

REGISTERED NUMBER: 02136427 (England and Wales)

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017  
FOR  
CENTRE TANK SERVICES LIMITED



James Cowper Kreston  
Chartered Accountants and Statutory Auditor  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

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**CENTRE TANK SERVICES LIMITED**

**COMPANY INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**DIRECTORS:**

G E Nel  
R J Terry  
M S Terry  
G J Morrell  
S R Weeks (resigned on 29 June 2017)  
C P Coutts-Trotter (appointed on 29 June 2017)

**REGISTERED OFFICE:**

2 Chawley Park  
Cumnor Hill  
Oxford  
OX2 9GG

**REGISTERED NUMBER:**

02136427 (England and Wales)

**AUDITORS:**

James Cowper Kreston  
Chartered Accountants  
and Statutory Auditor  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

**CENTRE TANK SERVICES LIMITED (REGISTERED NUMBER: 02136427)**

**STATEMENT OF FINANCIAL POSITION**

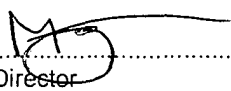
**31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	62,195	10,929
Investments	8	<u>1,782,838</u>	<u>1,693,194</u>
		<u>1,845,033</u>	<u>1,704,123</u>
<b>CURRENT ASSETS</b>			
Inventories	9	567,615	540,987
Trade and other receivables	10	775,890	903,765
Cash and cash equivalents	11	<u>97,072</u>	<u>155,697</u>
		<u>1,440,577</u>	<u>1,600,449</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	960,696	976,055
Financial liabilities - borrowings			
Bank overdrafts	13	147,595	195,309
Tax payable		63,094	94,271
Provisions	16	<u>70,336</u>	<u>67,939</u>
		<u>1,241,721</u>	<u>1,333,574</u>
<b>NET CURRENT ASSETS</b>		<u>198,856</u>	<u>266,875</u>
<b>NET ASSETS</b>		<u>2,043,889</u>	<u>1,970,998</u>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	17	100	100
Retained earnings		<u>2,043,789</u>	<u>1,970,898</u>
<b>TOTAL EQUITY</b>		<u>2,043,889</u>	<u>1,970,998</u>

The financial statements have been prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 (5) of the Companies Act 2006 the financial statements delivered to the Registrar of Companies do not include a Directors' Report and Statement of Profit or Loss and Other Comprehensive Income.

The financial statements were approved by the Board of Directors on 29/3/18 and were signed on its behalf by:

  
.....  
M S Terry - Director

The notes form part of these financial statements.

**CENTRE TANK SERVICES LIMITED (REGISTERED NUMBER: 02136427)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2016</b>	100	2,002,225	2,002,325
<b>Changes in equity</b>			
Dividends	-	(890,455)	(890,455)
Total comprehensive income	-	<u>859,128</u>	<u>859,128</u>
<b>Balance at 31 December 2016</b>	<u>100</u>	<u>1,970,898</u>	<u>1,970,998</u>
<b>Changes in equity</b>			
Dividends	-	(975,000)	(975,000)
Total comprehensive income	-	<u>1,047,891</u>	<u>1,047,891</u>
<b>Balance at 31 December 2017</b>	<u>100</u>	<u>2,043,789</u>	<u>2,043,889</u>

The notes form part of these financial statements.

**CENTRE TANK SERVICES LIMITED (REGISTERED NUMBER: 02136427)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,089,189	792,444
Interest paid		(4,690)	(5,170)
Tax paid		<u>(182,859)</u>	<u>(154,663)</u>
Net cash from operating activities		<u>901,640</u>	<u>632,611</u>
 <b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(67,851)	(4,344)
Purchase of fixed asset investment		(98,153)	-
Sale of fixed asset investments		8,510	8,923
Interest received		38	610
Dividends received		<u>220,250</u>	<u>135,909</u>
Net cash from investing activities		<u>62,794</u>	<u>141,098</u>
 <b>Cash flows from financing activities</b>			
Amount introduced by directors		-	239
Movement in group debt		(345)	157,447
Equity dividends paid		<u>(975,000)</u>	<u>(890,455)</u>
Net cash from financing activities		<u>(975,345)</u>	<u>(732,769)</u>
 <b>Increase/(decrease) in cash and cash equivalents</b>		<u>(10,911)</u>	<u>40,940</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>(39,612)</u>	<u>(80,552)</u>
 <b>Cash and cash equivalents at end of year</b>	2	<u><u>(50,523)</u></u>	<u><u>(39,612)</u></u>

The notes form part of these financial statements.

**NOTES TO THE STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	2017 £	2016 £
Profit before income tax	1,199,572	1,041,804
Depreciation charges	16,569	12,335
Profit on disposal of fixed asset investments	(234)	(414)
Decrease in provisions	2,397	(14,724)
Finance costs	4,690	5,170
Finance income	<u>(220,288)</u>	<u>(136,519)</u>
	1,002,706	907,652
(Increase) in inventories	(26,628)	(101,982)
(Increase)/decrease in trade and other receivables	127,876	(212,577)
Increase/(decrease) in trade and other payables	<u>(14,765)</u>	<u>199,351</u>
<b>Cash generated from operations</b>	<u><u>1,089,189</u></u>	<u><u>792,444</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2017**

	31.12.17 £	1.1.17 £
Cash and cash equivalents	97,072	155,697
Bank overdrafts	<u>(147,595)</u>	<u>(195,309)</u>
	<u><u>(50,523)</u></u>	<u><u>(39,612)</u></u>

**Year ended 31 December 2016**

	31.12.16 £	1.1.16 £
Cash and cash equivalents	155,697	178,932
Bank overdrafts	<u>(195,309)</u>	<u>(259,484)</u>
	<u><u>(39,612)</u></u>	<u><u>(80,552)</u></u>

The notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES**

**Corporate information**

Centre Tank Services Limited is a private limited company incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 1. The principal activity of the Company in the year under review was that of assembly and distribution of oil and fuel handling related products.

The financial statements are presented in Sterling, the functional and presentational currency of the Company.

**Implementation of new accounting standards**

With effect from 1 January 2017, Centre Tank Services Limited has implemented, where applicable, Amendments to IAS 7 - 'Disclosure Initiative', Amendments to IAS 12 - 'Recognition of Deferred Tax Assets for Unrealised Losses' and Annual Improvements to International Financial Reporting Standards 2014-2016 Cycle.

These revisions had no material impact on the current period or the prior period.

**Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

At the date of approval of these financial statements the following standards, amendments to existing standards and interpretations which are in issue but not yet effective have not been applied in these financial statements:

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from contracts with customers'

IFRS 16 'Leases'

Amendments to IAS 12 - 'Recognition of Deferred Tax Assets for Unrealised Losses'

Amendments to IFRS 4 - 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'

Clarifications to IFRS 15 'Revenue from Contracts with Customers'

In addition, the following standards, amendments to existing standards and interpretations are in issue but have not yet been endorsed by the EU:

IFRS 14 'Regulatory deferral accounts'

IFRS 17 'Insurance Contracts'

IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

Amendments to IAS 9 - 'Plan Amendment, Curtailment or Settlement'

Amendments to IAS 28 - 'Long-term Interests in Associates and Joint Ventures'

Amendments to IAS 40 - 'Transfers of investment property'

Amendments to IFRS 2 - 'Classification and measurement of share-based payment transactions'

Amendments to IFRS 9 - 'Prepayment Features with Negative Compensation'

Amendments to IFRS 10 and IAS 28 - 'Sale of contribution of assets between an investor and its associate or joint venture'

Annual Improvements to International Financial Reporting Standards 2015-2017 Cycle

The directors anticipate that, except for IFRS 16 'Leases', these standards or interpretations will either not be applicable to the company or that adoption in future periods will have no material impact on the financial statements of the Company. IFRS 16 is not expected to be effective for this Company until at least 31 December 2019.



**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES - continued**

Whereas minimum lease commitments for non-cancellable operating leases are not capitalised under existing International Financial Reporting Standards and IFRIC Interpretations, if IFRS 16 is endorsed by the EU as drafted, the Statement of Financial Position for future periods will be adjusted to include additional assets for land and buildings and motor vehicles within property, plant and equipment and to include liabilities for an equal amount within current and non-current liabilities in relation to ongoing lease commitments for these assets. There would be no expected impact on the retained income or on net assets as a result of the implementation of IFRS 16. The minimum lease commitments for non-cancellable operating leases as at 31 December 2017 are disclosed in the notes to these financial statements.

In accordance with s444(5) of the Companies Act 2006 the financial statements prepared for delivery to the Registrar of Companies do not include an income statement or directors' report as the Company qualifies as a small company.

**Preparation of consolidated financial statements**

The financial statements contain information about Centre Tank Services Limited as an individual company and do not contain consolidated financial information as the parent of the Group. The Company is exempt under Section 400 of the Companies Act 2006 and IAS 27 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Flowmax Limited, a company registered in England and Wales.

Flowmax Limited prepares consolidated financial statements in accordance with International Financial Reporting Standards. Copies are available to the public and may be obtained from the Registrar of Companies.

**Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Management are of the opinion that the going concern principle is applicable and that the Company has the necessary resources to continue as a going concern for the foreseeable future.

**Revenue recognition**

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably estimated.

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

**Property, plant and equipment**

Property, plant and equipment is reflected at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided at the following annual rates in order to write off the depreciable amount of each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures, fittings and computer equipment	- 20%-33% on cost
Motor vehicles	- 25% on cost

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES - continued**

**Financial instruments**

The Company uses certain financial instruments in its normal operating and investing activities, which are deemed appropriate to its circumstances, such as trade receivables and trade payables, cash at bank deposits and bank overdrafts, loans and equity shares and forward foreign exchange contracts. Financial assets and liabilities are recognised on the Company's Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument.

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Financial assets**

In accordance with IFRS 7, trade receivables, loans and other receivables that have fixed or determinable payments are classified as 'Loans and receivables' and are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for impairment at each statement of financial position date and any impairment recognised in the profit or loss for the year in the statement of comprehensive income. Trade receivables are assessed for collectability and where appropriate the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the profit or loss for the year in the Statement of Profit or Loss and Other Comprehensive Income.

**Debt and equity instruments issued by the Company**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Financial liabilities**

In accordance with IFRS 7 financial liabilities such as trade payables and loans are classified as 'Other financial liabilities' and are measured initially at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, except for short term payables when the recognise interest would be immaterial.

**Inventories**

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and, where applicable, an appropriate proportion of fixed and variable overheads. Cost is calculated on a weighted average basis.

Net realisable value represents the estimated selling price less all estimated costs of completion, marketing, selling and distribution.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES - continued**

**Research and development**

Expenditure on research is written off in the year in which it is incurred.

Development costs, for example product design or testing, are recognised as intangible assets when certain criteria are met, which include the reliable measurement and attribution of costs, and reasonable certainty of the technical feasibility and future commercial viability of the product. Development costs that are capitalised as intangible assets are amortised over their useful life.

Development costs that do not meet the criteria above are charged to the statement of comprehensive income as incurred.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase or finance leases, where the Company has substantially all the risks and rewards of ownership, are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Comprehensive Income over the relevant period. The capital element of the future payments is treated as a liability. The capital element of the future payments is treated as a liability.

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

**Employee benefit costs**

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

**Deferred tax**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**Critical accounting estimates and areas of judgement**

The Company makes estimates and assumptions concerning the future, and judgements in applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the actual results. There were no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

**Provision for doubtful debts**

Management provides for doubtful debts on the perceived risk profile and payment history of the debtor.

**Provision for slow moving, damaged and obsolete inventory**

There is a provision to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

**CENTRE TANK SERVICES LIMITED (REGISTERED NUMBER: 02136427)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. EMPLOYEES AND DIRECTORS**

The average number of employees, including directors, during the year comprised

	2017	2016
Sales and administration	21	19
Director	<u>2</u>	<u>2</u>
	<u>23</u>	<u>21</u>

	2017 £	2016 £
Wages and salaries	692,343	684,661
Social security costs	73,696	43,488
Other pension costs	<u>13,422</u>	<u>13,861</u>
	<u>779,461</u>	<u>742,010</u>

	2017 £	2016 £
Directors' remuneration	155,896	154,324
Directors' pension contributions to money purchase schemes	<u>3,597</u>	<u>3,641</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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**3. NET FINANCE INCOME**

	2017 £	2016 £
Finance income:		
Dividends from shares in group undertakings	220,250	135,909
Interest on repayment of Corporation tax	<u>38</u>	<u>610</u>
	<u>220,288</u>	<u>136,519</u>
Finance costs:		
Bank interest	2,785	3,385
Loan interest	<u>1,905</u>	<u>1,785</u>
	<u>4,690</u>	<u>5,170</u>
Net finance income	<u>215,598</u>	<u>131,349</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 DECEMBER 2017****4. PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging/(crediting):

	2017 £	2016 £
Cost of inventories recognised as expense	3,416,917	2,819,683
Other operating leases	80,460	80,460
Depreciation - owned assets	16,569	12,336
Profit on disposal of fixed asset investments	-	(414)
Auditors' remuneration	10,570	8,019
Cost of inventories written off/(back) in year	<u>11,779</u>	<u>(3,521)</u>

**5. INCOME TAX****Analysis of tax expense**

	2017 £	2016 £
Current tax:		
Taxation	179,513	182,700
Prior year taxation	<u>(27,832)</u>	<u>(24)</u>

Total tax expense in Statement of Profit or Loss and Other Comprehensive Income

	<u>151,681</u>	<u>182,676</u>
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**Factors affecting the tax expense**

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before income tax	<u>1,199,572</u>	<u>1,041,804</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	230,918	208,361
Effects of:		
Depreciation in excess of capital allowances	-	1,311
Disallowable costs	316	166
Change in tax rate	(1,079)	-
Income from subsidiary	(42,391)	(27,182)
Other adjustments	417	20
Prior year overprovision	(27,832)	-
Other differences	<u>(8,668)</u>	<u>-</u>
Tax expense	<u>151,681</u>	<u>182,676</u>

**CENTRE TANK SERVICES LIMITED (REGISTERED NUMBER: 02136427)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**6. DIVIDENDS**

	2017 £	2016 £
Interim	<u>975,000</u>	<u>890,455</u>

For the year ended 31 December 2017, the following dividends were paid:

Dividends of £2,500 per share were paid in April 2017;

Dividends of £3,550 per share were paid in August 2017;

Dividends of £3,700 per share were paid in December 2017.

For the year ended 31 December 2016, the following dividends were paid:

Dividends of £2,000 per share were paid in March 2016;

Dividends of £3,000 per share were paid in August 2016;

Dividends of £3,000 per share were paid in December 2016;

Dividends of £904.5454 per share were paid in December 2016.

**7. PROPERTY, PLANT AND EQUIPMENT**

	Short leasehold £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2017	5,947	45,712	238,294	1,600	291,553
Additions	<u>-</u>	<u>-</u>	<u>67,851</u>	<u>-</u>	<u>67,851</u>
At 31 December 2017	<u>5,947</u>	<u>45,712</u>	<u>306,145</u>	<u>1,600</u>	<u>359,404</u>
<b>DEPRECIATION</b>					
At 1 January 2017	5,947	45,694	228,250	733	280,624
Charge for year	<u>-</u>	<u>16</u>	<u>16,252</u>	<u>317</u>	<u>16,585</u>
At 31 December 2017	<u>5,947</u>	<u>45,710</u>	<u>244,502</u>	<u>1,050</u>	<u>297,209</u>
<b>CARRYING AMOUNT</b>					
At 31 December 2017	<u>-</u>	<u>2</u>	<u>61,643</u>	<u>550</u>	<u>62,195</u>
	Short leasehold £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2016	5,947	45,712	233,950	1,600	287,209
Additions	<u>-</u>	<u>-</u>	<u>4,344</u>	<u>-</u>	<u>4,344</u>
At 31 December 2016	<u>5,947</u>	<u>45,712</u>	<u>238,294</u>	<u>1,600</u>	<u>291,553</u>
<b>DEPRECIATION</b>					
At 1 January 2016	5,947	45,678	216,363	300	268,288
Charge for year	<u>-</u>	<u>16</u>	<u>11,887</u>	<u>433</u>	<u>12,336</u>
At 31 December 2016	<u>5,947</u>	<u>45,694</u>	<u>228,250</u>	<u>733</u>	<u>280,624</u>
<b>CARRYING AMOUNT</b>					
At 31 December 2016	<u>-</u>	<u>18</u>	<u>10,044</u>	<u>867</u>	<u>10,929</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2017	1,693,194
Additions	98,153
Disposals	<u>(8,509)</u>
At 31 December 2017	<u>1,782,838</u>
<b>CARRYING AMOUNT</b>	
At 31 December 2017	<u>1,782,838</u>
	Shares in group undertakings £
<b>COST</b>	
At 1 January 2016	1,701,703
Disposals	<u>(8,509)</u>
At 31 December 2016	<u>1,693,194</u>
<b>CARRYING AMOUNT</b>	
At 31 December 2016	<u>1,693,194</u>

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Castle Pumps Limited**

Nature of business: Wholesaler of industrial and engineering products. A company incorporated in the UK and its principal place of business is 16 Farringdon Way, Eastwood, Nottingham, NG16 3BF.

	%		
Class of shares:	holding		
Ordinary	95.00		
		2017	2016
		£	£
Aggregate capital and reserves		167,889	140,669
Profit for the year		<u>262,220</u>	<u>235,865</u>

The Company purchased 11 additional shares in Castle Pumps Limited on 31 July 2017.

The Company disposed of 1 of its 210 shares held in Castle Pumps Limited on 6 April 2017. The gain made on this investment disposal is shown in the income statement.

**Annex Valves Limited**

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		2017	2016
		£	£
Aggregate capital and reserves		<u>10</u>	<u>10</u>

**CENTRE TANK SERVICES LIMITED (REGISTERED NUMBER: 02136427)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. INVENTORIES**

	2017 £	2016 £
Inventories	<u>567,615</u>	<u>540,987</u>

Inventories above includes a provision of £44,825 (2016: 45,281) for slow moving and obsolete stock.

**10. TRADE AND OTHER RECEIVABLES**

	2017 £	2016 £
Current:		
Trade receivables	740,162	838,141
Amounts owed by related parties	-	832
Other receivables	7,397	28,819
Prepayments	<u>28,331</u>	<u>35,973</u>
	<u>775,890</u>	<u>903,765</u>

**11. CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	4,410	1,715
Bank accounts	<u>92,662</u>	<u>153,982</u>
	<u>97,072</u>	<u>155,697</u>

**12. TRADE AND OTHER PAYABLES**

	2017 £	2016 £
Current:		
Trade payables	548,299	576,377
Amounts owed to related parties	<u>155,010</u>	<u>155,355</u>
Social security and other taxes	24,847	23,879
Other payables	15,578	19,597
Accrued expenses	26,365	55,565
VAT	<u>190,597</u>	<u>145,282</u>
	<u>960,696</u>	<u>976,055</u>

**13. FINANCIAL LIABILITIES - BORROWINGS**

	2017 £	2016 £
Current:		
Bank overdrafts	<u>147,595</u>	<u>195,309</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. FINANCIAL LIABILITIES - BORROWINGS - continued**

Terms and debt repayment schedule (1 year or less)

	2017 £	2016 £
Bank overdrafts	<u>147,595</u>	<u>195,309</u>

The bank overdraft is repayable on demand and bears interest at commercial bank rates.

The bank overdraft is secured by debenture and a fixed and floating charge over the Group's assets, which include goodwill, intangible assets, property, plant and equipment, inventories, trade receivables and all other assets.

**14. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £	2016 £
Within one year	118,632	112,298
Between one and five years	<u>131,134</u>	<u>241,392</u>
	<u>249,766</u>	<u>353,690</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. FINANCIAL INSTRUMENTS**

**Financial assets - Loans and receivables**

	2017 £	2016 £
Trade receivables	743,931	842,799
Allowance for doubtful debts	(3,769)	(4,658)
	<u>740,162</u>	<u>838,141</u>
Cash and cash equivalents	97,072	155,697
Other receivables	7,397	28,819
Amounts owed by group undertakings	<u>-</u>	<u>832</u>
	<u><u>844,631</u></u>	<u><u>1,023,489</u></u>

**Movement in allowance for doubtful debts:**

	2017 £	2016 £
Balance at 1 January	(4,658)	(8,110)
Amounts recovered in year	-	2,015
Increase or decrease recognised in the income statement	<u>889</u>	<u>1,437</u>
Balance at 31 December	<u><u>3,769</u></u>	<u><u>(4,658)</u></u>

The average credit period for sales of goods is 50 days (2016: 64 days). No interest is charged on overdue trade receivables. The Company has provided for certain trade receivables based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience.

Included in the Company's trade receivables are debtors with a carrying amount of £96,895 (2016: £77,029) which are past due at the reporting date but for which the Company has not provided as there has not been a significant change in the credit quality and the Company still believes these amounts to be recoverable. The Company does not hold any collateral over these balances.

The ageing of amounts due but not impaired is as follows:

	2017 £	2016 £
1 month past due	81,405	79,076
2 months past due	<u>15,490</u>	<u>(2,047)</u>
	<u><u>96,895</u></u>	<u><u>77,029</u></u>

In determining the recoverability of trade receivables the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. FINANCIAL INSTRUMENTS - continued**

**Financial liabilities**

	2017 £	2016 £
Trade payables	548,299	576,377
Bank overdrafts	147,595	195,309
Amounts owed to related parties	155,010	155,355
Other payables	41,943	75,162
	<u>892,847</u>	<u>1,002,203</u>

The average credit period on purchases of goods is 58 days (2016: 75 days). No interest is charged on trade payables.

The Company and Group of which it is a part have policies in place to ensure that trade payables are paid within the credit timeframe.

**Forward foreign exchange contracts**

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2017 were \$40,000 (2016: £331,400 and \$100,996). There has been a provision in these financial statements of £nil (2016: £1,204) regarding the financial asset arising on these contracts.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next twelve months. Gains and losses on forward foreign exchange contracts as of 31 December 2017 are recognised in the income statement in the periods during which the hedged forecast transaction affects the income statement. This is generally within twelve months from the end of the reporting period.

**Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk); credit risk and liquidity risk. Risk management policy is set by the parent company's Board of Directors in conjunction with the Company's management and seeks to minimise potential adverse effects on the Company's position.

**Liquidity risk**

The maturity profile and details of financial liabilities are set out in notes 12 and 13 to the financial statements. The liabilities are expected to be paid within six months except for tax payable which will be paid after more than six months but within 12 months. The Company finances its operations partly through these borrowings. The Company generally borrows in £ sterling at market rates of interest.

Liquidity risk management includes maintaining sufficient cash and cash equivalents and an adequate amount of committed credit facilities, and management regularly monitor levels of cash, borrowing facilities and expected future cash flows.

**Credit risk**

Credit risk primarily arises from credit exposures to customers. Risk control assesses the credit quality of customers taking into account financial position, past experience and other factors. Credit limits are regularly reviewed. As set out above, the directors consider there is no material exposure to credit risk at balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. FINANCIAL INSTRUMENTS - continued**

**Foreign exchange risk**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their foreign exchange risk exposure. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2017, if the £ had weakened by 5% against the Euro, with all other variables held constant the pre tax profit would have been approximately £8,624 (2016: 13,507) lower mainly as a result of foreign exchange losses on Euro denominated receivables and payables.

**Foreign currency exposure at the end of the reporting period**

	2017 £	2016 £
<b>Current assets</b>		
Trade and other receivables USD	843	32
Trade and other receivables EUR	89,070	154,306
Cash and cash equivalents USD	5,461	3,970
Cash and cash equivalents EUR	82,810	144,315
<b>Current liabilities</b>		
Trade and other payables USD	26,560	6,520
Trade and other payables EUR	344,364	436,265

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure. Capital structure within the Company is monitored by reference to the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as borrowings and trade and other payables less cash and cash equivalents. Total capital is calculated as equity (as shown in the balance sheet) plus net debt. During the year, the Company's strategy was to maintain a gearing ratio in the range 25% to 50%.

**CENTRE TANK SERVICES LIMITED (REGISTERED NUMBER: 02136427)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**16. PROVISIONS**

	2017 £	2016 £
Warranty provision	<u>70,336</u>	<u>67,939</u>
Analysed as follows:		
Current	<u>70,336</u>	<u>67,939</u>

The Company gives warranties on all systems sold and undertakes to make good by repair or replacement any manufacturing faults that become apparent within two years from the date of sale. A provision has therefore been made for the estimated cost of the outstanding warranty work to be carried out in future periods.

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal	2017	2016
Number:	Class:	value:	£	£
100	Ordinary shares	£1	<u>100</u>	<u>100</u>

**18. ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of Flowmax Limited, incorporated in England and Wales.

The directors regard Flowmax Limited as the immediate parent company, and S A Bias Industries (Pty) Limited, a company registered in South Africa, as the ultimate parent company.

**19. CONTINGENT LIABILITIES**

The Company, its immediate parent and fellow subsidiaries are party to an omnibus guarantee and set-off agreement given to Lloyds Bank plc in respect of group overdraft facilities. The total level of indebtedness at the year end amounted to £nil (2016: £542,842).

**20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 December 2017 and 31 December 2016:

	2017 £	2016 £
<b>R J Terry</b>		
Balance outstanding at start of year	-	239
Amounts repaid	<u>-</u>	<u>(239)</u>

**CENTRE TANK SERVICES LIMITED (REGISTERED NUMBER: 02136427)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**21. RELATED PARTY DISCLOSURES**

During the year, the Company had the following transactions with related parties (all below companies are under common control):

Related party	Type of transaction	Year Ended 31.12.17 £	Year Ended 31.12.16 £
Action-Sealtite Limited	Sales	11,937	9,447
	Purchases	32,337	25,689
Alpeco Limited	Sales	822	1,288
Anglo Nordic Burner Products Limited	Sales	9,320	6,366
	Purchases	4,189	3,651
Bell Flow Systems Limited	Sales	4,102	25,715
	Purchases	42,363	31,551
Castle Pumps Limited	Sales	39,147	30,632
	Recharges to	42,000	42,000
	Purchases	6,400	48,419
Flowmax Limited	Sales	301	2,529
	Purchases	60,388	53,181
Hytex (GB) Limited	Sales	275,401	140,437
	Purchases	31,810	36,006
Industrial Flow Control Limited	Sales	275	247
	Purchases	1,377	1,097

Balances outstanding at the end of the year:

Action-Sealtite Limited	Amount due from	-	326
Bell Flow System Limited	Amount due from	4,457	506
Bell Flow Systems Limited	Amount due to	8,078	-
Castle Pumps Limited	Amount due to	155,100	155,345
Centre Tank Service Limited	Amount due from	107	-
Annex Valves Limited	Amount due to	10	10

During the year ended 31 December 2014, the Company acquired a 100% investment in Annex Valves Limited, a company which is currently not trading.

During the period dividends of £975,000 (2016: £890,455) were paid to related parties as follows:

	£	£
Flowmax Limited	877,500	801,409
R J Terry	48,750	44,523
M S Terry	48,750	44,523

During the year dividends of £220,250 (2016: £135,909) were received from Castle Pumps Limited.

**22. AUDITORS INFORMATION**

The financial statements of the Company for the year ended 31 December 2017 were audited by James Cowper Kreston and an unqualified audit opinion was issued. The senior statutory auditor was James Pitt BA (Hons) ACA.