

PETROTECHNIK LIMITED

ABBREVIATED ACCOUNTS - FOR THE YEAR ENDED

31 MARCH 2008

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

The company's registered number is 2631843.

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PETROTECHNIK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

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 2008.

**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. There have not been any significant changes in the company's activities during the year. The directors are unaware of any likely major changes in the company's activities in the next year.

The company continues to invest in research and development. This has resulted in a number of new products being developed and technological advances being made in the composition of the materials used for manufacturing the company's products. The directors regard continued R&D investment necessary for the continued success of the company.

Sales achieved during the year were 6% down on the same period last year. Sales volume of traditional products were maintained at a similar level to that of last year, whilst a reduction in sales of Rheomax products was experienced when compared with last year, partly due to timing and partly the size of projects handled during the year.

Overhead savings of 6%, coupled with a 30% increase in income from shares in wholly owned subsidiaries, compensated for the 6% reduction in total sales, and resulted in an overall increase in profitability.

At the balance sheet date there was no gearing, despite considerable investment in working capital. The current ratio was 1.83:1. This is up from 1.71:1 in the prior year, and is due to the increase in working capital necessary to support the strategic positioning of the company.

The company has entered the new financial year with a strong order book and continues to seek and maximise opportunities in the markets within which it operates. There are no significant post balance sheet events that the directors consider necessary to report upon.

**PRINCIPAL RISKS AND UNCERTAINTIES:**

Competitive pressure globally remains a continuing risk for the company, which could result in it losing some sales to important customers. Such risks are mitigated by successful acquisition of new customer business. The company manages this risk by responding to customer requirements on a timely basis and through relationships with key customers to develop an operational environment and product range to suit their needs. At all times the company focuses on maintaining strong customer relationships.

The company carries out financial transactions in three major currencies; US dollars, Euros and Sterling. A natural hedge exists in so far as the company both buys and sells in all three currencies. To the extent that a surplus or deficit in any particular currency arises a combination of forward and spot transactions will be used to manage the exposure.

**ENVIRONMENT:**

PetroTechnik recognises the importance of its environmental responsibilities and therefore designs and implements policies to reduce any damage that might be caused by the company's activities.

**EMPLOYEES:**

Details of the number of employees and related costs can be found in note 6 to the accounts.

## DIRECTORS' REPORT (Continued)

### RESULTS AND DIVIDENDS:

Dividends totalling £16.80 per ordinary share were paid during the year ended 31 March 2008 (2007 £15.72 per ordinary share).

	<u>2008</u>	<u>2007</u>
	£	£
'A' Ordinary shares (paid)	82,354	77,047
Ordinary shares (paid)	<u>247,060</u>	<u>231,140</u>
	<u>329,414</u>	<u>308,187</u>

The directors propose to transfer the profit of £782,921 for the year, to reserves (2007 £730,196).

### DIRECTORS:

The directors who served throughout the year were:

J.A. Boudry  
J. Ageheim  
M. Duguid  
S. Maley

S.DeWild  
G.Owens  
A.Golding  
A.Ticci

G. Lee was appointed to the board on 9 April 2008.

### CHARITABLE DONATIONS

During the year the company donated £700 (2007: £2,400) to charity.

### FINANCIAL INSTRUMENTS

The company's use of financial instruments and credit risk is disclosed in note 20 to the financial statements.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

DIRECTORS' REPORT (Continued)

STATEMENT OF INFORMATION GIVEN TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234Z.A of the Companies Act 1985.

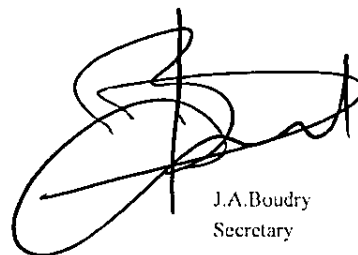
AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

PetroTechnik House  
Olympus Close  
Whitehouse Industrial Estate  
Ipswich  
Suffolk IP1 5LN.

14/5/ 2008

BY ORDER OF THE BOARD,

A handwritten signature in black ink, appearing to be 'J.A. Boudry', written over a horizontal line.

J.A. Boudry  
Secretary

**INDEPENDENT AUDITORS' REPORT TO PETROTECHNIK LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts that comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes to 1 to 23 together with the financial statements of Petrotechnik Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 March 2008.

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 (3) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with that section to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that bulletin 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 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 accounts prepared in accordance with section 246A (3) of the Companies Act 1985, in respect of the year ended 31 March 2008, and the abbreviated accounts have been properly prepared in accordance with that provision.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Cambridge, United Kingdom

16 May 2009

PETROTECHNIK LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2008

	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
GROSS PROFIT		4,446,215	4,661,143
Other operating expenses (net)	3	<u>(3,621,617)</u>	<u>(3,728,020)</u>
OPERATING PROFIT		824,598	933,123
Income from shares in group undertakings		198,445	152,119
Interest receivable		29,076	28,818
Interest payable	4	<u>(50,494)</u>	<u>(59,364)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,001,625	1,054,696
Tax on profit on ordinary activities	7	<u>(218,704)</u>	<u>(324,500)</u>
PROFIT FOR THE YEAR	19	<u>782,921</u>	<u>730,196</u>

There are no recognised gains or losses, other than the profit after taxation for the year and the preceding year, 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 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£	£
FIXED ASSETS			
Intangible assets	9	95,012	105,542
Tangible assets	10 (a)	1,507,494	1,435,903
Investments	10 (b)	268,091	354,490
		<u>1,870,597</u>	<u>1,895,935</u>
CURRENT ASSETS			
Stocks - goods for resale	11	1,961,686	1,200,080
Debtors - due within one year	12	2,982,167	3,050,190
Debtors - due after one year	12	634,972	577,596
Cash at bank and in hand		474,964	999,499
		<u>6,053,789</u>	<u>5,827,365</u>
CREDITORS: Amounts falling due within one year	13	<u>(3,312,617)</u>	<u>(3,400,080)</u>
NET CURRENT ASSETS		2,741,172	2,427,285
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,611,769</u>	<u>4,323,220</u>
CREDITORS: Amounts falling due after more than one year	14	(359,055)	(486,092)
PROVISIONS FOR LIABILITIES AND CHARGES	15	-	(37,921)
NET ASSETS		<u>4,252,714</u>	<u>3,799,207</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	4,162,712	3,709,205
SHAREHOLDERS' FUNDS	19	<u>4,252,714</u>	<u>3,799,207</u>

These accounts have been prepared in accordance with the special provisions relating to medium-sized companies under section 246A of the Companies Act 1985 with respect to the delivery of individual accounts.

The accounts were approved by the board of directors on 14/5/2008 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 2008**

	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
<b>Reconciliation of operating profit to operating cash flows</b>			
Operating profit		824,598	933,123
Depreciation and amortisation charges		157,473	163,881
Profit on disposal of fixed assets		(6,612)	(1,100)
Disposal of intangible assets		3,788	8,709
Increase in stocks		(761,606)	(107,464)
Decrease/ (Increase) in debtors		10,647	(577,328)
(Decrease)/ Increase in creditors		(26,787)	763,842
Net cash inflow from operating activities		<u>201,501</u>	<u>1,183,663</u>
<b>Cashflow Statement</b>			
Net cash inflow from operating activities		201,501	1,183,663
Returns on investments and servicing of finance	21	263,426	121,573
Taxation paid		(286,658)	(210,258)
Capital expenditure	21	<u>(215,710)</u>	<u>(184,699)</u>
		(37,441)	910,279
Equity dividend paid		<u>(329,414)</u>	<u>(308,187)</u>
Cash (outflow)/ inflow before financing		(366,855)	602,092
Financing	21	<u>(136,206)</u>	<u>(128,181)</u>
(Decrease)/ Increase in cash in the year		<u>(503,061)</u>	<u>473,911</u>
<b>Reconciliation of net cashflow to movement in net (debt)/funds</b>			
	22		
(Decrease)/ Increase in cash in the year		(503,061)	473,911
New hire purchase contracts		(18,350)	(9,495)
Cashflow from decrease in debt and lease financing		<u>154,556</u>	<u>137,676</u>
Movement in net debt in the year		(366,855)	602,092
Net funds/ (debt) at 1 April		<u>339,983</u>	<u>(262,109)</u>
Net (debt)/ funds at 31 March		<u>(26,872)</u>	<u>339,983</u>

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



PETROTECHNIK LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2008

1 ACCOUNTING POLICIES:

A summary of the principal accounting policies is set out below.

a) Basis of accounting

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

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:

Freehold buildings	2%
Fixtures and fittings	20% to 33%
Motor vehicles	25%
Equipment	20% to 33%
Patents	20%
Trademarks	20%

No depreciation is provided on freehold land.

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 is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## NOTES TO THE ACCOUNTS (Continued)

### **I 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.

### **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>2008</u>	<u>2007</u>
	£	£
Distribution costs	1,421,630	1,349,521
Development expenses	587,240	537,121
Administrative expenses	1,612,747	1,841,378
	<u>3,621,617</u>	<u>3,728,020</u>

NOTES TO THE ACCOUNTS (Continued)

4 INTEREST PAYABLE:

	<u>2008</u>	<u>2007</u>
	£	£
Interest payable on bank loans and overdrafts	46,847	54,993
Interest payable on hire purchase contracts	<u>3,647</u>	<u>4,371</u>
	<u>50,494</u>	<u>59,364</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

	<u>2008</u>	<u>2007</u>
	£	£
a) Depreciation of tangible fixed assets:-		
- owned	89,546	93,241
- held under hire purchase contracts	11,391	11,832
b) Amortisation of intangible fixed assets	56,536	58,808
c) Auditors' remuneration – audit fee	10,450	9,800
d) Staff costs (see Note 6)	1,871,766	1,708,731
e) Operating lease rentals:-		
Land and buildings	135,331	127,344
f) Profit on disposal of fixed asset	(6,612)	(1,100)
g) Foreign exchange (gains)/losses	(105,595)	73,321
	<u>                    </u>	<u>                    </u>

6 STAFF COSTS:

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

	<u>2008</u>	<u>2007</u>
	<u>Number</u>	<u>Number</u>
Sales and administration	31	26
Development	<u>4</u>	<u>4</u>
	<u>35</u>	<u>30</u>

Their aggregate remuneration comprised :-

	<u>2008</u>	<u>2007</u>
	£	£
Wages and salaries	1,590,275	1,456,348
Social security costs	188,777	175,946
Other pension costs and benefits	<u>92,714</u>	<u>76,437</u>
	<u>1,871,766</u>	<u>1,708,731</u>

NOTES TO THE ACCOUNTS (Continued)

6 STAFF COSTS (Continued):

	<u>2008</u>	<u>2007</u>
	£	£
Directors' remuneration:-		
Emoluments	756,031	636,961
Company contributions to money purchase pension schemes	<u>52,590</u>	<u>43,232</u>
	<u>808,621</u>	<u>680,193</u>
Highest paid director - emoluments	225,683	213,932
- contributions to money purchase pension schemes	<u>27,448</u>	<u>26,976</u>
	<u>253,131</u>	<u>240,908</u>
	<u>2008</u>	<u>2007</u>
	£	£
Fees paid to third parties in respect of directors' services	<u>68,046</u>	<u>100,879</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>2008</u>	<u>2007</u>
	£	£
Current taxation		
Corporation tax at 30% (2007-30%) on taxable profit for the year	268,758	301,139
Adjustments to tax charge in respect of previous periods	<u>(7,719)</u>	<u>-</u>
	261,039	301,139
Deferred taxation		
Origination and reversal of timing differences	<u>(42,335)</u>	<u>23,361</u>
Tax on profit on ordinary activities	<u>218,704</u>	<u>324,500</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year and for the previous year differs from the standard rate for the reasons set out in the following reconciliation.

	<u>2008</u>	<u>2007</u>
	£	£
Profit on ordinary activities before tax	<u>1,001,625</u>	<u>1,054,696</u>
Tax on profit at standard rate	300,487	316,409
<u>Factors affecting charge for the year</u>		
Expenses not deductible for tax purposes	49,394	44,768
Capital allowances for period in deficit of depreciation	7,418	3,340
Other timing differences	(8,211)	(1,124)
R&D tax relief	(13,532)	(16,618)
Adjustments for overseas dividend	31,235	22,373
Permanent timing difference	(7,264)	-
Adjustments for double tax relief	(90,769)	(68,009)
Adjustments to tax charge in respect of previous periods	<u>(7,719)</u>	<u>-</u>
	<u>261,039</u>	<u>301,139</u>

8 DIVIDENDS PAID:

	<u>2008</u>	<u>2007</u>
	£	£
'A' Ordinary shares – paid - £16.80 per share (2007 - £15.72 per share)	82,354	77,047
Ordinary shares – paid - £16.80 per share (2007 - £15.72 per share)	<u>247,060</u>	<u>231,140</u>
	<u>329,414</u>	<u>308,187</u>

NOTES TO THE ACCOUNTS (Continued)

9 INTANGIBLE FIXED ASSETS:

The movement in the year was as follows:-

	Patents and Trademarks
COST	£
Beginning of year	284,253
Additions	49,794
Disposals	(6,768)
End of year	<u>327,279</u>
AMORTISATION	
Beginning of year	178,711
Charge	56,536
Disposals	(2,980)
End of year	<u>232,267</u>
NET BOOK VALUE	
End of year	<u>95,012</u>
Beginning of year	<u>105,542</u>

10 (a) TANGIBLE FIXED ASSETS:

The movement in the year was as follows:-

	Freehold Property	Plant & Machinery	Total
COST	£	£	£
Beginning of year	1,250,000	967,534	2,217,534
Additions	-	172,528	172,528
Disposals	-	(20,942)	(20,942)
End of year	<u>1,250,000</u>	<u>1,119,120</u>	<u>2,369,120</u>
DEPRECIATION			
Beginning of year	23,148	758,483	781,631
Charge	7,073	93,864	100,937
Disposals	-	(20,942)	(20,942)
End of year	<u>30,221</u>	<u>831,405</u>	<u>861,626</u>
NET BOOK VALUE			
End of year	<u>1,219,779</u>	<u>287,715</u>	<u>1,507,494</u>
Beginning of year	<u>1,226,852</u>	<u>209,051</u>	<u>1,435,903</u>

The net book value of plant and machinery includes an amount of £23,110 (2007 - £16,152) in respect of assets held under hire purchase contracts. Freehold land of £772,469 (2007 - £772,469) is not depreciated.

# NOTES TO THE ACCOUNTS (Continued)

## 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
PetroTechnik Inc	USA	Agency company for the sale of UPP pipe and fittings in North America	100% Ordinary

COST	£
Beginning of year	354,490
Exchange rate revaluation	<u>(86,399)</u>
End of year	<u>268,091</u>

NET BOOK VALUE	
End of year	<u>268,091</u>

Beginning of year	<u>354,490</u>
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PetroTechnik France S.A.R.L., Cookson and Zinn (PTL) Ltd, PetroTechnik do Brasil Ltda and PetroTechnik Inc. 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, PetroTechnik do Brasil Ltda and PetroTechnik Inc. have not been consolidated and are treated as investments.

At 31 March 2008 the share capital and reserves of these companies were as follows:

	PetroTechnik France S.A.R.L. Euro	PetroTechnik Inc. USD	Cookson and Zinn (PTL) Ltd £	PetroTechnik Brasil Ltda Reals
Called up share capital	7,622	100	2	900,000
Profit and loss reserve b/fwd	(391,542)	(408,460)	307,572	653,849
Retained profit/ (loss) for the year	209,484	(551,430)	161,736	796,472
Share capital and reserves as at 31 March 2008	<u>(174,436)</u>	<u>(959,790)</u>	<u>469,310</u>	<u>2,350,321</u>

## 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 £nil (2007 - £207,143) 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.

NOTES TO THE ACCOUNTS (Continued)

12 DEBTORS:

The following are included in debtors within one year-

	<u>2008</u>	<u>2007</u>
	£	£
Trade debtors	1,390,561	1,996,176
Amounts due from subsidiary undertakings	1,189,371	795,593
VAT recoverable	116,249	75,749
Other debtors	19,164	2,775
Prepayments and accrued income	262,408	179,897
Deferred tax asset	4,414	-
	<u>2,982,167</u>	<u>3,050,190</u>

The following are included in debtors after more than one year-

	<u>2008</u>	<u>2007</u>
	£	£
Amounts due from subsidiary undertakings	<u>634,972</u>	<u>577,596</u>

13 CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

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

	<u>2008</u>	<u>2007</u>
	£	£
Obligations under hire purchase contracts (note 14)	9,685	9,317
Other loans (note 14)	8,096	17,632
Bank loans and overdrafts (note 14)	125,000	125,000
Bank overdraft	-	21,474
Trade creditors	1,978,857	1,832,210
Corporation tax	164,264	189,883
Other creditors:		
- other taxes and social security	44,018	43,702
- other creditors	9,466	10,364
- accruals	973,231	1,150,498
	<u>3,312,617</u>	<u>3,400,080</u>

Creditors include hire purchase loans of £9,685 (2007 - £9,317), secured on certain fixed assets of the company.

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

	<u>2008</u>	<u>2007</u>
	£	£
Bank loans	343,750	468,750
Obligations under hire purchase contracts	11,882	5,539
Other loans	3,423	11,803
	<u>359,055</u>	<u>486,092</u>

Analysis of borrowings and hire purchase contracts:

	<u>2008</u>	<u>2007</u>
	£	£
Due within 1 year		
- bank loan	125,000	125,000
- hire purchase	9,685	9,317
- other loans	8,096	17,632
Due between 1-2 years		
- bank loan	125,000	125,000
- hire purchase	8,894	3,165
- other loans	3,423	11,803
Due between 2-5 years		
- bank loan	218,750	343,750
- hire purchase	2,988	-
- other loans	-	2,374
	<u>501,836</u>	<u>638,041</u>
Less included in Creditors - amounts falling due within one year	<u>(142,781)</u>	<u>(151,949)</u>
	<u>359,055</u>	<u>486,092</u>

# NOTES TO THE ACCOUNTS (Continued)

## 14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR: (Continued)

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

The bank overdraft is secured by a fixed and floating charge over certain assets of the company and a guarantee provided by its subsidiary company Cookson and Zinn (PTL) Limited. The bank loan bears interest at 1.25% above the bank base rate per annum and is subject to normal banking terms and conditions, repayable by quarterly instalments which commenced 16 January 2006. The bank loan is secured by a fixed and floating charge over certain assets of the company.

## 15 PROVISIONS FOR LIABILITIES AND CHARGES:

	<u>2008</u>	<u>2007</u>
	£	£
Deferred Tax	<u>-</u>	<u>37,921</u>

## 16 DEFERRED TAXATION

The movement in deferred taxation during the current year and previous years are as follows:

	<u>2008</u>	<u>2007</u>
	£	£
At 1 April 2007	(37,921)	(14,560)
Credit/(charge) for year	42,335	(23,361)
At 31 March 2008	<u>4,414</u>	<u>(37,921)</u>

The amounts of the deferred taxation assets/(liabilities) provided and unprovided in the accounts are as follows:

	<u>Provided</u>	<u>Provided</u>	<u>Unprovided</u>	<u>Unprovided</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	£	£	£	£
Decelerated (Accelerated) capital allowances	4,414	(46,133)	-	-
Other timing differences	<u>-</u>	<u>8,212</u>	<u>-</u>	<u>-</u>
	<u>4,414</u>	<u>(37,921)</u>	<u>-</u>	<u>-</u>

Deferred tax has been provided at 28% as at 31 March 2008 (2007 - 30%)

## 17 CALLED-UP SHARE CAPITAL:

Authorised:	<u>2008</u>	<u>2007</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>



## NOTES TO THE ACCOUNTS (Continued)

### 17 CALLED-UP SHARE CAPITAL (Continued)

#### **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 its subsidiaries 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:

- a) The holders of the preference shares shall receive (provided sufficient assets exist) £1 per share together with any arrears of preference dividend.
- b) The holders of the 'A' ordinary shares shall receive (provided sufficient assets exist) £1 per share together with any arrears of dividend.
- c) 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 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 goods and consultancy services during the year amounting to £44,051 (2007 - £108,110). Included in trade creditors at the year end was £2,261 (2007 - £15,507) due to PetroTechnik AB. Sale of goods to PetroTechnik AB in the normal course of business during the year amounted to £1,106,564 (2007 - £968,562). Included in trade debtors at the year end was £54,326 (2007 - £37,117) due from PetroTechnik AB.

During the year, intercompany transactions occurred between PetroTechnik France SARL (a subsidiary undertaking) and PetroTechnik Limited. The nature of these transactions was the provision of goods and services consisting of total sales of £1,289,956 (2007 - £1,331,176). The amounts outstanding at the year end amounted to £417,541 (2007 - £439,484).

MSD Solutions Limited, of which M. Duguid is a director and shareholder, provided consultancy services to the company during the year of £39,151 (2007 - £38,078). Included within trade creditors was £2,380 (2007 - £nil) due to MSD Solutions Limited.

Sale of goods to its subsidiary undertaking PetroTechnik Do Brasil Ltda amounted to £98,221 (2007 - £6,987).

Included in debtors at the year end was £48,052 (2007 - £4,497). During the year the company received a dividend of £198,445 (2007 - £152,119) from PetroTechnik Do Brasil Ltda.

PetroTechnik Limited purchased goods and services amounting to £27,830 (2007 - £63,544) from its subsidiary undertaking PetroTechnik Inc. The amount outstanding at the year end amounted to £nil (2007 - £53,649). Sale of goods to PetroTechnik Inc. amounted to £758,756 (2007 - £995,665). Included in debtors at the year end was £837,600 (2007 - £347,260) which included short term financing. PetroTechnik Limited purchased goods and services amounting to £35,395 (2007 - £49,608) from its subsidiary undertaking Cookson and Zinn (PTL) Limited. The amount outstanding at the year end amounted to £8,421 (2007 - £19,407).

Sales of goods to Cookson and Zinn (PTL) Limited amounted to £59,588 (2007 - £177,054). Included in debtors at the year end was £49,231 (2007 - £44,801). PetroTechnik received a rental income from Cookson and Zinn (PTL) Limited of £130,000 (2007 - £75,000).

The company has guaranteed the bank loan and overdraft of its subsidiary Cookson & Zinn (PTL) Limited. These borrowings amounted to £5,844 (2007 - £417,934) as at the year end.

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>2007</u>					
Beginning of year	19,608	9,994	60,400	3,287,196	3,377,198
Profit for year	-	-	-	730,196	730,196
Dividends paid (note 8)	-	-	-	(308,187)	(308,187)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>3,709,205</u>	<u>3,799,207</u>
	Ordinary Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Account £	Total Shareholder Funds £
<u>2008</u>					
Beginning of year	19,608	9,994	60,400	3,709,205	3,799,207
Profit for year	-	-	-	782,921	782,921
Dividends paid (note 8)	-	-	-	(329,414)	(329,414)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>4,162,712</u>	<u>4,252,714</u>

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

	<u>2008</u> £	<u>2007</u> £
Distributable:		
- profit and loss account	4,162,712	3,709,205
Non-distributable:		
- share premium account	9,994	9,994
- capital redemption reserve	60,400	60,400
Total reserves	<u>4,233,106</u>	<u>3,779,599</u>

20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

	<u>2008</u> £	<u>2007</u> £
a) Capital commitments		
Contracted for but not provided in the accounts	<u>120,000</u>	<u>10,400</u>
b) Lease commitments		

The company leases certain land and buildings on a short term lease at the rate of £122,500 per annum. The company is responsible for the insurance of the building.

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

	<u>2008</u> £	<u>2007</u> £
Operating leases which expire:		
- within 2 to 5 years	<u>122,500</u>	<u>122,500</u>
c) Contingent liabilities		

At 31 March 2008 the company had given a bond to H M Customs & Excise totalling £5,000 (2007 - £5,000) in the normal course of business.

d) Financial instruments

The company's principal financial assets are bank balances and debtors. The company's credit risk is primarily attributable to its debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. The company is exposed to any potential change in the interest rate attached to the loan (note 14) and to the bank overdraft at the year end.

NOTES TO THE ACCOUNTS (Continued)

21 ANALYSIS OF CASH FLOWS:

	<u>2008</u>	<u>2007</u>
	£	£
<b>Returns on Investments and Servicing of Finance</b>		
Dividend received	198,445	152,119
Interest received	29,076	28,818
Interest paid	(46,847)	(54,993)
Hire Purchase interest paid	(3,647)	(4,371)
Investment overseas	86,399	-
	<u>263,426</u>	<u>121,573</u>
 <b>Capital Expenditure</b>		
Payments to acquire tangible and intangible fixed assets	(222,322)	(187,699)
Receipts from sale of tangible fixed assets	6,612	3,000
	<u>(215,710)</u>	<u>(184,699)</u>
 <b>Financing</b>		
New Hire Purchase Contracts	18,350	9,495
New loans received	-	25,000
Capital element of hire purchase contracts & loans	(154,556)	(162,676)
	<u>(136,206)</u>	<u>(128,181)</u>

22 ANALYSIS OF CHANGES IN NET FUNDS

	<u>Beginning of year</u>	<u>Cash Flows</u>	<u>End of year</u>
	£	£	£
Cash at bank and in hand	999,499	(524,535)	474,964
Bank Overdraft	(21,474)	21,474	-
		<u>(503,061)</u>	
Hire purchase contracts	(14,856)	(6,711)	(21,567)
Bank Loan	(593,750)	125,000	(468,750)
Other Loans	(29,436)	17,917	(11,519)
	<u>339,983</u>	<u>(366,855)</u>	<u>(26,872)</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 £71,734 (2007 £61,585). The outstanding contributions included within accruals at the balance sheet date were £nil (2007 £27,375).