

KCC Group Limited

Directors' report and financial statements  
for the period ended 31 December 2008

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# KCC Group Limited

## Directors' report and financial statements for the period ended 31 December 2008

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# **KCC Group Limited**

## **Directors' report for the period ended 31 December 2008**

The Directors present their annual report and the audited financial statements for the period ended 31 December 2008.

### **Principal activities**

The company is an intermediate holding company.

### **Review of results**

The results for the period are shown in the profit and loss account on page 5. The Directors regard the result as satisfactory.

The company paid dividends of £5,025,000 during the year (2007: £2,621,000).

### **Key performance Indicators**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Directors and their interests**

The Directors who served during the period, and subsequently are as follows:

K Fleming  
G Mackie  
N Winterbourne

### **Statement of Directors' responsibilities**

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). The financial statements are required by law to 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 those financial statements 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements.

# **KCC Group Limited**

## **Directors' report for the period ended 31 December 2008 (continued)**

### **Statement of Directors' responsibilities (continued)**

The Directors are responsible for keeping proper accounting records that 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 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.

### **Statement on disclosure of information to the auditors**

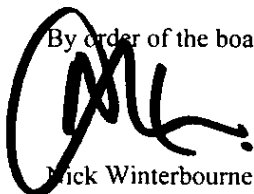
As far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

Each director has taken all the steps he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'Nick Winterbourne', written over the text 'By order of the board'.

Nick Winterbourne  
Director  
3<sup>rd</sup> September 2009

## **Independent auditors' report to the members of KCC Group Limited**

We have audited the financial statements of KCC Group Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

## **Independent auditors' report to the members of KCC Group limited (continued)**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended.
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
East Midlands

11 September 2009

## KCC Group Limited

### Profit and loss account for the period ended 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Turnover</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>			-
Administrative expenses		32	(244)
<b>Operating Profit</b>	3	32	(244)
Income from shares in group undertakings		5,025	2,621
Interest receivable	4	17	19
<b>Profit on ordinary activities before taxation</b>		5,074	2,396
Tax on loss on ordinary activities	5	(8)	-
<b>Profit for the financial period</b>	11	5,066	2,396

There were no recognised gains or losses in the year other than those shown above. All results were derived from continuing operations.

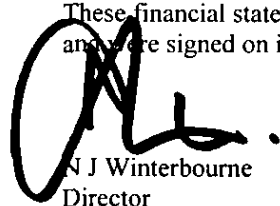
There is no material difference between the results included above and their historical cost equivalent.

# KCC Group Limited

## Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investments	7	255	255
		<b>255</b>	255
<b>Current assets</b>			
Debtors	8	203	269
Cash at bank and in hand		207	118
		<b>410</b>	387
<b>Creditors: amounts falling due within one year</b>	9	<b>(330)</b>	(348)
<b>Net current assets</b>		<b>80</b>	39
<b>Net assets</b>		<b>335</b>	294
<b>Capital and reserves</b>			
Called up share capital	10	253	253
Profit and loss account	11	82	41
<b>Total shareholders' funds</b>	12	<b>335</b>	294

These financial statements on pages 5 to 13 were approved by the Board of Directors on 3<sup>rd</sup> September 2009 and were signed on its behalf by:



N J Winterbourne  
Director



# **KCC Group Limited**

## **Notes to the financial statements for the year ended 31 December 2008**

### **1 Accounting policies**

#### **Basis of preparation**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. Where a choice of treatment is available the directors have applied the most appropriate accounting policies and estimation techniques in accordance with FRS 18. A summary of the significant accounting policies, which have been applied consistently, are set out below.

#### **Basis of consolidation**

As permitted by section 228 of the Companies Act 1985, no group financial statements are presented as the company is a wholly owned subsidiary undertaking of Petreco International Limited (incorporated in England and Wales).

#### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less any provisions for impairment.

#### **Interest costs**

Interest costs are taken to the profit and loss account as incurred.

#### **Taxation**

The charge for taxation is based on the profit for the period and takes into account timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which they are recognised for accounting purposes. Deferred taxation is recognised as a liability or asset, using the full provision method, if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or right to pay less taxation in the future. A deferred tax asset is recognised to the extent that it is regarded as recoverable. Deferred tax assets and liabilities are not discounted.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the profit and loss account.

#### **Cash flow statement**

The company has taken advantage of the exemptions available in FRS 1 (Revised) and accordingly a cash flow statement is not presented in these accounts. The company is entitled to such exemption as it is more than 90% owned by another company whose financial statement are publicly available (see note 13).

# KCC Group Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 2 Directors' emoluments and staff

There were no employees during the year other than directors.

No directors received remuneration in respect of their services for the year ended 31 December 2007.

### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Auditors Remuneration	3	3

### 4 Interest receivable

	<b>2008</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	8	19
Interest on tax rebates	9	-
Total Interest Receivable	17	19

# KCC Group Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 5 Taxation

	2008	2007
	£'000	£'000
Current tax		
UK corporation tax		
Current tax on income for the period	8	-
Total current tax	8	-
Deferred tax	-	-
	8	-

The current tax charge for the period is lower (2007: lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008	2007
	£'000	£'000
Current tax recognition		
Profit on ordinary activities before tax	5,074	2,396
Current tax at 28% (2007: 30%)	1,446	719
Income not chargeable to tax	(1,432)	(786)
Capital allowances in excess of depreciation	(1)	(1)
Other timing differences	(10)	14
Adjustments in respect to previous period	5	-
Group relief surrendered not paid	-	54
Total current tax charge (see above)	8	-

The company has an unprovided deferred tax asset of £27,000 (2007: £37,000). This asset has not been recognised due to uncertainties over its recoverability.

# KCC Group Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 6 Dividends

	2008	2007
	£'000	£'000
Equity dividends paid: £19.9689 per ordinary share (2007: £10.360)	5,025	2,621

### 7 Fixed asset investments

	2008	2007
	£'000	£'000
Cost		
As at 1 January 2008 and 31 December 2008	255	255

#### Details of subsidiary undertakings

	Principal activity	Country of incorporation	Class of share	Number held	% held
Petresco International (Middle East) Limited (formerly KCC Process Equipment (International) Limited)	Oil & Gas Treatment	England & Wales	£1 ordinary	1,000	100
KCC Resources (Jersey) Limited	Overseas Employment	Jersey	£1 ordinary	2	100
KCC Process Equipment Limited	Dormant	England & Wales	£1 ordinary	253,000	100
RJB Engineering (UK) Limited	Dormant	England & Wales	£1 ordinary	2	100

# KCC Group Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 8 Debtors

	2008	2007
	£'000	£'000
Amounts receivable from group companies	203	203
Other debtors	-	6
Vat recoverable	-	8
Corporation tax	-	52
	203	269

### 9 Creditors: amounts falling due within one year

	2007	2007
	£'000	£'000
Trade creditors	-	28
Amounts owed to group undertakings	322	317
Corporation tax	3	-
Accruals and deferred income	5	3
	330	338

# KCC Group Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 10 Called up share capital

	2008	2007
	£'000	£'000
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
253,000 ordinary shares of £1 each	253	253

### 11 Reserves

	Profit and Loss account
	£'000
At 1 January 2008	5,066
Profit for the period	41
Dividends paid	(5,025)
<b>As at 31 December 2008</b>	<b>82</b>

# KCC Group Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 12 Reconciliation of movements in shareholders' fund

	2008	2007
	£'000	£'000
Profit for the period	5,066	2,396
Dividends paid	(5,025)	(2,621)
Opening shareholders' funds	294	519
Closing shareholders' funds	335	294

### 13 Commitments and contingencies

The company has no commitments under non-cancellable operating leases at 31 December 2008 or 31 December 2007.

### 14 Immediate and ultimate parent company and controlling party

The immediate parent company of KCC Group Limited is Petreco International Limited. The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Cameron International Corporation, which is incorporated in the United States of America.

Cameron International Corporation is also the company's ultimate parent company and controlling party. Copies of the Annual report of Cameron International Corporation are available from Cameron International Corporation, 1333 West Loop South, Suite 1700, Houston, Texas, 77027, USA.