

AXSIA LIMITED

Report and Accounts

31 December 2000



# Axsia Limited

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Registered No. 3047122

## **DIRECTORS**

J A Cope  
J K L McBride  
T Twigger  
G Wrigley (Chairman)

## **SECRETARY**

M Jackson

## **AUDITORS**

Ernst & Young LLP  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NH

## **BANKERS**

National Westminster Bank Plc  
City of London Office  
21 Lombard Street  
London EC1A 2DY

## **SOLICITORS**

Lovell White Durrant  
65 Holborn Viaduct  
London EC1A 2DY

## **REGISTERED OFFICE**

61 Arthur Road  
Wimbledon  
London SW19 7DN

# Axsia Limited

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2000.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £1,612,000 (1999 - profit £1,859,000). The company declared no ordinary dividends during the year (1999 - £nil). The company paid £860,000 preference dividends during the year (1999 - £860,000).

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's activities in the year consisted of the provision of management services to its subsidiary undertakings. The group of companies of which the company was the ultimate parent undertaking in 1997 was reorganised in 1998 and the company became a wholly owned subsidiary of Axsia Group Limited. In March 2001, the entire share capital of Axsia Group Limited was acquired by NATCO Inc, a company incorporated in the USA.

### DIRECTORS AND THEIR INTERESTS

None of the directors during the year had any interests in the share capital of the company.

The interests of the directors in the share capital of the company's parent undertaking (all of which were beneficially held) at 31 December 2000 were as follows:

	<i>As at 31 December 2000</i>	<i>As at 31 December 1999</i>
	<i>"A" Ordinary shares</i>	<i>"A" Ordinary shares</i>
J A Cope	80,000	80,000
J K L McBride	80,000	80,000
T Twigger	-	-
G Wrigley	-	-

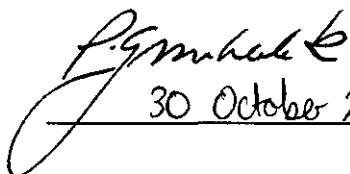
The interests of the directors in share options issued during the year (all of which were beneficially held) were as follows:

	<i>Exercise price</i>	<i>At 31 December 2000 No.</i>	<i>Granted during the year No.</i>	<i>Exercised during the year No.</i>	<i>At 31 December 1999 No.</i>
J A Cope	£0.01	24,296		-	24,296
J K L McBride	£0.01	24,296		-	24,296

### AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board

  
30 October 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

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 and of its profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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.

**REPORT OF THE INDEPENDENT AUDITORS  
to the members of Axsia Limited**

We have audited the company's accounts for the year ended 31 December 2000 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 17. These accounts have been prepared on the basis of the accounting policies set out therein.

**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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

**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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*1 November 2002*

# Axsia Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	<i>Notes</i>	<i>2000 £000</i>	<i>1999 £000</i>
<b>TURNOVER</b>		-	-
Cost of sales		-	-
<b>GROSS PROFIT</b>		-	-
Administrative expenses		(18)	(15)
Other operating income		24	-
<b>OPERATING LOSS</b>	2	(6)	(15)
Interest received	5	156	155
Dividend income		1,766	1,960
Interest and similar charges	6	(304)	(241)
		1,618	1,874
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,612	1,859
Tax on profit on ordinary activities	7	-	-
<b>PROFIT FOR THE YEAR</b>		1,612	1,859
Dividends	8	(860)	(860)
<b>RETAINED PROFIT FOR THE YEAR</b>		752	999

All activities relate to continuing operations.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

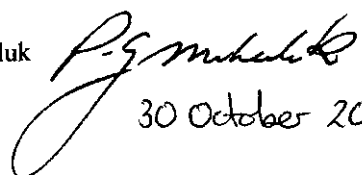
	<i>2000 £000</i>	<i>1999 £000</i>
Profit for the year	1,612	1,859
Exchange differences	-	7
<b>Total recognised gains for the year</b>	1,612	1,866

# Axsia Limited

## BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	-	-
Investments	10	11,378	11,228
		<u>11,378</u>	<u>11,228</u>
<b>CURRENT ASSETS</b>			
Debtors	11	2,072	2,336
Cash		-	154
		<u>2,072</u>	<u>2,490</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(3,512)	(4,532)
		<u>(1,440)</u>	<u>(2,042)</u>
<b>NET CURRENT LIABILITIES</b>			
		<u>9,938</u>	<u>9,186</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>9,938</u>	<u>9,186</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	7,178	7,178
Share premium account	14	692	692
Profit and loss account	14	2,068	1,316
		<u>9,938</u>	<u>9,186</u>
<b>Shareholders' funds:</b>			
Equity shareholder funds		2,768	2,016
Non-equity shareholders funds		7,170	7,170
		<u>9,938</u>	<u>9,186</u>

P.G. Michaluk

  
30 October 2002

Director

NOTES TO THE ACCOUNTS  
at 31 December 2000

**1. ACCOUNTING POLICIES**

***Accounting convention***

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company is exempt from preparing group accounts under section 228(2) Companies Act 1985. Accordingly, these accounts present the results of the company only and do not include the results of any of its subsidiary undertakings.

***Tangible fixed assets***

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Office equipment	-	20%
Computer equipment	-	20%

The carrying values of fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

***Deferred taxation***

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

***Foreign currencies***

Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into sterling at rates of exchange ruling at that date. These translation differences are taken to the profit and loss account in the year in which they arise.

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

***Research and development costs***

Research and development expenditure is charged to the profit and loss account as it is incurred.

***Pensions***

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.



# Axsia Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 2. OPERATING LOSS

This is stated after charging:

	2000 £000	1999 £000
Depreciation of tangible fixed assets	-	4
Auditors' remuneration - audit services	-	2
	<u>          </u>	<u>          </u>

Audit fees for the current year have been borne by another group company.

### 3. DIRECTORS' EMOLUMENTS

	2000 £000	1999 £000
Emoluments	-	-
	<u>          </u>	<u>          </u>

### 4. STAFF COSTS

	2000 £000	1999 £000
Wages and salaries	-	-
Social security costs	-	-
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

The monthly average number of employees during the year was as follows:

	2000 No.	1999 No.
Administration	-	-
	<u>          </u>	<u>          </u>

### 5. INTEREST RECEIVED

	2000 £000	1999 £000
From group companies	137	123
Bank	19	32
	<u>          </u>	<u>          </u>
	<u>156</u>	<u>155</u>

# Axsia Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £000	1999 £000
Intercompany	258	54
Bank loans and overdrafts	46	187
	<u>304</u>	<u>241</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
Corporation tax underprovided in previous years	-	-

### 8. DIVIDENDS

	2000 £000	1999 £000
Non equity dividends on preference shares: Paid	860	860

### 9. TANGIBLE FIXED ASSETS

	<i>Fixtures and fittings £000</i>
Cost:	
At 1 January 2000	16
Additions	-
At 31 December 2000	<u>-</u>
Depreciation:	
At 1 January 2000 and at 31 December 2000	16
Net book value:	
At 31 December 2000	<u>-</u>
At 1 January 2000	<u>-</u>

# Axsia Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 10. INVESTMENTS

	£000
At 1 January 2000	11,228
Additions during the year	150
At 31 December 2000	11,378

In September 2000, Axsia Limited acquired the entire issued share capital of Richard Mozley Limited.

The consideration for the acquisition consisted of £150,000 paid in cash.

The book value of the balance sheet acquired consisted of:

	Book value £000	Fair value adjustment £000	Fair value £000
Tangible fixed assets	485	(25)	460
Intangible assets	189	(170)	19
Stock	310	(50)	260
Debtors	453	(93)	360
Creditors	(670)	-	(670)
Cash	(348)	-	(348)
	419	(338)	81

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows:

<i>Subsidiary undertakings</i>	<i>Country of incorporation if not Great Britain</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Axsia Serck Baker Limited		Ordinary shares	100%	Process engineering
Axsia Howmar Limited		Ordinary shares	100%	Process instrumentation
Axsia Serck Baker Inc.	United States	Ordinary shares	100%	Process engineering
Serck Baker A/S *	Norway	Ordinary shares	100%	Process engineering
<i>Associated Undertaking</i>				
White Tiger Joint Venture *	Russia	Joint Venture	50%	Process engineering

\* held by Axsia Serck Baker Limited

# Axsia Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 11. DEBTORS

	2000 £000	1999 £000
Amounts owed by subsidiary undertakings	2,000	2,015
Amounts falling due after more than one year:		
Tax recoverable	-	249
ACT debtor recoverable	72	72
	<u>2,072</u>	<u>2,336</u>

### 12. CREDITORS: amounts falling due within one year

	2000 £000	1999 £000
Bank loans and overdrafts	225	-
Amounts owed to parent undertaking	357	-
Amounts owed to subsidiary undertakings	2,667	4,247
Amounts owed to related party	79	-
Other creditors	126	235
Accruals	58	50
	<u>3,512</u>	<u>4,532</u>

### 13. SHARE CAPITAL

	2000 No.	1999 No.	2000 £000	1999 £000
Authorised:				
Ordinary shares of 1p each	800,000	800,000	8	8
Preference shares of £1 each	7,170,000	7,170,000	7,170	7,170
	<u>7,970,000</u>	<u>7,970,000</u>	<u>7,178</u>	<u>7,178</u>
Allotted, called up and fully paid:				
Ordinary shares of 1p each	800,000	800,000	8	8
Preference shares of £1 each	7,170,000	7,170,000	7,170	7,170
	<u>7,970,000</u>	<u>7,970,000</u>	<u>7,178</u>	<u>7,178</u>

The ordinary shares all rank pari passu and carry similar rights as to interest in the income and capital. The preference shares rank before the ordinary shares, are cumulative and carry a coupon rate of 4% from date of issue to 31 December 1998 and a coupon rate of 12% thereafter, payable half yearly in arrears on 31 March and 30 September. The dividend rights are cumulative.

The preference shares carry no voting rights at meetings unless any sum due in respect of the preference shares is not paid on the due date, in which event each preference shareholder will be entitled to one vote on a show of hands and one vote per share on a poll.

If any amount due in respect of the preference shares numbers unpaid for greater than 6 months the preference shareholders have the right to convene a general meeting of the company.

The preference shares are redeemable in full on 3 December 2001.

# Axsia Limited

## NOTES TO THE ACCOUNTS at 31 December 2000

### 14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1999	7,178	692	310	8,180
Profit for the year	-	-	1,859	1,859
Dividends	-	-	(860)	(860)
Exchange differences	-	-	7	7
At 31 December 1999	7,178	692	1,316	9,186
Profit for the year	-	-	1,612	1,612
Dividends	-	-	(860)	(860)
At 31 December 2000	7,178	692	2,068	9,938

### 15. CAPITAL COMMITMENTS

	<i>2000 £000</i>	<i>1999 £000</i>
Contracted for but not provided	-	-

### 16. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary undertaking of Axsia Group Limited which prepares published consolidated accounts, the company has, pursuant to FRS 8 "Related Party Disclosures", not included details of transactions with other companies which are members of Axsia Group Limited. There are no other related party transactions.

### 17. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking until March 2001 was Axsia Group Limited at which time the Axsia Group Limited was acquired by NATCO Inc, a company incorporated in the USA. The smallest and largest group of undertakings in which the results of the company are consolidated is that of Axsia Group Limited. The consolidated accounts of this company are available from the registered office at 61 Arthur Road, London SW19 7DN.