

FRANKLIN FUELING SYSTEMS LIMITED

STATUTORY ACCOUNTS - FOR THE YEAR ENDED

31 DECEMBER 2011

TOGETHER WITH DIRECTORS' AND AUDITOR'S REPORTS

The company's registered number is 2631843

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FRANKLIN FUELING SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their annual report on the affairs of the company, together with the accounts and auditor's report, for the year ended 31 December 2011

Principal activities

The principal activities of the company comprise the sale of UPP polyethylene pipework and associated fittings and equipment for use in petrol filling stations and other fuel distribution centres together with the manufacture and sale of underground storage tanks and other vessels for use in the oil, chemical and process plant industries. During the latter part of the year Franklin Fueling consolidated its European distribution hub in Wittlich, Germany, resulting in the sale of a substantial proportion of the working stock.

Business Review

In another difficult trading year due to global economic trading conditions, like-for-like sales in the year to 31 December 2011 were marginally down (3%) on the previous period, after annualizing the 2010 sales which covered nine months after the fiscal year was changed to 31 December. Margin at 35.2% increased 0.9% over 2010's 34.3% largely due to mix changes. Overheads at £3m were significantly less than prior period in part due to group acquisition provision requirements in 2010 and in part due to savings resulting from synergies in overheads realised from the integration of the acquisition.

Gearing was eliminated during the year, from 7.5% as at 31 December 2010 and largely driven from the sale of stocks held. The current ratio moved from 1.44 at 31 December 2010 to 1.73 at 31 December 2011, which was driven from the profits generated in the year.

The Company has entered the new financial year with a strong balance sheet, and clear objectives for the coming year. The group continues to focus on development of new technologies and products to meet customer needs.

Principal risks and uncertainties

Competitive pressure globally remains a continuing risk for the company, which could result in it losing sales to important customers. 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.

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

DIRECTORS' REPORT (Continued)

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Environment

Franklin Fueling Systems Limited 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.

RESULTS AND DIVIDENDS

No dividends were paid during the year ended 31 December 2011 (9 months ended 31 December 2010 nil).

The directors propose to transfer the profit of £1,385,376 for the year to reserves (9 months ended 31 December 2010 loss of £812,994).

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year were:

J Haines
D Kenney
A Golding
A Tice
G Sengstack

CHARITABLE DONATIONS

During the year the company donated £500 (9 months ended 31 December 2010 £1,344) to charity.

FINANCIAL INSTRUMENTS

The company's use of financial instruments and credit risk are disclosed in note 19 to the financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

STATEMENT OF INFORMATION GIVEN TO AUDITOR

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 2006.

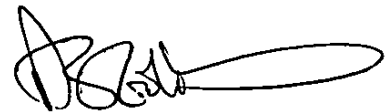
AUDITOR

A resolution to re-appoint Deloitte 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

26 September 2012

BY ORDER OF THE BOARD,



A Golding
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANKLIN FUELING SYSTEMS LIMITED

We have audited the financial statements of Franklin Fueling Systems Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

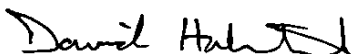
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



David Halstead FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

27 September 2012

FRANKLIN FUELING SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	<u>Notes</u>	Year ended 31 December 2011 £	9 months ended 31 December 2010 £
TURNOVER	1 & 2	13,895,457	10,694,239
Cost of sales		<u>(9,005,772)</u>	<u>(7,025,422)</u>
GROSS PROFIT		4,889,685	3,668,817
Other operating expenses (net)	3	<u>(3,027,363)</u>	<u>(3,227,122)</u>
OPERATING PROFIT		1,862,322	441,695
Interest receivable		7,901	100
Interest payable	4	(16,105)	(21,000)
Investments written-off		<u>-</u>	<u>(1,136,506)</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,854,118	(715,711)
Tax on profit (loss) on ordinary activities	7	<u>(468,742)</u>	<u>(97,283)</u>
PROFIT (LOSS) FOR THE YEAR	16	<u>1,385,376</u>	<u>(812,994)</u>

There are no recognised gains or losses, other than the profit for the year and the loss for the preceding period, 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

FRANKLIN FUELING SYSTEMS LIMITED

BALANCE SHEET - 31 DECEMBER 2011

	<u>Notes</u>	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8 (a)	1,906,050	1,644,558
Investments	8 (b)	370,596	471,783
		<u>2,276,646</u>	<u>2,116,341</u>
CURRENT ASSETS			
Stocks - goods for resale	9	86,051	1,106,594
Debtors - due within one year	10	4,026,903	3,222,082
Debtors - due after one year	10	-	257,692
Cash at bank and in hand		1,190,862	389,068
		<u>5,303,816</u>	<u>4,975,436</u>
CREDITORS Amounts falling due within one year	11	<u>(3,057,416)</u>	<u>(3,456,245)</u>
NET CURRENT ASSETS		2,246,400	1,519,191
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,523,046</u>	<u>3,635,532</u>
CREDITORS Amounts falling due after more than one year	12	-	(500,000)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(2,138)	-
NET ASSETS		<u>4,520,908</u>	<u>3,135,532</u>
CAPITAL AND RESERVES			
Called-up share capital	14	19,608	19,608
Share premium account	16	9,994	9,994
Capital redemption reserve	16	60,400	60,400
Profit and loss account	16	4,430,906	3,045,530
EQUITY SHAREHOLDERS' FUNDS	16	<u>4,520,908</u>	<u>3,135,532</u>

The financial statements of Franklin Fueling Systems Limited (registered number 2631843) were approved by the board of directors and authorised for issue on [date] They were signed on its behalf by

26 September 2012

A Golding
Director



The accompanying notes are an integral part of this balance sheet

FRANKLIN FUELING SYSTEMS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	<u>Notes</u>	Year ended 31 December 2011 £	9 months ended 31 December 2010 £
Reconciliation of operating profit to operating cash flows			
Operating profit		1,862,322	441,695
Depreciation and amortisation charges		148,910	269,642
Profit on disposal of fixed assets		(1,454)	(1,500)
Investment write-off		-	(1,136,506)
Decrease in stocks		1,020,543	524,025
(Increase)/ decrease in debtors		(547,129)	46,738
(Decrease)/ increase in creditors		(538,575)	225,491
Net cash inflow from operating activities		<u>1,944,617</u>	<u>369,585</u>
Cashflow Statement			
Net cash inflow from operating activities		1,944,617	369,585
Returns on investments and servicing of finance	18	92,982	(38,288)
Taxation paid		(200,962)	(51,095)
Capital expenditure and financial investment	18	<u>(408,948)</u>	<u>153,051</u>
Cash inflow before financing		1,427,689	433,253
Financing	18	<u>(625,896)</u>	<u>(96,648)</u>
Increase in cash in the year/period		<u>801,793</u>	<u>336,605</u>
Reconciliation of net cashflow to movement in net funds / (debt)			
	19		
Increase in cash in the year/period		801,794	336,605
Cashflow from decrease in debt and lease financing		<u>625,896</u>	<u>96,648</u>
Movement in net debt in the year/period		1,427,690	433,253
Net debt at 1 January		<u>(236,828)</u>	<u>(670,081)</u>
Net funds / (debt) at 31 December		<u>1,190,861</u>	<u>(236,828)</u>

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

FRANKLIN FUELING SYSTEMS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The directors' report on pages 2 to 4 describes the financial position of the company, its cash flows, liquidity position and borrowing facilities, the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

The company has an agreement with another group company to re-charge its cost base at a mark-up. The company is therefore cash generative as a result of this agreement. Accordingly the directors do not foresee that additional group borrowing will be necessary for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern bases in preparing the annual report and accounts.

Intangible assets – patents and trademarks

During the prior period the company applied the Franklin group policy of not capitalising patent and trademark costs. This resulted in the net book value of patents and trademarks carried on the balance sheet being written off in the period. As the effect of this change in policy was not material no prior period adjustment arose.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% per annum
Fixtures and fittings	7% to 33% per annum
Motor vehicles	20%
Equipment	5% to 33%

Residual value is calculated on prices prevailing at the date of acquisition.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

NOTES TO THE ACCOUNTS (Continued)

1 ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of total contract value

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 in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets, results of overseas operations and on foreign currency borrowings, to the extent that they hedge the Group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account. The Company uses a combination of forward and spot transactions to manage its exposure to fluctuations in exchange differences

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

NOTES TO THE ACCOUNTS (Continued)

1 ACCOUNTING POLICIES (continued)

Leases (continued)

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. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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)

	Year ended 31 December 2011	9 months ended 31 December 2010
	£	£
Distribution costs	1,053,051	1,243,632
Development expenses	699,654	500,789
Administrative expenses	1,274,658	1,482,701
	<u>3,027,363</u>	<u>3,227,122</u>

NOTES TO THE ACCOUNTS (Continued)

4 INTEREST PAYABLE

	Year ended 31 December 2011	9 months ended 31 December 2010
	£	£
Interest payable on bank loans and overdrafts	14,888	20,674
Interest payable on hire purchase contracts	101	326
Interest payable on Franklin group loan	1,116	-
	<u>16,105</u>	<u>21,000</u>

5 PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	Year ended 31 December 2011	9 months ended 31 December 2010
	£	£
a) Depreciation of tangible fixed assets -		
- owned	145,551	100,171
- held under hire purchase contracts	3,359	4,312
b) Amortisation of intangible fixed assets	-	165,159
c) Auditor's remuneration – audit fee	11,900	10,300
d) Operating lease rentals -		
Land and buildings	119,167	137,793
e) Profit on disposal of fixed asset	(1,454)	(1,500)
f) Foreign exchange gains	(152,802)	(2,331)
	<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 -

	Year ended 31 December 2011	9 months ended 31 December 2010
	Number	Number
Sales and administration	22	27
Development	4	5
	<u>26</u>	<u>32</u>

Their aggregate remuneration comprised -

	Year ended 31 December 2011	9 months ended 31 December 2010
	£	£
Wages and salaries	1,367,380	1,247,183
Social security costs	163,246	151,638
Other pension costs and benefits	88,487	84,801
	<u>1,619,113</u>	<u>1,483,622</u>

NOTES TO THE ACCOUNTS (Continued)

6 STAFF COSTS (Continued)

	Year ended 31 December 2011	9 months ended 31 December 2010
Directors' remuneration -	£	£
Emoluments	207,150	481,324
Company contributions to money purchase pension schemes	36,818	43,142
	<u>243,968</u>	<u>524,466</u>
Highest paid director - emoluments	100,445	174,185
- contributions to money purchase pension schemes	20,180	14,866
	<u>120,625</u>	<u>189,051</u>

	Year ended 31 December 2011	9 months ended 31 December 2010
Fees paid to third parties in respect of directors' services	£	£
	-	82,334
Number of directors who were members of pension schemes was as follows		
Money Purchase Schemes	<u>2</u>	<u>5</u>

7 TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	Year ended 31 December 2011	9 months ended 31 December 2010
Current taxation	£	£
Corporation tax at 26% (9 months ended 31 December 2010 - 28%) on taxable profit for the year	459,149	124,441
Adjustments in respect of previous periods	(767)	(28,575)
	<u>458,382</u>	<u>95,866</u>
Deferred Taxation		
Origination and reversal of timing differences	10,360	(3,259)
Adjustments in respect of previous periods	-	4,676
Tax on profit on ordinary activities	<u>468,742</u>	<u>97,283</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 26% (year ended 31 December 2010 - 28%)
The actual tax charge for the current year and the previous period differs from the standard rate for the reasons set out in the following reconciliation

	Year ended 31 December 2011	9 months ended 31 December 2010
Profit (loss) on ordinary activities before tax	£	£
	<u>1,854,118</u>	<u>(715,711)</u>
Tax on profit (loss) at standard rate	482,071	(200,399)
<u>Factors affecting charge for the year</u>		
Expenses not deductible for tax purposes	3,054	344,143
Income not taxable for tax purposes		
Capital allowances for period in (excess) deficit of depreciation	(9,571)	10,537
Movement in short term timing differences	1,804	(7,278)
Effects of other tax rates/credits	-	-
R&D tax relief	(26,755)	(22,562)
Adjustments to tax charge in respect of previous period	(767)	(28,575)
Tax rate adjustment for 28% to 26%	8,546	-
	<u>458,382</u>	<u>95,866</u>

In March 2011, the UK Government announced a reduction in the standard rate of UK corporation tax to 26% effective 1 April 2011
This rate reduction was substantively enacted in March 2011

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and 2013 to 23% effective 1 April. These rate reductions became substantively enacted in March 2012 and July 2012 respectively. The UK Government also proposed to further reduce the standard rate of UK corporation to 22% effective 1 April 2014, but this change has not been substantively enacted

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted

NOTES TO THE ACCOUNTS (Continued)

8 (a) TANGIBLE FIXED ASSETS

The movement in the year was as follows -

	<u>Freehold Property</u>	<u>Plant & Machinery</u>	<u>Total</u>
	£	£	£
COST			
At 31 December 2010	1,250,000	1,580,298	2,830,298
Additions	-	436,111	436,111
Disposals	-	(42,605)	(42,605)
At 31 December 2011	<u>1,250,000</u>	<u>1,973,804</u>	<u>3,223,804</u>
DEPRECIATION			
At 31 December 2010	51,440	1,134,300	1,185,740
Charge	7,716	141,194	148,910
Disposals	-	(16,896)	(16,896)
At 31 December 2011	<u>59,156</u>	<u>1,258,598</u>	<u>1,317,754</u>
NET BOOK VALUE			
At 31 December 2011	<u>1,190,844</u>	<u>715,206</u>	<u>1,906,050</u>
At 31 December 2010	<u>1,198,560</u>	<u>445,998</u>	<u>1,644,558</u>

The net book value of plant and machinery includes an amount of £nil (2010 - £3,359) in respect of assets held under hire purchase contracts. Freehold land of £772,469 (2010 - £772,469) is not depreciated.

NOTES TO THE ACCOUNTS (Continued)

8 (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
PetroTechnik (Beijing) Trading Co	China	Agency company for the sale of UPP pipe and fittings in China	100% Ordinary
PetroTechnik India Private Limited	India	Agency company for the sale of UPP pipe and fittings in India	100% Ordinary

COST	£
At 31 December 2010	471,783
Exchange rate revaluation	(40,103)
Transfer to Intercompany debtor	(61,084)
At 31 December 2011	<u>370,596</u>

NET BOOK VALUE	
At 31 December 2011	<u>370,596</u>
At 31 December 2010	<u>471,783</u>

The company has treated all of the above investments as subsidiary undertakings because it exercises dominant influence over each company, directing their financial and operating policies

At 31 December 2011 the share capital and reserves of these companies were as follows

	PetroTechnik France S A R L	PetroTechnik Inc	Cookson and Zinn (PTL) Ltd	PetroTechnik Brasil Ltda	PetroTechnik (Beijing) Trading Co
	Euro	USD	£	Reals	RMB
Called up share capital	7,622	100	2	900,000	504,145
Profit and loss reserve b/fwd	508,171	(2,406,054)	635,815	73,590	(1,347,541)
Retained profit/ (loss) for the year	250,360	-	(83,228)	(410,804)	(4,645,925)
Share capital and reserves as at 31 December 2011	<u>766,153</u>	<u>(2,405,954)</u>	<u>552,589</u>	<u>562,786</u>	<u>(5,489,321)</u>

	PetroTechnik India Private Limited
	INR
Called up share capital	100,000
Profit and loss reserve b/fwd	(550,225)
Retained loss for the year	-
Share capital and reserves as at 31 December 2011	<u>(450,225)</u>

9 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 £mil (2010 - £148,996) 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)

10 DEBTORS

The following are included in debtors within one year-

	31 December 2011	31 December 2010
	£	£
Trade debtors	1,745,642	1,668,482
Amounts due from subsidiary undertakings	2,185,888	1,203,072
VAT recoverable	2,433	111,261
Other debtors	60,135	72,514
Prepayments and accrued income	32,805	158,531
Deferred tax asset	-	8,222
	<u>4,026,903</u>	<u>3,222,082</u>

Debtors falling due after more than one year comprise

	31 December 2011	31 December 2010
	£	£
Amounts due from subsidiary undertakings	<u>-</u>	<u>257,692</u>

11 CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	31 December 2011	31 December 2010
	£	£
Obligations under hire purchase contracts (note 12)	-	896
Bank loans (note 12)	-	125,000
Trade creditors	1,291,367	1,938,303
Corporation tax	372,000	61,429
Group Relief	7,983	61,135
Other creditors		
- other taxes and social security	55,581	36,958
- other creditors	5,669	5,253
- accruals	1,324,816	1,227,271
	<u>3,057,416</u>	<u>3,456,245</u>

Creditors include hire purchase loans of £nil (2010 - £896), secured on certain fixed assets of the company

12 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2011	31 December 2010
	£	£
Bank loans	<u>-</u>	<u>500,000</u>

Analysis of borrowings and hire purchase contracts

	31 December 2011	31 December 2010
	£	£
Due within 1 year		
- bank loan	-	125,000
- hire purchase	-	896
Due between 1-2 years		
- bank loan	-	125,000
Due between 2-5 years		
- bank loan	-	375,000
	<u>-</u>	<u>625,896</u>
Less included in Creditors – amounts falling due within one year	<u>-</u>	<u>(125,896)</u>
	<u>-</u>	<u>500,000</u>

NOTES TO THE ACCOUNTS (Continued)

13 DEFERRED TAXATION

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

	£	£
Asset at 1 January 2011	8,222	9,639
Deferred tax (charge)/ credit in P&L for the year	(10,360)	3,259
Adjustment in respect of prior years	-	(4,676)
(Liability)/ asset at 31 December 2011	<u>(2,138)</u>	<u>8,222</u>

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

	Provided 31 December 2011 £	Recognised 31 December 2010 £	Unprovided 31 December 2011 £	Unrecognised 31 December 2010 £
Accelerated capital allowances	<u>(2,138)</u>	<u>8,222</u>	<u>-</u>	<u>-</u>

14 CALLED-UP SHARE CAPITAL

31 December 2011 31 December 2010

	£	£
Allotted, called-up and fully paid		
14,706 ordinary shares of £1 each	14,706	14,706
4,902 'A' ordinary shares of £1 each	<u>4,902</u>	<u>4,902</u>
	<u>19,608</u>	<u>19,608</u>

15 RELATED PARTY TRANSACTIONS

Under the exemptions of FRS 8, related party disclosures are not required for transactions with other group companies by virtue of Franklin Fueling Systems Limited being a 100% subsidiary of Franklin Electric Co , Inc, for which group accounts are prepared

NOTES TO THE ACCOUNTS (Continued)

16 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>31 December 2010</u>					
At 1 April 2010	19,608	9,994	60,400	3,858,524	3,948,526
Loss for period	-	-	-	(812,994)	(812,994)
At 31 December 2010	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>3,045,530</u>	<u>3,135,532</u>
	Ordinary Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Account £	Total Shareholder Funds £
<u>31 December 2011</u>					
At 1 Jan 2011	19,608	9,994	60,400	3,045,530	3,135,532
Profit for year	-	-	-	1,385,376	1,385,376
At 31 December 2011	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>4,430,906</u>	<u>4,520,908</u>

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

	31 December 2011 £	31 December 2010 £
Distributable		
- profit and loss account	4,430,906	3,045,530
Non-distributable		
- share premium account	9,994	9,994
- capital redemption reserve	60,400	60,400
Total reserves	<u>4,501,300</u>	<u>3,115,924</u>

17 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

	31 December 2011 £	31 December 2010 £
a) Capital commitments		
Contracted for but not provided in the accounts	<u>588,000</u>	<u>870,000</u>
b) Lease commitments		

The company leases certain land and buildings on a short term lease at the rate of £55,000 per annum. The company is responsible for the insurance of the building.

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

	31 December 2011 £	31 December 2010 £
Operating leases which expire		
- within 1 year	<u>-</u>	<u>61,250</u>

c) Contingent liabilities

At 31 December 2011 the company had given a bond to H M Customs & Excise totalling £5,000 (2010 - £5,000) 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.

e) Guarantees

The company has guaranteed the bank loan and overdraft of its subsidiary Cookson & Zinn (PTL) Limited. These borrowings amounted to £nil (2010 - £192,778) as at the year end.

NOTES TO THE ACCOUNTS (Continued)

18 ANALYSIS OF CASH FLOWS

	Year ended 31 December 2011	9 months ended 31 December 2010
	£	£
Returns on Investments and Servicing of Finance		
Interest received	7,901	100
Interest paid	(16,004)	(20,674)
Hire Purchase interest paid	(101)	(326)
Investment overseas	101,186	(17,388)
	<u>92,982</u>	<u>(38,288)</u>
 Capital Expenditure and Financial Investment		
Payments to acquire tangible and intangible fixed assets	(436,111)	(75,182)
Receipts from sale of tangible fixed assets	27,163	228,233
	<u>(408,948)</u>	<u>153,051</u>
 Financing		
Capital element of hire purchase contracts & loans	<u>(625,896)</u>	<u>(96,648)</u>

19 ANALYSIS OF CHANGES IN NET DEBT

	<u>Beginning of year</u>	<u>Cash Flows</u>	<u>End of year</u>
	£	£	£
Cash at bank and in hand	389,068	801,794	1,190,862
Hire purchase contracts	(896)	896	-
Bank Loan	(625,000)	625,000	-
	<u>(236,828)</u>	<u>1,427,690</u>	<u>1,190,862</u>

20 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 £61,762 (9 months ended 31 December 2010 £58,137). The outstanding contributions included within accruals at the balance sheet date were £nil (2010 £nil).

21 ULTIMATE PARENT COMPANY

The immediate parent company is Coverco Srl.

Franklin Electric Co., Inc. is the smallest and largest group for which group accounts are available and which include the company. The ultimate parent company and controlling party is Franklin Electric Co., Inc. Group accounts for this company are available on request from Franklin Electric Co. Inc, 400 E Spring Street, Bluffton, Indiana, 46714, USA.