003 to 31 March 2004.

PRINCIPAL ACTIVITY
The principal activity of the company in the period under review was that of the distribution of various types of valves.

REVIEW OF BUSINESS
The results for the period and financial position of the company are as shown in the annexed accounts.

CHAIRMAN'S REPORT FOR 15 MONTH PERIOD TO 31ST MARCH 2004

The fifteen month reporting period to the 31st March 2004 has proved an extremely difficult one for the company. A number of factors have contributed to this.

The departure of the Chichester sales team in March 2003 led to period of uncertainty at that branch. There has been a drop in turnover brought about by the collapse of the UK shipbuilding market. The appreciation of the value of the Euro in early 2003 brought about significant foreign exchange losses.

The company has undergone significant changes to address these problems and made cost saving for the current financial year in excess of £400000. Richard Capper, who has significant experience in the banking and engineering sector, joined the board of the holding company in March 2003.

The group has restructured from five operating subsidiaries to two on 31st December 2003.Alan Forrester was appointed Managing Director of Young and Cunningham Ltd and George Wood was appointed Managing Director of Young and Cunningham Manufacturing Ltd. The sales effort has concentrated at three locations, Glasgow, Liverpool and Chichester whilst the stockholding has been centralised in Glasgow. Dobbie McInnes the project division of the company has been absorbed in Young and Cunningham Manufacturing Ltd

Framework agreements for Scottish Water for Penstocks and Butterfly Valves have been secured which should bring approximately £300000 of business per annum.

Since the end of the reporting period Stephen Conroy has resigned his position as Company Secretary and Financial Director to pursue interests elsewhere.

The North American operations show satisfactory results and Willem Wassink joined Young and Cunningham Canada Inc., in October 2003. There are orders in hand in North America up to 2006 including some for the US Coast Guard Deepwater programme.
Young and Cunningham America Inc has been approached and will take on the US agency for Fcx Truflo Marine Valves with whom we have a relationship for British MOD Vessels which will bring increased business to this operation.

DIVIDENDS
No dividends will be distributed for the period ended 31 March 2004.

EVENTS SINCE THE END OF THE PERIOD
Information relating to events since the end of the period is given in the notes to the accounts.

CUNNINGHAM & SHEARER (HOLDINGS) LTD

REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

DIRECTORS
The directors during the period under review were:

D I Cunningham	
S Conroy	- resigned 30.7.04
R Capper	- appointed 3.3.03

The beneficial interests of the directors holding office on 31 March 2004 in the issued share capital of the company were as follows:

	31.3.04	1.1.03 or date of appointment if later
Ordinary £1 shares		
D I Cunningham	40,553	41,553
S Conroy	1,000	1,000
R Capper	1,000	-

GROUP RE-STRUCTURE
On 31 December 2003 the group was re-structured with Young and Cunningham Ltd acquiring the trades and net assets (at net book value) of both Young and Cunningham (Liverpool) Ltd and Young and Cunningham (London) Ltd. The trades and assets (at net book value) of Young and Cunningham (Newcastle) Ltd and Dobbie McInnes Ltd were also combined into one company; Young & Cunningham (Manufacturing) Ltd. The financial year ends of the group companies were also changed to 31 March.

INTRODUCTION OF THE EURO
The advent of stage 3 of the Economic and Monetary Union will necessitate significant expenditure by many business entities to adapt their operations and information systems to accommodate the single currency, the Euro. The company is aware of the issues arising from the introduction of the Euro, and considers that in the short term no significant costs will be incurred by the company in this connection.

CLOSE COMPANY PROVISIONS
In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).

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 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.

REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

AUDITORS

The auditors, Martin Aitken & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

.....

D I Cunningham - Director

Date: 24 - 1 - 05

REPORT OF THE INDEPENDENT AUDITORS TO CUNNINGHAM & SHEARER (HOLDINGS) LTD UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages six to twenty, together with the full financial statements of the company for the period ended 31 March 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

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 accounts 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 accounts and that the abbreviated accounts 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 accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages six to twenty are properly prepared in accordance with that provision.

Other information
On 24th January 2005 we reported, as auditors to the shareholders of the company on the financial statements for the period ended 31 March 2004 prepared under Section 226 of the Companies Act 1985, and our report included the following paragraph:

"Going concern
In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the continuation of support from the company's financiers. In view of the significance of this matter, we consider that it should be drawn to your attention, but our report is not qualified in this respect."

Martin Aitken & Co
Chartered Accountants
and Registered Auditors
Caledonia House
89 Seaward Street
Glasgow
G41 1HJ

Date: 24th January 2005

CUNNINGHAM & SHEARER (HOLDINGS) LTD

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

	Notes	Period 1.1.03 to 31.3.04 £	£	Year Ended 31.12.02 £	£
GROSS PROFIT			**128,067**		40,000
Distribution costs		**24,589**		-	
Administrative expenses		**232,926**		9,213	
			257,515		9,213
OPERATING (LOSS)/PROFIT	4		**(129,448)**		30,787
Interest receivable and similar income	5		**19,325**		12,124
			(110,123)		42,911
Interest payable and similar charges	6		**334**		-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			**(110,457)**		42,911
Tax on (loss)/profit on ordinary activities	7		-		8,259
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION			**(110,457)**		34,652
(DEFICIT)/RETAINED PROFIT FOR THE PERIOD			**(110,457)**		34,652

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current period or previous year.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the loss for the current period and the profit for the previous year.

The notes form part of these abbreviated accounts

CUNNINGHAM & SHEARER (HOLDINGS) LTD

ABBREVIATED BALANCE SHEET
31 MARCH 2004

	Notes	2004 £	2004 £	2002 £	2002 £
FIXED ASSETS					
Tangible assets	8		**32,586**		-
Investments	9		**233,623**		319,603
			266,209		319,603
CURRENT ASSETS					
Debtors	10	**21,511**		58,223	
Cash at bank		**276,746**		213,352	
		298,257		271,575	
CREDITORS					
Amounts falling due within one year	11	**278,426**		200,976	
NET CURRENT ASSETS			**19,831**		70,599
TOTAL ASSETS LESS CURRENT LIABILITIES			**286,040**		390,202
CREDITORS					
Amounts falling due after more than one year	12		**6,295**		-
			279,745		390,202
CAPITAL AND RESERVES					
Called up share capital	15		**43,628**		43,628
Share premium	16		**12,542**		12,542
Capital redemption reserve	16		**41,372**		41,372
Profit and loss account	16		**182,203**		292,660
SHAREHOLDERS' FUNDS	22		**279,745**		390,202

These abbreviated accounts 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:

.....

D I Cunningham - Director

Approved by the Board on 24-1-05

The notes form part of these abbreviated accounts

CUNNINGHAM & SHEARER (HOLDINGS) LTD

CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

	Notes	Period 1.1.03 to 31.3.04 £	£	Year Ended 31.12.02 £	£
Net cash inflow from operating activities	1		**46,629**		33,270
Returns on investments and servicing of finance	2		**18,991**		12,124
Taxation			**-**		(8,259)
Capital expenditure	2		**(11,390)**		-
			54,230		37,135
Financing	2		**9,164**		(560)
Increase in cash in the period			**63,394**		36,575

Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		**63,394**		36,575	
Cash inflow from increase in debt and lease financing		**(10,879)**		-	
Change in net funds resulting from cash flows			**52,515**		36,575
Movement in net funds in the period			**52,515**		36,575
Net funds at 1 January			**213,352**		176,777
Net funds at 31 March			**265,867**		213,352

The notes form part of these abbreviated accounts

NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period 1.1.03 to 31.3.04 £	Year Ended 31.12.02 £
Operating (loss)/profit	**(129,448)**	30,787
Depreciation charges	**11,471**	-
Decrease in debtors	**38,427**	5,661
Increase/(Decrease) in creditors	**126,179**	(3,178)
Net cash inflow from operating activities	**46,629**	33,270

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

	Period 1.1.03 to 31.3.04 £	Year Ended 31.12.02 £
Returns on investments and servicing of finance		
Interest received	**19,325**	12,124
Interest element of hire purchase payments	**(334)**	-
Net cash inflow for returns on investments and servicing of finance	**18,991**	12,124
Capital expenditure		
Purchase of tangible fixed assets	**(11,390)**	-
Net cash outflow for capital expenditure	**(11,390)**	-
Financing		
Capital repayments in year	**10,879**	-
Amount introduced by directors	**560**	-
Amount withdrawn by directors	**(2,275)**	(560)
Net cash inflow/(outflow) from financing	**9,164**	(560)

The notes form part of these abbreviated accounts

NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.03 £	Cash flow £	At 31.3.04 £
Net cash:			
Cash at bank	213,352	63,394	276,746
	213,352	63,394	276,746
Debt:			
Hire purchase	-	(10,879)	(10,879)
	-	(10,879)	(10,879)
Total	213,352	52,515	265,867

The notes form part of these abbreviated accounts

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared on a going concern basis assuming the continuing support of the company's financiers.

The company has incurred substantial trading losses in the current and previous period, but the directors are taking steps to improve the company's profitability.

The directors have prepared cash flow projections and have reviewed the company's trading performance. On the basis of this information the director's consider that the company will continue to operate within the facilities agreed in order to meet its day to day working capital commitments.

The directors consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis, and consequently the financial statements do not include any adjustments that would result from the withdrawal of support from the company's financiers.

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

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.

Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on cost

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

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.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

continued...

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

1. ACCOUNTING POLICIES - continued

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

The company is a member of a group which operates a defined contribution pension scheme on behalf of employees and directors. The Cunningham & Shearer (Holdings) 1995 Scheme is a group money purchase plan. The assets of the scheme are held separately from those of the group in an independently administerd fund. Contributions are charged to the profit and loss account on the basis of amounts payable.

Also as part of the group the company operates a self administered pension scheme. The assets of the scheme are held separately from those of the company in a self administered fund. Contributions paid in the year are charged to the profit and loss account on the basis of amounts payable in the period.

Consolidation
In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

2. OTHER OPERATING INCOME

	Period 1.1.03 to 31.3.04	Year Ended 31.12.02
	£	£
Management charges receivable	**128,067**	40,000

3. STAFF COSTS

	Period 1.1.03 to 31.3.04	Year Ended 31.12.02
	£	£
Wages and salaries	**65,308**	-
Social security costs	**7,120**	-
Other pension costs	**219**	-
	72,647	-

continued...

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

3. STAFF COSTS - continued

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

	Period 1.1.03 to 31.3.04	Year Ended 31.12.02
Management staff	2	2
Administration staff	1	-
	3	2

4. OPERATING (LOSS)/PROFIT

The operating loss (2002 - operating profit) is stated after charging:

	Period 1.1.03 to 31.3.04	Year Ended 31.12.02
	£	£
Hire of plant and machinery	923	-
Depreciation - owned assets	9,659	-
Depreciation - assets on hire purchase contracts	1,812	-
Auditors remuneration	2,400	2,000
Auditor's remuneration as accountants	8,240	529
Amounts written off investments	85,980	-
Directors' emoluments	57,340	-
Directors' pension contributions to money purchase schemes	130	-

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 1.1.03 to 31.3.04	Year Ended 31.12.02
	£	£
Deposit account interest	19,325	12,124

continued...

NOTES TO THE ABBREVIATED ACCOUNTS - continued FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1.1.03 to 31.3.04 £	Year Ended 31.12.02 £
Hire purchase	334	-

7. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the period was as follows:

	Period 1.1.03 to 31.3.04 £	Year Ended 31.12.02 £
Current tax:		
Payment on loss surrendered	-	8,259
Tax on (loss)/profit on ordinary activities	-	8,259

8. TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment £	Totals £
COST			
Additions	-	11,390	11,390
Transfers	64,680	3,520	68,200
At 31 March 2004	64,680	14,910	79,590
DEPRECIATION			
Charge for period	9,659	1,812	11,471
Transfers	33,773	1,760	35,533
At 31 March 2004	43,432	3,572	47,004
NET BOOK VALUE			
At 31 March 2004	21,248	11,338	32,586

On 1 January 2003 certain assets of Young & Cunningham Ltd were transferred to Cunningham & Shearer (Holdings) Ltd at net book value. The cost and accumulated depreciation of these transfers are included in the above figures.

continued...

8. **TANGIBLE FIXED ASSETS - continued**

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

	Computer equipment £
COST	
Additions	11,390
Transfers	3,520
At 31 March 2004	14,910
DEPRECIATION	
Charge for period	1,812
Transfers	1,760
At 31 March 2004	3,572
NET BOOK VALUE	
At 31 March 2004	11,338

9. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST OR VALUATION	
At 1 January 2003	319,603
Revaluations	(85,980)
At 31 March 2004	233,623
NET BOOK VALUE	
At 31 March 2004	233,623
At 31 December 2002	319,603

Cost or valuation at 31 March 2004 is represented by:

continued...

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

9. **FIXED ASSET INVESTMENTS - continued**

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

Young & Cunningham Limited
Nature of business: Sale of valves

Class of shares:	% holding
Ordinary	100.00

	2004	2002
	£	£
Aggregate capital and reserves	**87,737**	(72,933)
Profit/(Loss) for the period/year	**160,670**	(152,474)

Young & Cunningham Manufacturing Limited
Nature of business: Manufacture & sale of valves

Class of shares:	% holding
Ordinary	100.00

	2004	2002
	£	£
Aggregate capital and reserves	**(112,080)**	400,102
(Loss)/Profit for the period/year	**(512,182)**	47,947

Young & Cunningham Canada Inc.
Country of incorporation: Canada
Nature of business: Sale of valves

Class of shares:	% holding
Common shares	100.00
Non-voting	100.00

	31.12.03	2002
	£	£
Aggregate capital and reserves	**122,410**	109,960
Profit for the year	**5,863**	5,349

Young & Cunningham America Inc.
Country of incorporation: America
Nature of business: Sale of valves

Class of shares:	% holding
Common stock	100.00

	31.12.03	2002
	£	£
Aggregate capital and reserves	**50,487**	53,421
Profit for the year	**3,561**	3,644

continued...

9. **FIXED ASSET INVESTMENTS - continued**

Due to the group re-structure investments in Young & Cunningham (Liverpool) Ltd, Young & Cunningham (London) Ltd and Dobbie McInnes Ltd are deemed to have £nil value and have been revalued accordingly.

In accordance with Financial Reporting Standard (FRS) 11, one of the investments in a group subsidiary company is impaired. This, however, is based only on net assets and not "net realisable value" or "value in use" as defined by FRS 11.

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

	2004	2002
	£	£
Amounts owed by group undertakings	**6,930**	57,663
Directors' current accounts	**2,275**	560
Prepayments and accrued income	**12,306**	-
	21,511	58,223

The movements on the Director's current account are shown in note 19

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

	2004	2002
	£	£
Hire purchase contracts (see note 13)	**4,584**	-
Trade creditors	**5,644**	-
Amounts owed to group undertakings	**196,421**	196,658
Social security and other taxes	**28,870**	-
VAT	**17,529**	-
Wages control	**6,533**	-
Accruals and deferred income	**18,845**	4,318
	278,426	200,976

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

	2004	2002
	£	£
Hire purchase contracts (see note 13)	**6,295**	-

continued...

13. **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	Hire purchase contracts	
	2004	2002
	£	£
Net obligations repayable:		
Within one year	**4,584**	-
Between one and five years	**6,295**	-
	10,879	-

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	2004	2002
	£	£
Expiring:		
Between one and five years	**2,768**	-

14. **SECURED DEBTS**

The following secured debts are included within creditors:

	2004	2002
	£	£
Hire purchase contracts	**10,879**	-

The hire purchase agreements are secured over the individual assets concerned.

The bank overdraft is secured by cross securities amongst Cunningham & Shearer (Holdings) Ltd; Young & Cunningham Manufacturing Ltd and Young & Cunningham Ltd. This is supported by a bond & floating charges for all the above companies, as well as a standard security over the business premises at Lees Road, Liverpool and Arrow Close, Newcastle Upon Tyne.

continued...

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

15. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2004 £	2002 £
240,000	Ordinary	£1	**240,000**	240,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2004 £	2002 £
43,628	Ordinary	£1	**43,628**	43,628

16. RESERVES

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2003	**292,660**	**12,542**	**41,372**	**346,574**
Deficit for the period	**(110,457)**	**-**	**-**	**(110,457)**
At 31 March 2004	**182,203**	**12,542**	**41,372**	**236,117**

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme on behalf of employees and directors. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions are charged to the profit and loss account on the basis of amounts payable. The Cunningham & Shearer (Holdings) 1995 Scheme is a group money purchase plan. The charge through the profit and loss account was £219 (2002 £nil).

18. CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date (2002: nil).

19. CAPITAL COMMITMENTS

	2004 £	2002 £
Contracted but not provided for in the financial statements	-	-

continued...

NOTES TO THE ABBREVIATED ACCOUNTS - continued FOR THE PERIOD 1 JANUARY 2003 TO 31 MARCH 2004

20. TRANSACTIONS WITH DIRECTORS

The following loan to a director subsisted during the period ended 31 March 2004:

	£
D I Cunningham	
Balance outstanding at start of period	**560**
Balance outstanding at end of period	**2,275**
Maximum balance outstanding during period	**2,275**

21. POST BALANCE SHEET EVENTS

On 9th December 2004 the entire share capital of Cunningham & Shearer Holdings Ltd was purchased by Flow System Technologies Ltd.

22. *RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS*

	2004	2002
	£	£
(Loss)/Profit for the financial period	**(110,457)**	34,652
Net (reduction)/addition to shareholders' funds	**(110,457)**	34,652
Opening shareholders' funds	**390,202**	355,550
Closing shareholders' funds	**279,745**	390,202
Equity interests	**279,745**	390,202