

PETROTECHNIK LIMITED

ABBREVIATED ACCOUNTS - FOR THE YEAR ENDED

31 MARCH 2007

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 2007

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 2007

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.

During the year sales volume grew by 29% over the prior year which coupled with income from shares in wholly owned subsidiaries has resulted in an acceptable increase in profitability.

As can be seen from the company's balance sheet and accompanying notes, cash generation during the year eliminated gearing at the year end, which compares with gearing of 7.2% in the prior year.

The current ratio at the balance sheet date was 1.71:1, this is down from 1.84:1 in the prior year, and is due to the increase in working capital necessary to support the growth in volume.

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 factor to be taken into consideration by the company.

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 is 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 £15.72 per ordinary share were paid during the year ended 31 March 2007 (2006 £11.44 per ordinary share)

	<u>2007</u>	<u>2006</u>
	£	£
'A' Ordinary shares (paid)	77,047	56,079
Ordinary shares (paid)	<u>231,140</u>	<u>168,314</u>
	<u>308,187</u>	<u>224,393</u>

The directors propose to transfer the profit of £730,195 for the year, to reserves (2006 £568,224)

DIRECTORS

The directors who served throughout the year unless otherwise stated were

J A Boudry	S DeWild
J Ageheim	G Owens
M Duguid	A Golding
S Maley (appointed 20 November 2006)	A Ticci (appointed 7 July 2006)

CHARITABLE DONATIONS

During the year the company donated £2,400 (2006 £100) to charity

FINANCIAL INSTRUMENTS

The company's use of financial instruments and credit risk are 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 Accounting Standards have been followed, subject to any material departures disclosed 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

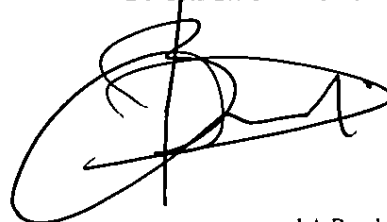
This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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

BY ORDER OF THE BOARD,

A handwritten signature in black ink, appearing to be 'J A Boudry', written over a large, loopy circular flourish.

J A Boudry
Secretary

1 June 2007

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 2007

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 2007, and the abbreviated accounts have been properly prepared in accordance with that provision.



Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors
Cambridge, United Kingdom

20 June 2007

PETROTECHNIK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007

	<u>Notes</u>	<u>2007</u> £	<u>2006</u> £
GROSS PROFIT		4,661,143	3,527,479
Other operating expenses (net)	3	<u>(3,728,020)</u>	<u>(2,938,301)</u>
OPERATING PROFIT		933,123	589,178
Income from shares in group undertakings		152,119	164,869
Interest receivable		28,818	14,989
Interest payable	4	<u>(59,364)</u>	<u>(31,693)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,054,696	737,343
Tax on profit on ordinary activities	7	<u>(324,500)</u>	<u>(169,119)</u>
PROFIT FOR THE YEAR	19	<u><u>730,196</u></u>	<u><u>568,224</u></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 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		£	£
FIXED ASSETS			
Intangible assets	9	105,542	96,738
Tangible assets	10 (a)	1,435,903	1,431,498
Investments	10 (b)	354,490	354,490
		<u>1,895,935</u>	<u>1,882,726</u>
CURRENT ASSETS			
Stocks - goods for resale	11	1,200,080	1,092,616
Debtors - due within one year	12	3,050,190	2,541,873
Debtors - due after one year from subsidiary undertakings	12	577,596	508,585
Cash at bank and in hand		999,499	504,114
		<u>5,827,365</u>	<u>4,647,188</u>
CREDITORS Amounts falling due within one year	13	<u>(3,400,080)</u>	<u>(2,528,433)</u>
NET CURRENT ASSETS		2,427,285	2,118,755
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,323,220</u>	<u>4,001,481</u>
CREDITORS Amounts falling due after more than one year	14	(486,092)	(609,723)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(37,921)	(14,560)
NET ASSETS		<u>3,799,207</u>	<u>3,377,198</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	3,709,205	3,287,196
EQUITY SHAREHOLDERS' FUNDS	19	<u>3,799,207</u>	<u>3,377,198</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 1 June 2007 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 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		£	£
Reconciliation of operating profit to operating cash flows			
Operating profit		933,123	589,178
Depreciation and amortisation charges		163,881	144,573
Profit on disposal of fixed assets		(1,100)	-
Disposal of intangible assets		8,709	-
Increase in stocks		(107,464)	(367,933)
(Increase)/ Decrease in debtors		(577,328)	4,598
Increase/ (Decrease) in creditors		763,842	(292,699)
Net cash inflow from operating activities		<u>1,183,663</u>	<u>77,717</u>
Cashflow Statement			
Net cash inflow from operating activities		1,183,663	77,717
Returns on investments and servicing of finance	21	121,573	207,181
Taxation paid		(210,258)	(190,505)
Capital expenditure	21	<u>(184,699)</u>	<u>(114,798)</u>
		910,279	(20,405)
Equity dividend paid		<u>(308,187)</u>	<u>(224,393)</u>
Cash inflow/ (outflow) before financing		602,092	(244,798)
Financing	21	<u>(128,181)</u>	<u>682,555</u>
Increase in cash in the year		<u>473,911</u>	<u>437,757</u>
Reconciliation of net cashflow to movement in net funds/(debt)			
	22		
Increase in cash in the year		473,911	437,757
New hire purchase contracts		(9,495)	-
Cashflow from decrease/(increase) in debt and lease financing		<u>137,676</u>	<u>(682,555)</u>
Movement in net debt in the year		602,092	(244,798)
Net debt at 1 April		<u>(262,109)</u>	<u>(17,311)</u>
Net funds/(debt) at 31 March		<u>339,983</u>	<u>(262,109)</u>

The accompanying notes are an integral part of this balance sheet

PETROTECHNIK LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2007

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

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)

1 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.

k) Dividends

2 Dividends are accounted for in accordance with FRS 21 "Events after the balance sheet date"

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>2007</u>	<u>2006</u>
	£	£
Distribution costs	1,349,521	1,175,758
Development expenses	537,121	374,276
Administrative expenses	<u>1,841,379</u>	<u>1,388,267</u>
	<u><u>3,728,021</u></u>	<u><u>2,938,301</u></u>

NOTES TO THE ACCOUNTS (Continued)

4 INTEREST PAYABLE

	<u>2007</u>	<u>2006</u>
	£	£
Interest payable on bank loans and overdrafts	54,993	27,704
Interest payable on hire purchase contracts	4,371	3,989
	<u>59,364</u>	<u>31,693</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>2007</u>	<u>2006</u>
	£	£
Depreciation of tangible fixed assets -		
- owned	93,241	85,593
b) - held under hire purchase contracts	11,832	15,436
c) Amortisation of intangible fixed assets	58,808	43,544
d) Auditors' remuneration – audit fee	9,800	9,500
e) Staff costs (see Note 6)	1,708,731	1,455,138
Operating lease rentals -		
f) Land and buildings	127,344	116,396
g) Profit on disposal of fixed assets	(1,100)	-
Foreign exchange losses/(gains)	73,321	(59,020)
	<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>2007</u>	<u>2006</u>
	Number	Number
Sales and administration	26	23
Development	4	4
	<u>30</u>	<u>27</u>

Their aggregate remuneration comprised -

	<u>2007</u>	<u>2006</u>
	£	£
Wages and salaries	1,456,348	1,244,447
Social security costs	175,946	135,170
Other pension costs and benefits	76,437	75,521
	<u>1,708,731</u>	<u>1,455,138</u>

NOTES TO THE ACCOUNTS (Continued)

6 STAFF COSTS (Continued)

	<u>2007</u>	<u>2006</u>
	£	£
Directors' remuneration -		
Emoluments	636,961	489,256
Company contributions to money purchase pension schemes	<u>43,232</u>	<u>40,270</u>
	<u>680,193</u>	<u>529,526</u>
Highest paid director - emoluments	213,932	204,540
- contributions to money purchase pension schemes	<u>26,976</u>	<u>26,016</u>
	<u>240,908</u>	<u>230,556</u>
	<u>2007</u>	<u>2006</u>
	£	£
Fees paid to third parties in respect of directors' services	<u>100,879</u>	<u>67,464</u>
Number of directors who were members of pension schemes was as follows		
Money Purchase Schemes	<u>5</u>	<u>4</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2007</u>	<u>2006</u>
	£	£
Current taxation		
Corporation tax at 30% (2006-30%) on taxable profit for the year	301,139	175,794
Deferred Taxation		
Origination and reversal of timing differences	<u>23,361</u>	<u>(6,675)</u>
Tax on profit on ordinary activities	<u>324,500</u>	<u>169,119</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 the previous year differs from the standard rate for the reasons set out in the following reconciliation

	<u>2007</u>	<u>2006</u>
	£	£
Profit on ordinary activities before tax	<u>1,054,696</u>	<u>737,343</u>
Tax on profit at standard rate	316,409	221,203
<u>Factors affecting charge for the year</u>		
Expenses not deductible for tax purposes	44,768	21,960
Capital allowances for period in deficit of depreciation	3,340	66
Other timing differences	(1,124)	4,383
R&D tax relief	(16,618)	(22,357)
Adjustments for overseas taxation	<u>(45,636)</u>	<u>(49,461)</u>
	<u>301,139</u>	<u>175,794</u>

8 DIVIDENDS PAID

	<u>2007</u>	<u>2006</u>
	£	£
'A' Ordinary shares – paid - £15 72 per share (2006 - £11 44 per share)	77,047	56,079
Ordinary shares – paid - £15 72 per share (2006 - £11 44 per share)	<u>231,140</u>	<u>168,314</u>
	<u>308,187</u>	<u>224,393</u>

NOTES TO THE ACCOUNTS (Continued)

9 INTANGIBLE FIXED ASSETS

The movement in the year was as follows -

	<u>Patents and Trademarks</u>
COST	£
Beginning of year	261,609
Additions	76,321
Disposals	<u>(53,677)</u>
End of year	<u>284,253</u>
AMORTISATION	
Beginning of year	164,871
Charge	58,808
Disposals	<u>(44,968)</u>
End of year	<u>178,711</u>
NET BOOK VALUE	
End of year	<u>105,542</u>
Beginning of year	<u>96,738</u>

10 (a) TANGIBLE FIXED ASSETS

The movement in the year was as follows -

	<u>Freehold Property</u>	<u>Plant & Machinery</u>	<u>Total</u>
COST	£	£	£
Beginning of year	1,250,000	866,951	2,116,951
Additions	-	111,378	111,378
Disposals	-	<u>(10,795)</u>	<u>(10,795)</u>
End of year	<u>1,250,000</u>	<u>967,534</u>	<u>2,217,534</u>
DEPRECIATION			
Beginning of year	15,432	670,021	685,453
Charge	7,716	97,357	105,073
Disposals	-	<u>(8,895)</u>	<u>(8,895)</u>
End of year	<u>23,148</u>	<u>758,483</u>	<u>781,631</u>
NET BOOK VALUE			
End of year	<u>1,226,852</u>	<u>209,051</u>	<u>1,435,903</u>
Beginning of year	<u>1,234,568</u>	<u>196,930</u>	<u>1,431,498</u>

The net book value of plant and machinery includes an amount of £16,152 (2006 - £17,737) in respect of assets held under hire purchase contracts. Freehold land of £772,469 (2006 - £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
End of year	<u>354,490</u>
NET BOOK VALUE	
End of year	<u>354,490</u>
Beginning of year	<u>354,490</u>

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 2007 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	(628,655)	(296,688)	189,207	547,049
Retained profit/ (loss) for the year	383,919	(111,772)	118,365	106,800
Share capital and reserves as at 31 March 2007	<u>(237,114)</u>	<u>(408,360)</u>	<u>307,574</u>	<u>1,553,849</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 £207,143 (2006 - £83,929) 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>2007</u>	<u>2006</u>
	£	£
Trade debtors	1,996,176	1,374,224
Amounts due from subsidiary undertakings	795,593	853,644
VAT recoverable	75,749	75,236
Other debtors	2,775	11,839
Prepayments and accrued income	179,897	226,930
	<u>3,050,190</u>	<u>2,541,873</u>

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

	<u>2007</u>	<u>2006</u>
	£	£
Amounts due from subsidiary undertakings	<u>577,596</u>	<u>508,585</u>

13 CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	<u>2007</u>	<u>2006</u>
	£	£
Obligations under hire purchase contracts (note 14)	9,317	10,314
Other loans (note 14)	17,632	21,186
Bank loans (note 14)	125,000	125,000
Bank overdraft	21,474	-
Trade creditors	1,832,210	1,671,609
Corporation tax	189,883	99,002
Other creditors		
- other taxes and social security	43,702	35,179
- accruals	1,150,498	556,403
Amount due to subsidiary undertakings	-	-
	<u>3,400,080</u>	<u>2,528,433</u>

Creditors include hire purchase loans of £9,317 (2006 - £10,314), secured on certain fixed assets of the company

14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2007</u>	<u>2006</u>
	£	£
Bank Loans	468,750	593,750
Obligations under hire purchase contracts	5,539	6,152
Other Loans	11,803	9,821
	<u>486,092</u>	<u>609,723</u>
Analysis of borrowings and hire purchase contracts	<u>2007</u>	<u>2006</u>
	£	£
Due within 1 year		
- bank loan	125,000	125,000
- hire purchase	9,317	10,314
- other loans	17,632	21,186
Due between 1-2 years		
- bank loan	125,000	125,000
- hire purchase	3,165	6,152
- other loans	11,803	9,821
Due between 2-5 years		
- bank loan	343,750	468,750
- hire purchase	2,374	-
	<u>638,041</u>	<u>766,223</u>
Less included in Creditors – amounts falling due within one year	<u>(151,949)</u>	<u>(156,500)</u>
	<u>486,092</u>	<u>609,723</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>2007</u>	<u>2006</u>
	£	£
Deferred Tax	<u>37,921</u>	<u>14,560</u>

16 DEFERRED TAXATION

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

	<u>2007</u>	<u>2006</u>
	£	£
At 1 April 2006	(14,560)	(21,235)
(Charge)/credit for year	(23,361)	6,675
At 31 March 2007	<u>(37,921)</u>	<u>(14,560)</u>

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

	Provided <u>2007</u>	Provided <u>2006</u>	Unprovided <u>2007</u>	Unprovided <u>2006</u>
	£	£	£	£
Accelerated capital allowances	(46,133)	(23,897)	-	-
Other timing differences	8,212	9,337	-	-
	<u>(37,921)</u>	<u>(14,560)</u>	<u>-</u>	<u>-</u>

17 CALLED-UP SHARE CAPITAL

Authorised	<u>2007</u>	<u>2006</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	60,400	60,400
	<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	4,902	4,902
	<u>19,608</u>	<u>19,608</u>

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 'A' ordinary shares shall receive (provided sufficient assets exist) £1 per share together with any arrears of dividend
- b) 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 PetroTeknik AB, of which J. Ageheim is a director and shareholder, supplied goods and consultancy services during the year amounting to £108,110 (2006 - £72,802). Included in trade creditors at the year end was £15,507 (2006 - £4,994) due to PetroTeknik AB. Sale of goods to PetroTeknik AB in the normal course of business during the year amounted to £968,562 (2006 - £876,171). Included in trade debtors at the year end was £37,117 (2006 - £34,950) due from PetroTeknik 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 £1,331,176 (2006 - £1,308,308). The amounts outstanding at the year end amounted to £439,484 (2006 - £992,018). MSD Solutions Limited, of which M Duguid is a director and shareholder, provided consultancy services to the company during the year of £38,078 (2006 - £27,464). Included within trade creditors was £nil (2006 - £2,403) due to MSD Solutions Limited. PetroTechnik Limited purchased goods and services amounting to £nil (2006 - £10,690) from its subsidiary undertaking PetroTechnik Do Brasil Ltda. The amount outstanding at the year end amounted to £nil (2006 - £nil). Sale of goods to PetroTechnik Do Brasil Ltda amounted to £6,987 (2006 - £88,318). Included in debtors at the year end was £4,497 (2006 - £3,168). During the year the company received a dividend of £152,119 (2006 - £164,869) from PetroTechnik Do Brasil Ltda. PetroTechnik Limited purchased goods and services amounting to £63,544 (2006 - £69,740) from its subsidiary undertaking PetroTechnik Inc. The amount outstanding at the year end amounted to £53,649 (2006 - £69,740). Sale of goods to PetroTechnik Inc amounted to £995,665 (2006 - £887,422). Included in debtors at the year end was £347,260 (2006 - £338,821) which included short term financing. PetroTechnik Limited purchased goods and services amounting to £49,608 (2006 - £42,981) from its subsidiary undertaking Cookson and Zinn (PTL) Limited. The amount outstanding at the year end amounted to £19,407 (2006 - £5,750). Sales of goods to Cookson and Zinn (PTL) Limited amounted to £177,054 (2006 - £116,818). Included in debtors at the year end was £44,801 (2006 - £33,971).

The company has guaranteed the bank loan and overdraft of its subsidiary Cookson & Zinn (PTL) Limited. These borrowings amounted to £417,934 (2006 - £642,553) 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>2006</u>					
Beginning of year	19,608	9,994	60,400	2,943,365	3,033,367
Profit for year	-	-	-	568,224	568,224
Dividends paid (note 8)	-	-	-	(224,393)	(224,393)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>3,287,196</u>	<u>3,377,198</u>
	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>

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

	<u>2007</u> £	<u>2006</u> £
Distributable		
- profit and loss account	3,709,205	3,287,196
Non-distributable		
- share premium account	9,994	9,994
- capital redemption reserve	60,400	60,400
Total reserves	<u>3,779,599</u>	<u>3,357,590</u>

20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

	<u>2007</u> £	<u>2006</u> £
a) Capital commitments		
Contracted for but not provided in the accounts	<u>10,400</u>	<u>-</u>

b) Lease commitments

The company leases certain land and buildings on a short term lease at the rate of £122,500 (2006 - £110,000) per annum
The company is responsible for the insurance of the building

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

	<u>2007</u> £	<u>2006</u> £
Operating leases which expire		
- within 2 to 5 years	<u>122,500</u>	<u>110,000</u>

c) Contingent liabilities

At 31 March 2007 the company had given a bond to H M Customs & Excise totalling £5,000 (2006 - £40,000) in the normal course of business

d) Financial instruments

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade 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>2007</u>	<u>2006</u>
	£	£
Returns on Investments and Servicing of Finance		
Dividend received	152,119	164,869
Interest received	28,818	14,989
Interest paid	(54,993)	(27,704)
Hire Purchase interest paid	(4,371)	(3,989)
Cash received on capital reduction in PetroTechnik Brazil Ltda	-	59,730
Investment overseas	-	(714)
	<u>121,573</u>	<u>207,181</u>
 Capital Expenditure		
Payments to acquire tangible and intangible fixed assets	(187,699)	(114,798)
Receipts from sale of tangible fixed assets	3,000	-
	<u>(184,699)</u>	<u>(114,798)</u>
 Financing		
New Hire Purchase Contracts	9,495	-
New loans received	25,000	718,750
Capital element of hire purchase contracts & loans	(162,676)	(36,195)
	<u>(128,181)</u>	<u>682,555</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	504,114	495,385	999,499
Bank Overdraft	-	<u>(21,474)</u>	(21,474)
		473,911	
Hire purchase contracts	(16,466)	1,610	(14,856)
Bank Loan	(718,750)	125,000	(593,750)
Other Loans	(31,007)	1,571	(29,436)
	<u>(262,109)</u>	<u>602,092</u>	<u>339,983</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 £61,585 (2006 £58,624). The outstanding contributions included within accruals at the balance sheet date were £27,375 (2006 £31,120).