

PETROTECHNIK LIMITED

ABBREVIATED ACCOUNTS - FOR THE YEAR ENDED

31 MARCH 2004

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

The company's registered number is 2631843.



PETROTECHNIK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2004

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 2004.

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. During the year sales of the company's products resulted in margin growth in absolute terms of 9%.

The directors expect the general level of activity, particularly in export markets, to increase significantly during the next twelve months.

RESULTS AND DIVIDENDS:

The directors recommend the payment of the following dividends:

	<u>2004</u>	<u>2003</u>
	£	£
'A' Ordinary shares (proposed)	15,920	28,859
Ordinary shares (proposed)	47,760	86,576
	<u>63,680</u>	<u>115,435</u>

The directors propose to transfer £194,922, the retained profit for the year, to reserves (2003 £187,148).

DIRECTORS AND THEIR INTERESTS:

The directors who served throughout the year were:

J.A. Boudry	S.DeWild
J. Ageheim	G.Owens
M.Duguid	A.Golding

The directors who held office at 31 March 2004 had no beneficial interests, other than those shown below, in the shares of the company.

	Ordinary shares at 31 March	
	<u>2004</u>	<u>2003</u>
J.A. Boudry	10,000	10,000
J. Ageheim	2,544	2,544

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- ii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- iv. prepare the accounts 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 accounts 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.

CHARITABLE DONATIONS

During the year the company donated £200 (2003 £305) to charity.

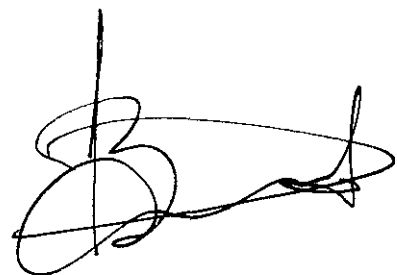
AUDITORS

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.

24th August 2004

BY ORDER OF THE BOARD,



J.A. Boudry
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETROTECHNIK LIMITED

We have examined the abbreviated accounts consisting of the profit and loss account, the balance sheet, the cashflow statement and the related notes 1 to 23 together with the financial statements of Petrotechnik Limited prepared under s226 Companies Act 1985 for the year ended 31 March 2004.

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 s246A(3) Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver the abbreviated accounts prepared in accordance with that section 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 have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. 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 under s247, 247A and 249 Companies Act 1985 to deliver abbreviated accounts prepared in accordance with s246A(3) Companies Act 1985, in respect of the year ended 31 March 2004, and the abbreviated accounts have been properly prepared in accordance with those provisions.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

24. 8. 2004.

PETROTECHNIK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
GROSS PROFIT		2,965,298	2,719,554
Other operating expenses (net)	3	<u>(2,616,137)</u>	<u>(2,294,865)</u>
OPERATING PROFIT		349,161	424,689
Income from shares in group undertakings		67,195	23,994
Interest receivable		15,719	12,392
Interest payable	4	<u>(8,317)</u>	<u>(11,343)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	423,758	449,732
Tax on profit on ordinary activities	7	<u>(165,156)</u>	<u>(147,149)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		258,602	302,583
Dividends proposed	8	(63,680)	(115,435)
RETAINED PROFIT FOR THE YEAR	19	<u><u>194,922</u></u>	<u><u>187,148</u></u>

There are no recognised gains or losses, other than the profit for the year after taxation, 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 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
FIXED ASSETS			
Intangible assets	9	100,720	48,922
Tangible assets	10 (a)	1,394,592	158,784
Investments	10 (b)	413,506	413,506
		<u>1,908,818</u>	<u>621,212</u>
CURRENT ASSETS			
Stocks - goods for resale	11	696,562	719,158
Debtors	12	3,104,551	2,995,830
Cash at bank and in hand		733,983	602,977
		<u>4,535,096</u>	<u>4,317,965</u>
CREDITORS: Amounts falling due within one year	13	<u>(3,312,944)</u>	<u>(2,004,298)</u>
NET CURRENT ASSETS		<u>1,222,152</u>	<u>2,313,667</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,130,970</u>	<u>2,934,879</u>
CREDITORS: Amounts falling due after more than one year	14	(5,623)	(16,144)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(279,112)	(267,422)
NET ASSETS		<u><u>2,846,235</u></u>	<u><u>2,651,313</u></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	<u>2,756,233</u>	<u>2,561,311</u>
EQUITY SHAREHOLDERS' FUNDS	19	<u><u>2,846,235</u></u>	<u><u>2,651,313</u></u>

These accounts have been prepared in accordance with the special provisions relating to medium sized companies under s246A Companies Act 1985 with respect to the delivery of individual accounts.

The accounts were approved by the board of directors on 24th April 2004 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 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
Reconciliation of operating profit to operating cash flows			
Operating profit		349,161	424,689
Depreciation and Amortisation charges		99,847	95,413
Profit on disposal of fixed assets		-	(8,753)
Decrease/(Increase) in stocks		22,596	(79,372)
(Increase)/Decrease in debtors		(126,545)	226,546
Increase/(Decrease) in creditors		129,694	(25,668)
Net cash inflow from operating activities		<u>474,753</u>	<u>632,855</u>
Cashflow Statement			
Net cash inflow from operating activities		474,753	632,855
Returns on investments and servicing of finance	21	74,597	25,043
Taxation (paid)/recovered		(147,432)	49,952
Capital expenditure	21	<u>(127,906)</u>	<u>(126,339)</u>
		274,012	581,511
Equity dividend paid		<u>(118,998)</u>	<u>(41,500)</u>
Cash inflow before financing		155,014	540,011
Financing	21	<u>(24,008)</u>	<u>(32,264)</u>
Increase in cash		<u>131,006</u>	<u>507,747</u>
Reconciliation of net cashflow to movement in net funds			
	22		
Increase in cash in the year		131,006	507,747
New hire purchase contracts		(9,547)	(41,131)
Cash inflow from Decrease in debt and lease financing		24,008	32,264
Movement in net funds in the year		145,467	498,880
Net funds at 1 April 2003		<u>567,594</u>	<u>68,714</u>
Net funds at 31 March 2004		<u>713,061</u>	<u>567,594</u>

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

PETROTECHNIK LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2004

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 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%
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.

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>2004</u>	<u>2003</u>
	£	£
Distribution Costs	1,077,847	1,006,454
Development expenses	241,539	142,948
Administrative expenses	1,296,751	1,145,463
	<u>2,616,137</u>	<u>2,294,865</u>

NOTES TO THE ACCOUNTS (Continued)

4 INTEREST PAYABLE:

	<u>2004</u>	<u>2003</u>
	£	£
Interest payable on bank overdrafts	5,543	8,293
Interest payable on hire purchase contracts	2,774	3,050
	<u>8,317</u>	<u>11,343</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

	<u>2004</u>	<u>2003</u>
	£	£
a) Depreciation of tangible fixed assets:-		
- owned	52,665	61,623
- held under hire purchase contracts	18,945	21,560
b) Amortisation of intangible fixed assets	28,237	12,230
c) Exceptional costs associated with product recall programme (Note 15)	-	3,666
Exceptional income from supplier associated with product recall programme	-	(3,666)
d) Auditors' remuneration – audit fee	6,500	6,500
e) Staff costs (see Note 6)	1,204,760	1,069,048
f) Operating lease rentals:-		
Land and buildings	120,624	83,608
g) Profit on disposal of fixed assets	-	(8,753)
h) Foreign exchange losses/(gains)	35,284	(112,806)
	<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>2004</u>	<u>2003</u>
	<u>Number</u>	<u>Number</u>
Sales and administration	19	20
Development	3	2
	<u>22</u>	<u>22</u>

Their aggregate remuneration comprised :-

	<u>2004</u>	<u>2003</u>
	£	£
Wages and salaries	1,012,362	914,550
Social security costs	124,786	99,074
Other pension costs and benefits	67,612	55,424
	<u>1,204,760</u>	<u>1,069,048</u>

NOTES TO THE ACCOUNTS (Continued)

6 STAFF COSTS (Continued):

	<u>2004</u>	<u>2003</u>
	£	£
Directors' remuneration:-		
Emoluments	408,857	433,697
Company contributions to money purchase pension schemes	35,749	27,794
	<u>444,606</u>	<u>461,491</u>
Highest paid director - emoluments	160,243	168,597
- contributions to money purchase pension schemes	22,199	21,351
	<u>182,442</u>	<u>189,948</u>
	<u>2004</u>	<u>2003</u>
	£	£
Fees paid to third parties in respect of directors' services	<u>52,774</u>	<u>49,151</u>
Number of directors who were members of pension schemes was as follows:		
Money Purchase Schemes	<u>4</u>	<u>3</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES:

	<u>2004</u>	<u>2003</u>
	£	£
Corporation tax at 30% (2003-29.6%) on taxable profit for the year	135,642	146,500
Total current tax	<u>135,642</u>	<u>146,500</u>
Deferred Taxation		
Origination and reversal of timing differences	29,514	649
Tax on profit on ordinary activities	<u>165,156</u>	<u>147,149</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 previous year exceeds the standard rate for the reasons set out in the following reconciliation.

	<u>2004</u>	<u>2003</u>
	£	£
Profit on ordinary activities before tax	<u>423,758</u>	<u>449,732</u>
Tax on profit at standard rate	127,127	134,920
<u>Factors affecting charge for the year</u>		
Expenses not deductible for tax purposes	26,816	17,676
Capital allowances for period in excess of depreciation	(899)	(3,954)
Other timing differences	(5,794)	3,305
Small companies tax relief	(2,641)	(5,447)
R&D tax relief	(8,967)	-
	<u>135,642</u>	<u>146,500</u>

8 DIVIDENDS PROPOSED:

	<u>2004</u>	<u>2003</u>
	£	£
'A' Ordinary shares – proposed - £3.25 per share (2003 - £5.89 per share)	15,920	28,859
Ordinary shares – proposed - £3.25 per share (2003 - £5.89 per share)	47,760	86,576
	<u>63,680</u>	<u>115,435</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	105,045
Additions	80,035
End of year	<u>185,080</u>
AMORTISATION	
Beginning of year	56,123
Charge	28,237
End of year	<u>84,360</u>
NET BOOK VALUE	
Beginning of year	<u>48,922</u>
End of year	<u>100,720</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	-	817,070	817,070
Additions	1,250,000	57,418	1,307,418
Disposals	-	(210,170)	(210,170)
End of year	<u>1,250,000</u>	<u>664,318</u>	<u>1,914,318</u>
DEPRECIATION			
Beginning of year	-	658,286	658,286
Charge	-	71,610	71,610
Disposals	-	(210,170)	(210,170)
End of year	<u>-</u>	<u>519,726</u>	<u>519,726</u>
NET BOOK VALUE			
Beginning of year	<u>-</u>	<u>158,784</u>	<u>158,784</u>
End of year	<u>1,250,000</u>	<u>144,592</u>	<u>1,394,592</u>

The net book value of plant and machinery includes an amount of £ 33,471 (2003 - £42,869) in respect of assets held under hire purchase contracts.

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	<u>413,506</u>
End of year	<u>413,506</u>
NET BOOK VALUE	
Beginning of year	<u>413,506</u>
End of year	<u>413,506</u>

No amounts were written off the investments during the year.

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 2004 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	1,120,704
Profit and loss reserve b/fwd	(1,005,639)	-	(222,184)	27,374
Retained profit/ (loss) for the year	5,247	(172,128)	280,895	65,405
Share capital and reserves as at 31 March 2004	<u>(992,770)</u>	<u>(172,028)</u>	<u>58,713</u>	<u>1,213,483</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 £66,186 (2003 - £135,713) 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-

	<u>2004</u>	<u>2003</u>
	£	£
Trade debtors	1,154,296	1,173,503
Amounts due from subsidiary undertakings	1,468,786	1,306,530
VAT recoverable	58,422	48,110
Other debtors	6,399	11,583
Amounts recoverable from suppliers	269,037	269,037
Prepayments and accrued income	147,611	169,243
Deferred Tax Asset (see note 16)	-	17,824
	<u>3,104,551</u>	<u>2,995,830</u>

Amounts recoverable from suppliers represents the expected full reimbursement to the company for costs it has and will incur in its product recall programme (see Note 15). Included within the amounts due from subsidiary undertakings is £589,487 (2003 - £589,487) that falls due after more than one year.

13 CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

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

	<u>2004</u>	<u>2003</u>
	£	£
Obligations under hire purchase contracts	15,299	19,239
Trade creditors	1,508,506	1,409,381
Corporation tax	138,478	150,268
Other creditors:		
- other taxes and social security	29,639	24,266
- other creditors	7,901	7,822
- accruals	243,543	274,324
Proposed dividends	63,680	118,998
Amount due to subsidiary undertakings	1,305,898	
	<u>3,312,944</u>	<u>2,004,298</u>

Creditors include hire purchase loans of £15,299 (2003 - £19,239), secured on certain fixed assets of the company.

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

	<u>2004</u>	<u>2003</u>
	£	£
Obligations under hire purchase contracts	<u>5,623</u>	<u>16,144</u>
Analysis of borrowings and hire purchase contracts:		
	<u>2004</u>	<u>2003</u>
	£	£
Due within 1 year - hire purchase	15,299	19,239
Due within 2-5 years		
- hire purchase	<u>5,623</u>	<u>16,144</u>
	20,922	35,383
Less included in Creditors - amounts falling due within one year	<u>(15,299)</u>	<u>(19,239)</u>
	<u>5,623</u>	<u>16,144</u>

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

NOTES TO THE ACCOUNTS (Continued)

15 PROVISIONS FOR LIABILITIES AND CHARGES:

	<u>2004</u>	<u>2003</u>
	£	£
Provision for product recall programme	267,422	267,422
Deferred Tax	<u>11,690</u>	<u>-</u>
	<u>279,112</u>	<u>267,422</u>

Provision for product recall programme

As a proactive measure the company recalled a small amount of pipe that has now been identified as not fully complying with specifications. There were no leaks or failures before, during or since the recall programme of this pipe. All costs associated with this recall programme have been underwritten by the manufacturer (see note 12).

16 DEFERRED TAXATION

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

	<u>2004</u>	<u>2003</u>
	£	£
At 1 April 2003	17,824	18,473
Charge for year	<u>(29,514)</u>	<u>(649)</u>
At 31 March 2004	<u>(11,690)</u>	<u>17,824</u>

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

	<u>Provided</u> <u>2004</u>	<u>Provided</u> <u>2003</u>	<u>Unprovided</u> <u>2004</u>	<u>Unprovided</u> <u>2003</u>
	£	£	£	£
Accelerated capital allowances	(13,029)	10,691	-	-
Other timing differences	<u>1,339</u>	<u>7,133</u>	<u>-</u>	<u>-</u>
	<u>(11,690)</u>	<u>17,824</u>	<u>-</u>	<u>-</u>

17 CALLED-UP SHARE CAPITAL:

Authorised:

	<u>2004</u>	<u>2003</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:

	<u>2004</u>	<u>2003</u>
	£	£
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 and proposed 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.

During the prior year, S. De Wild and G. Owens, who are directors of the company, bought cars from the company for £8,250 and £10,000 respectively. These were settled in full during that year.

Limit AB and PetroTeknik AB, of which J. Ageheim is a director and shareholder, supplied goods and consultancy services during the year amounting to £40,705 (2003 - £68,921). Included in trade creditors at the year end was £10,352 (2003 - £31,263) due to PetroTeknik AB. Sale of goods to PetroTeknik AB in the normal course of business during the year amounted to £310,456 (2003 - £463,846). Included in trade debtors at the year end was £157,584 (2003 - £158,751) due from PetroTeknik AB.

MSD Solutions Limited, of which M.Duguid is a director and shareholder, provided consultancy services to the company during the year of £23,974 (2003 - £24,251). Included within trade creditors was £2,365 (2003 - £2,439) due to MSD Solutions Limited.

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>2003</u>					
Beginning of year	19,608	9,994	60,400	2,374,163	2,464,165
Profit for year	-	-	-	302,583	302,583
Dividends paid and proposed	-	-	-	(115,435)	(115,435)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>2,561,311</u>	<u>2,651,313</u>
	Ordinary Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Account £	Total Shareholder Funds £
<u>2004</u>					
Beginning of year	19,608	9,994	60,400	2,561,311	2,651,313
Profit for year	-	-	-	258,602	258,602
Dividends paid and proposed	-	-	-	(63,680)	(63,680)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>2,756,233</u>	<u>2,846,235</u>

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

	<u>2004</u> £	<u>2003</u> £
Distributable:		
- profit and loss account	2,756,233	2,561,311
Non-distributable:		
- share premium account	9,994	9,994
- capital redemption reserve	60,400	60,400
Total reserves	<u>2,826,627</u>	<u>2,631,705</u>

20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

	<u>2004</u> £	<u>2003</u> £
a) Capital commitments		
At the end of the year, capital commitments were:	-	-
Contracted for but not provided in the accounts	<u>-</u>	<u>-</u>
b) Lease commitments		

The company leases certain land and buildings on a short term lease at the rate of £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>2004</u> £	<u>2003</u> £
Operating leases which expire:		
- within 2 to 5 years	<u>110,000</u>	<u>110,000</u>
	<u>110,000</u>	<u>110,000</u>

c) Contingent liabilities

At 31 March 2004 the company had given a bond to H M Customs & Excise totalling £40,000 (2003 - £40,000) in the normal course of business.

NOTES TO THE ACCOUNTS (Continued)

21 ANALYSIS OF CASH FLOWS:

	<u>2004</u>	<u>2003</u>
	£	£
Returns on Investments and Servicing of Finance		
Dividend received	67,195	23,994
Interest received	15,719	12,392
Interest paid	(5,543)	(8,293)
Hire Purchase interest paid	<u>(2,774)</u>	<u>(3,050)</u>
	<u>74,597</u>	<u>25,043</u>
 Capital Expenditure		
Payments to acquire tangible and intangible fixed assets	(127,906)	(152,589)
Receipts from sale of tangible fixed assets	-	26,250
	<u>(127,906)</u>	<u>(126,339)</u>
 Financing		
Capital element of hire purchase contracts	<u>(24,008)</u>	<u>(32,264)</u>

22 ANALYSIS OF CHANGES IN NET FUNDS

	<u>Beginning of year</u>	<u>Other non-cash</u>	<u>Cash Flows</u>	<u>End of year</u>
	£	£	£	£
Cash at bank and in hand	602,977	-	131,006	733,983
Hire purchase contracts	(35,383)	(9,547)	24,008	(20,922)
	<u>567,594</u>	<u>(9,547)</u>	<u>155,014</u>	<u>713,061</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 £56,371 (2003 £45,501). The outstanding contributions included within accruals at the balance sheet date were £4,456 (2003 £23,764).