

PETROTECHNIK LIMITED

ABBREVIATED ACCOUNTS - FOR THE YEAR ENDED

31 MARCH 2003

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS



The company's registered number is 2631843.

PETROTECHNIK LIMITEDDIRECTORS' REPORTFOR THE YEAR ENDED 31 MARCH 2003

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 2003.

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 growth of 23% was achieved despite the UK market for the company's products remaining depressed.

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>2003</u>	<u>2002</u>
	£	£
'A' Ordinary shares (proposed)	28,859	23,001
Ordinary shares (proposed)	<u>86,576</u>	<u>22,099</u>
	<u>115,435</u>	<u>45,100</u>

The directors propose to transfer £187,148, the retained profit for the year, to reserves (2002 £91,341).

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 2003 had no beneficial interests, other than those shown below, in the shares of the company.

	Ordinary shares at 31 March	
	<u>2003</u>	<u>2002</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 £305 (2002 £80) to charity.

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD,



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

J.A. Boudry
Secretary

18 AUGUST 2003

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

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 under s226 Companies Act 1985 for the year ended 31 March 2003.

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 2003, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Other Information

On 19 August 2003 we reported as auditors to the members of the company on the financial statements under S226 Companies Act 1985 and our report was as follows:

"INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETROTECHNIK LIMITED

We have audited the financial statements of PetroTechnik Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from failure to prepare group accounts

As explained in note 10, the financial statements of the company do not include consolidated financial statements for its group as required by s227 Companies Act 1985 and Financial Reporting Standard 2 "Accounting for subsidiary undertakings". As a consequence, the financial statements do not give the information required by generally accepted accounting practice about the economic activities of the group of which the company is the parent. It is not practicable to quantify the effects of this departure. Accordingly, in our opinion, a true and fair view of the group is not given.

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 2003 and of its profit for the year then ended and, except for the fact that consolidated financial statements have not been prepared, the financial statements have been properly prepared in accordance with the Companies Act 1985."

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

19 August 2003

PETROTECHNIK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
GROSS PROFIT		2,719,554	2,227,229
Other operating expenses (net)	3	<u>(2,294,865)</u>	<u>(2,018,731)</u>
OPERATING PROFIT		424,689	208,498
Income from shares in group undertakings		23,994	-
Interest receivable		12,392	11,512
Interest payable	4	<u>(11,343)</u>	<u>(19,259)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	449,732	200,751
Tax on profit on ordinary activities	7	<u>(147,149)</u>	<u>(64,310)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		302,583	136,441
Dividends proposed	8	(115,435)	(45,100)
RETAINED PROFIT FOR THE YEAR	19	<u><u>187,148</u></u>	<u><u>91,341</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 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
FIXED ASSETS			
Intangible assets	9	48,922	-
Tangible assets	10 (a)	158,784	126,896
Investments	10 (b)	413,506	413,506
		<u>621,212</u>	<u>540,402</u>
CURRENT ASSETS			
Stocks - goods for resale	11	719,158	639,786
Debtors	12	2,995,830	3,358,885
Cash at bank and in hand		602,977	95,230
		<u>4,317,965</u>	<u>4,093,901</u>
CREDITORS: Amounts falling due within one year	13	(2,004,298)	(1,830,301)
NET CURRENT ASSETS		<u>2,313,667</u>	<u>2,263,600</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,934,879</u>	<u>2,804,002</u>
CREDITORS: Amounts falling due after more than one year	14	(16,144)	(11,895)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(267,422)	(327,942)
NET ASSETS		<u>2,651,313</u>	<u>2,464,165</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	2,561,311	2,374,163
EQUITY SHAREHOLDERS' FUNDS	19	<u>2,651,313</u>	<u>2,464,165</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 13 August 2003 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 2003

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		£	£
Reconciliation of operating profit to operating cash flows			
Operating profit		424,689	208,498
Depreciation and Amortisation charges		95,413	112,701
Profit on disposal of fixed assets		(8,753)	(1,870)
Increase in stocks		(79,372)	(214,449)
Decrease in debtors		226,546	173,585
(Decrease)/Increase in creditors		(25,668)	226,216
Net cash inflow from operating activities		<u>632,855</u>	<u>504,681</u>

Cashflow Statement

Net cash inflow from operating activities		632,855	504,681
Returns on investments and servicing of finance	21	25,043	(11,052)
Taxation recovered/ (paid)		49,952	(80,971)
Capital expenditure	21	<u>(126,339)</u>	<u>(12,281)</u>
		581,511	400,377
Equity dividend paid		<u>(41,500)</u>	<u>(79,195)</u>
Cash inflow before financing		540,011	321,182
Financing	21	<u>(32,264)</u>	<u>(46,551)</u>
Increase in cash		<u>507,747</u>	<u>274,631</u>

Reconciliation of net cashflow to movement in net funds

	22		
Increase in cash in the year		507,747	274,631
New hire purchase contracts		(41,131)	-
Cash inflow from Decrease in debt and lease financing		32,264	46,551
Movement in net funds in the year		<u>498,880</u>	<u>321,182</u>
Net funds/ (debt) at 1 April 2002		<u>68,714</u>	<u>(252,468)</u>
Net funds at 31 March 2003		<u>567,594</u>	<u>68,714</u>

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

PETROTECHNIK LIMITEDNOTES TO THE ACCOUNTS - 31 MARCH 2003**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:

Short term leasehold improvements	20%
Fixtures and fittings	20%
Motor vehicles	25%
Equipment	20% to 33%
Patents	20%
Trademarks	20%

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>2003</u>	<u>2002</u>
	£	£
Distribution Costs	1,006,454	767,222
Development expenses	142,948	144,150
Administrative expenses	1,145,463	1,107,359
	<u>2,294,865</u>	<u>2,018,731</u>

4 INTEREST PAYABLE:

	<u>2003</u>	<u>2002</u>
	£	£
Interest payable on bank overdrafts	8,293	14,882
Interest payable on hire purchase contracts	3,050	4,377
	<u>11,343</u>	<u>19,259</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

	<u>2003</u>	<u>2002</u>
	£	£
a) Depreciation of tangible fixed assets:-		
- owned	61,623	83,172
- held under hire purchase contracts	21,560	29,529
b) Amortisation of intangible fixed assets	12,230	-
c) Exceptional costs associated with product recall programme (Note 15)	3,666	24,858
Exceptional income from supplier associated with product recall programme (Note 1)	(3,666)	(24,858)
d) Auditors' remuneration – audit fee	6,500	6,000
e) Staff costs (see Note 6)	1,069,048	876,947
f) Operating lease rentals:-		
Land and buildings	83,608	49,120
g) Profit on disposal of fixed assets	(8,753)	(1,870)
h) Foreign exchange (gains)/losses	(112,806)	22,522
	<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>2003</u>	<u>2002</u>
	Number	Number
Sales and administration	20	18
Development	2	2
	<u>22</u>	<u>20</u>

Their aggregate remuneration comprised :-

	<u>2003</u>	<u>2002</u>
	£	£
Wages and salaries	914,550	745,701
Social security costs	99,074	83,156
Other pension costs and benefits	55,424	48,090
	<u>1,069,048</u>	<u>876,947</u>

6 STAFF COSTS (Continued):

	<u>2003</u>	<u>2002</u>
	£	£
Directors' remuneration:-		
Emoluments	433,697	322,245
Company contributions to money purchase pension schemes	27,794	27,398
	<u>461,491</u>	<u>349,643</u>
Highest paid director - emoluments	168,597	172,676
- contributions to money purchase pension schemes	21,351	21,001
	<u>189,948</u>	<u>193,677</u>
	<u>2003</u>	<u>2002</u>
	£	£
Fees paid to third parties in respect of directors' services	<u>49,151</u>	<u>60,333</u>
Number of directors who were members of pension schemes was as follows:		
Money Purchase Schemes	<u>3</u>	<u>3</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES:

	<u>2003</u>	<u>2002</u>
	£	£
Corporation tax at 29.6% (2002-29.3%) on taxable profit for the year	146,500	86,911
Over provision in respect of previous year	-	(4,128)
Total current tax	<u>146,500</u>	<u>82,783</u>
Deferred Taxation		
Origination and reversal of timing differences	649	(18,473)
Tax on profits on ordinary activities	<u>147,149</u>	<u>64,310</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>2003</u>	<u>2002</u>
	£	£
Profit on ordinary activities before tax	<u>449,732</u>	<u>200,751</u>
Tax on profit at standard rate	134,920	60,225
<u>Factors affecting charge for the year</u>		
Expenses not deductible for tax purposes	17,676	19,666
Capital allowances for period in excess of depreciation	(3,954)	5,940
Other timing differences	3,305	3,049
Small companies tax relief	(5,447)	(1,969)
Adjustments to tax charge in respect of prior periods	-	(4,128)
	<u>146,500</u>	<u>82,783</u>

8 DIVIDENDS PROPOSED:

	<u>2003</u>	<u>2002</u>
	£	£
'A' Ordinary shares - proposed - £5.89 per share (2002 - £2.30 per share)	28,859	11,275
Ordinary shares - proposed - £5.89 per share (2002 - £2.30 per share)	86,576	33,825
	<u>115,435</u>	<u>45,100</u>

9 INTANGIBLE FIXED ASSETS:

The movement in the year was as follows:-

	Patents and Trademarks £
COST	
Beginning of year	43,893
Additions	61,152
End of year	<u>105,045</u>
AMORTISATION	
Beginning of year	43,893
Charge	12,230
End of year	<u>56,123</u>
NET BOOK VALUE	
Beginning of year	-
End of year	<u>48,922</u>

10 (a) TANGIBLE FIXED ASSETS:

The movement in the year was as follows:-

	Short term Leasehold Improvements £	Plant & Machinery £	Total £
COST			
Beginning of year	55,186	757,596	812,782
Additions	-	132,568	132,568
Disposals	(55,186)	(73,094)	(128,280)
End of year	<u>-</u>	<u>817,070</u>	<u>817,070</u>
DEPRECIATION			
Beginning of year	55,186	630,700	685,886
Charge	-	83,183	83,183
Disposals	(55,186)	(55,597)	(110,783)
End of year	<u>-</u>	<u>658,286</u>	<u>658,286</u>
NET BOOK VALUE			
Beginning of year	-	126,896	126,896
End of year	-	<u>158,784</u>	<u>158,784</u>

The net book value of plant and machinery includes an amount of €42,869 (2002 - €41,260) 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	Dormant	100% Ordinary

COST	£
Beginning of year	413,506
Investment during the year	-
End of year	<u>413,506</u>

NET BOOK VALUE	
Beginning of year	413,506
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 and PetroTechnik do Brasil Ltda have been treated as subsidiary undertakings because PetroTechnik Limited exercises dominant influence over these investments, directing their financial and operating policies.

The directors have decided not to prepare consolidated accounts as required by S227 Companies Act 1985 as, the directors consider the business of each subsidiary company to be stand alone and hence to consolidate them would not give a true and fair view. The group qualified as a medium sized group in the prior year under S248 Companies Act 1985 and hence was exempt from preparing group accounts.

At 31 March 2003 the share capital and reserves of these companies were as follows:

	PetroTechnik France S.A.R.L. Euro	Cookson and Zinn (PTL) Ltd £	PetroTechnik Brasil Ltda Reals
Called up share capital	7,622	2	1,120,704
Profit and loss reserve b/fwd	(1,224,193)	(30,590)	(154,300)
Retained profit/ (loss) for the year	218,554	(191,594)	181,674
Share capital and reserves as at 31 March 2003	<u>(998,017)</u>	<u>(222,182)</u>	<u>1,148,078</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 £135,713 (2002 - £120,529) 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.

12 DEBTORS:

The following are included in debtors-

	<u>2003</u>	<u>2002</u>
	£	£
Trade debtors	1,173,503	785,173
Amounts due from subsidiary undertakings	1,306,530	1,914,162
VAT recoverable	48,110	28,865
Other debtors	11,583	11,382
Amounts recoverable from suppliers	269,037	423,950
Prepayments and accrued income	169,243	176,880
Deferred Tax Asset (see note 16)	17,824	18,473
	<u>2,995,830</u>	<u>3,358,885</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).

13 CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

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

	<u>2003</u>	<u>2002</u>
	£	£
Obligations under hire purchase contracts	19,239	14,621
Trade creditors	1,409,381	1,436,634
Corporation tax	150,268	29,156
Other creditors:		
- other taxes and social security	24,266	23,488
- other creditors	7,822	10,280
- accruals	274,324	271,059
Proposed dividends	118,998	45,063
	<u>2,004,298</u>	<u>1,830,301</u>

Creditors include hire purchase loans of £19,239 (2002 - £14,261), secured on certain fixed assets of the company.

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

	<u>2003</u>	<u>2002</u>
	£	£
Obligations under hire purchase contracts	<u>16,144</u>	<u>11,895</u>
Analysis of borrowings and hire purchase contracts:		
	<u>2003</u>	<u>2002</u>
	£	£
Due within 1 year - hire purchase	19,239	14,621
Due within 2-5 years		
- hire purchase	<u>16,144</u>	<u>11,895</u>
	35,383	26,516
Less included in Creditors - amounts falling due within one year	<u>(19,239)</u>	<u>(14,621)</u>
	<u>16,144</u>	<u>11,895</u>

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

15 PROVISIONS FOR LIABILITIES AND CHARGES:

Provision for product recall programme:	£
Provision at 1 April 2002	327,942
Charged to the profit and loss account as an exceptional operating expense (Note 5)	3,666
Utilised in the year	(64,186)
Provision at 31 March 2003	<u>267,422</u>

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>2003</u>	<u>2002</u>
	£	£
At 1 April 2002	18,473	-
(Charge)/credit for year	(649)	18,473
At 31 March 2003	<u>17,824</u>	<u>18,473</u>

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

	<u>Provided</u> <u>2003</u>	<u>Provided</u> <u>2002</u>	<u>Unprovided</u> <u>2003</u>	<u>Unprovided</u> <u>2002</u>
	£	£	£	£
Accelerated capital allowances	10,691	14,645	-	-
Other timing differences	7,133	3,828	-	-
	<u>17,824</u>	<u>18,473</u>	<u>-</u>	<u>-</u>

There is no unprovided deferred tax liability in either 2003 or the previous year.

17 CALLED-UP SHARE CAPITAL:

	<u>2003</u>	<u>2002</u>
	£	£
Authorised:		
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 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 previous year a car was sold to him at the market rate of £12,500. As at the year end an amount of £4,976 (2002 - £4,947) was outstanding.

During the 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 the 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 £68,921 (2002 - £101,380). Included in trade creditors at the year end was £31,263 (2002 - £6,002) due to PetroTeknik AB. Sale of goods to PetroTeknik AB in the normal course of business during the year amounted to £463,846 (2002 - £305,196). Included in trade debtors at the year end was £158,751 (2002 - £139,288) 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 £24,251 (2002 - £23,719). Included within trade creditors was £2,439 (2002 - £2,399) due to MSD Solutions Limited.

The company has guaranteed the bank loan and overdraft of its subsidiary Cookson & Zinn (PTL) 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>2002</u>					
Beginning of year	19,608	9,994	60,400	2,282,822	2,372,824
Profit for year	-	-	-	136,441	136,441
Dividends paid and proposed	-	-	-	(45,100)	(45,100)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>2,374,163</u>	<u>2,464,165</u>
	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>

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

	<u>2003</u> £	<u>2002</u> £
Distributable:		
- profit and loss account	2,561,311	2,374,163
Non-distributable:		
- share premium account	9,994	9,994
- capital redemption reserve	60,400	60,400
Total reserves	<u>2,631,705</u>	<u>2,444,557</u>

20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

	<u>2003</u> £	<u>2002</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>2003</u> £	<u>2002</u> £
Operating leases which expire:		
- within 2 to 5 years	<u>110,000</u>	<u>-</u>

c) Contingent liabilities

At 31 March 2003 the company had given a bond to H M Customs & Excise totalling £40,000 (2002 - £40,000) in the normal course of business.

21 ANALYSIS OF CASH FLOWS:

	<u>2003</u>	<u>2002</u>
	£	£
Returns on Investments and Servicing of Finance		
Dividend received	23,994	-
Interest received	12,392	12,512
Interest paid	(8,293)	(19,187)
Hire Purchase interest paid	(3,050)	(4,377)
	<u>25,043</u>	<u>(11,052)</u>
 Capital Expenditure		
Payments to acquire tangible and intangible fixed assets	(152,589)	(30,308)
Receipts from sale of tangible fixed assets	26,250	18,027
	<u>(126,339)</u>	<u>(12,281)</u>
 Financing		
Capital element of hire purchase contracts	<u>(32,264)</u>	<u>(46,551)</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	95,230	-	507,747	602,977
Hire purchase contracts	(26,516)	(41,131)	32,264	(35,383)
	<u>68,714</u>	<u>(41,131)</u>	<u>540,011</u>	<u>567,594</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 £45,501 (2002: £40,460). The outstanding contributions included within accruals at the balance sheet date were £23,764 (2002 £12,760).