



Accountants &  
business advisers

## **GLENFIELD VALVES LIMITED**

Company Number: SC220455

**ANNUAL REPORT**

**YEAR ENDED 30 SEPTEMBER 2005**



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COMPANIES HOUSE 17/05/06

# GLENFIELD VALVES LIMITED

## COMPANY INFORMATION

### Directors

Vita Hoejberg  
Niels Aage Kjaer  
Ian Kenneth Betteridge  
Bjarne Michaelsen  
Kresten Pii  
Jorn Urup Nielsen  
John Paul Hubbard

### Secretary

Vita Hoejberg

### Company Number

SC220455

### Registered Office

Glenfield Works  
Queens Drive  
Kilmarnock  
Ayrshire  
KA1 3XF

### Auditors

PKF (UK) LLP  
78 Carlton Place  
Glasgow  
G5 9TH

### Bankers

Bank of Scotland  
PO BOX 2  
46 Bank Street  
Kilmarnock  
KA1 1EX

Jyske Bank  
Ostergade 4  
PO BOX 5120  
DK-8100 Aarhus C

# **GLENFIELD VALVES LIMITED**

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**GLENFIELD VALVES LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 30 SEPTEMBER 2005**

The directors submit their report and the financial statements for the year ended 30 September 2005.

**Results and Dividends**

The loss for the year, after taxation, amounted to £1,458,698 (2004 - £1,025,299).

**Principal activity and review of the business**

The principal activity of the company during the period was that of the manufacture of valves.

The activity of the company has been lower than expected during the period. Furthermore, the annual operations have been influenced by exceptional expenses regarding restructuring, as well as initiation of new activities. Consequently, the board of directors find the results of the annual operations and the financial situation as of 30 September 2005 unsatisfactory. However, the activity is expected to increase during the coming year resulting in an improved operating position.

**Directors**

The directors who served during the year were:

Vita Hoejberg  
Niels Aage Kjaer  
Martin McDade (resigned 21 February 2005)  
Ian Kenneth Betteridge  
Bjarne Michaelsen  
Kresten Pii  
Jorn Urup Nielsen (appointed 1 October 2004)  
John Paul Hubbard (appointed 1 October 2004)

No directors had any direct shareholdings in this company during the year. As the company is the wholly owned subsidiary of a body incorporated outside Great Britain, it is exempt from the requirement to disclose the interests of the directors in group companies incorporated outside Great Britain.

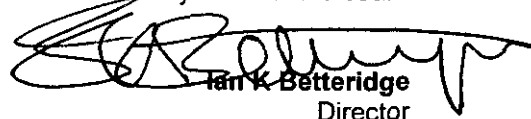
**Exceptional Items**

Following a review of group operations, the company incurred costs of £85,860 (2004 - £192,956) relating to a fundamental reorganisation and restructuring with certain group operations being relocated to Glenfield Valves Limited, and a redundancy program being affected.

**Auditors**

On 23 May 2005, the auditors PKF transferred its business to a limited liability partnership, PKF (UK) LLP. Under section 26(5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

By order of the board

  
Ian K. Betteridge  
Director

5/12/05

# **GLENFIELD VALVES LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
GLENFIELD VALVES LIMITED**

We have audited the financial statements of Glenfield Valves Limited for the year ended 30 September 2005 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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

We read the Directors' Report 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 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.

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures in the financial statements concerning the ongoing financial support provided by Glenfield Valves Limited's parent company, the company's bankers and other group creditors. These financial statements have been prepared on a going concern basis, the validity of which depends upon the continuance of this support. The financial statements do not include any adjustments that would result from the discontinuance of this support. Details of the circumstances relating to this fundamental uncertainty are described in note 1(a). Our opinion is not qualified in this respect.

## INDEPENDENT AUDITORS' REPORT (continued)

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

15 May 2006  
Glasgow, UK

PKF(UK) LLP

PKF (UK) LLP  
Registered Auditors

**GLENFIELD VALVES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2005**

	Notes	2005 £	2004 £
<b>TURNOVER</b>	<b>2</b>	<b>8,300,329</b>	<b>7,541,273</b>
Cost of sales		<u>(7,480,577)</u>	<u>(6,538,712)</u>
<b>GROSS PROFIT</b>		<b>819,752</b>	<b>1,002,561</b>
Distribution costs		<u>(874,885)</u>	<u>(761,293)</u>
Administrative expenses		<u>(1,561,620)</u>	<u>(1,275,542)</u>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(1,616,753)</b>	<b>(1,034,274)</b>
Reorganisation and restructuring costs		<u>(85,860)</u>	<u>(211,311)</u>
Profit on disposal of tangible fixed asset		<b>108,063</b>	<b>2,489</b>
Interest receivable and similar income		<b>12,725</b>	<b>4,935</b>
Interest payable and similar charges	<b>6</b>	<u>(410,158)</u>	<u>(225,390)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,991,983)</b>	<b>(1,463,552)</b>
<b>TAXATION</b>	<b>7</b>	<b>533,285</b>	<b>438,253</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>17</b>	<u><b>(1,458,698)</b></u>	<u><b>(1,025,299)</b></u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.



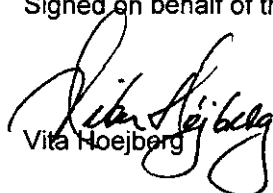
# GLENFIELD VALVES LIMITED

## BALANCE SHEET 30 SEPTEMBER 2005

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Intangible	8	44,000	59,420
Tangible	9	1,438,888	1,395,905
		<u>1,482,888</u>	<u>1,455,325</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,888,580	2,685,497
Debtors	11	2,333,583	3,080,345
Cash at bank and in hand		524,405	66,148
		<u>5,746,568</u>	<u>5,831,990</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(9,249,644)	(7,821,805)
<b>NET CURRENT LIABILITIES</b>		<u>(3,503,076)</u>	<u>(1,989,815)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(2,020,188)</u>	<u>(534,490)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(225,000)	(275,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	(43,000)	(20,000)
<b>NET LIABILITIES</b>		<u>(2,288,188)</u>	<u>(829,490)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	200,000	200,000
Profit and loss account	17	(2,488,188)	(1,029,490)
	18	<u>(2,288,188)</u>	<u>(829,490)</u>

The financial statements were approved by the board on *December 5, 2005*

Signed on behalf of the board of directors

  
Vita Hoejberg

Director

**GLENFIELD VALVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**1 ACCOUNTING POLICIES**

**(a) Fundamental accounting concept and basis of preparation of financial statements**

*Going concern*

At the balance sheet date, liabilities exceeded assets by £2,288,188 (2004 - £829,490) and the company had net current liabilities of £3,503,076 (2004 - £1,989,815). The company has a balance of £3,604,409 due to its parent undertaking, Aage V Kjaers Maskinfabrik A/S, £3,168,690 due to its bankers and £1,722,353 due to other fellow group companies. The company's ability to continue normal trading operations is dependent on the continuing financial support of its parent company, its bankers and other group companies to assist the company in meeting its obligations as they fall due. The directors of the parent company have confirmed their ongoing support for a period of at least twelve months from the date of approval of these financial statements and are confident of continuing support from the company's bankers and other group creditors and therefore believe the going concern basis continues to be appropriate. Accordingly these financial statements have been prepared on the going concern basis. These financial statements do not include any adjustments that would arise from the withdrawal of this support.

The financial statements have been prepared under the historical cost convention.

**(b) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts. Turnover is recognised when goods have left the company's premises or when a service is rendered.

**(c) Intangible fixed assets**

Purchased goodwill is stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of goodwill over its expected useful life of 5 years.

**(d) Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	10 - 20 % straight line
Fixtures and computer equipment	20 % straight line

**(e) Operating leases**

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

**(f) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

**(g) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are included in interest payable in the profit and loss account.

**GLENFIELD VALVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**1 ACCOUNTING POLICIES (continued)**

**(h) Deferred taxation**

Deferred taxation is provided using the full provision method, in respect of all timing differences that have originated but not reversed at the balance sheet date and is not discounted. Deferred tax assets are incorporated within the financial statements to the extent that it is more likely than not that they will be recoverable in the foreseeable future.

**(i) Pensions**

The company contributes to a personal pension scheme for some employees and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the period.

**(j) Cash flow statement**

The company's ultimate parent undertaking is ASX. 14,145 ApS and the cash flows for the company are included in the consolidated group cash flow statement of ASX. 14,145 ApS. Consequently, the company is exempt under the terms of Financial Reporting Standard No1 from publishing a cash flow statement.

**2 TURNOVER**

Turnover is attributable to one class of business.

Turnover is analysed by geographical market as follows:

	2005 £	2004 £
United Kingdom	4,149,049	5,143,148
Rest of the world	4,151,280	2,398,125
Total	<u>8,300,329</u>	<u>7,541,273</u>

**3 OPERATING LOSS**

The operating loss is stated after charging:

	2005 £	2004 £
Amortisation of intangible assets	15,420	18,354
Depreciation of tangible fixed assets:		
- owned by the company	317,761	215,094
Audit fees	13,000	12,700
Pension cost	19,566	20,932
Operating lease rentals:		
- land and buildings	132,700	132,000
- plant, machinery, fixtures	51,174	36,703
	<u>511,480</u>	<u>425,783</u>

**GLENFIELD VALVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

	2005 £	2004 £
Aggregate of directors' emoluments and other benefits as defined in paragraph 1 of Sch 6 to the Companies Act 1985	250,141	160,415
Contributions to personal pension schemes	-	11,845
	<u>250,141</u>	<u>172,260</u>

The number of directors accruing benefits under pension schemes were:

	No	No
Personal pension schemes	4	3
	<u>4</u>	<u>3</u>

In addition to the above, a total of £24,000 (2004 - £18,595) was paid to a third party in respect of the provision of the services of a director.

**5 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows:

	2005 £	2004 £
Wages and salaries	1,906,369	1,772,711
Social security costs	197,554	173,450
Other pension costs	19,566	20,932
	<u>2,123,489</u>	<u>1,967,093</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Directors	2	2
Administration	48	48
Production	37	35
	<u>87</u>	<u>85</u>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	2005 £	2004 £
Bank loans and overdrafts	188,023	116,994
Interest payable to group companies	221,809	106,410
Exchange differences	326	1,986
	<u>410,158</u>	<u>225,390</u>

**GLENFIELD VALVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**7 TAXATION**

	2005 £	2004 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(533,285)</u>	<u>(438,253)</u>

**8 INTANGIBLE FIXED ASSETS**

	<b>Purchased goodwill £</b>
<b>Cost</b>	
At 1 October 2004 and 30 September 2005	<u>91,774</u>
<b>Amortisation</b>	
At 1 October 2004	32,354
Charge for the year	15,420
At 30 September 2005	<u>47,774</u>
<b>Net book amount</b>	
At 30 September 2005	<u>44,000</u>
At 30 September 2004	<u>59,420</u>

The goodwill purchased arose on the acquisition of the customer base of a company in the same industry, based in England, which is still contributing gross profits to the company at the balance sheet date.

**GLENFIELD VALVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**9 TANGIBLE FIXED ASSETS**

	Plant, machinery & equipment £
<b>Cost</b>	
At 1 October 2004	1,758,962
Additions	369,019
Disposals	(42,436)
At 30 September 2005	<u>2,085,545</u>
<b>Depreciation</b>	
At 1 October 2004	363,057
Charge for the year	317,761
On disposals	(34,161)
At 30 September 2005	<u>646,657</u>
<b>Net book amount</b>	
At 30 September 2005	<u>1,438,888</u>
At 30 September 2004	<u>1,395,905</u>

**10 STOCKS**

	2005 £	2004 £
Raw materials	1,752,184	1,726,095
Work in progress	328,703	110,352
Finished Goods	807,693	849,050
	<u>2,888,580</u>	<u>2,685,497</u>

**11 DEBTORS**

	2005 £	2004 £
<b>Due within one year</b>		
Trade debtors	1,378,539	1,851,905
Amounts owed by group undertakings	276,659	595,675
Other debtors	667,763	586,579
Prepayments	10,622	46,186
	<u>2,333,583</u>	<u>3,080,345</u>

Included within other debtors is a deferred tax asset of £533,285 (2004 - £411,362). This has arisen due to the surrender of tax losses within the group, it is expected that the trading losses available to the company to carry forward of £1.9 million (2004 - £1.4 million) will be utilised to the value of £1,777,611 leaving £203,768 to carry forward in the year ended 30 September 2005. Accordingly, a deferred tax asset has been recognised.

**GLENFIELD VALVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**12 CREDITORS:**

**Amounts falling due within one year**

	2005	2004
	£	£
Bank loan and overdrafts	2,943,690	2,376,033
Trade creditors	535,697	1,167,303
Amounts owed to group undertakings	5,326,762	3,854,534
Other taxation and social security	55,878	55,862
Other creditors	387,617	368,073
	<u>9,249,644</u>	<u>7,821,805</u>

The bank loan and overdraft is guaranteed by Aage V Kjaers Maskinfabrik A/S, the company's parent undertaking.

**13 CREDITORS:**

**Amounts falling due after more than one year**

	2005	2004
	£	£
Bank loan (note 14)	<u>225,000</u>	<u>275,000</u>

**14 LOAN**

Loans fall due for payment as follows:

	2005	2004
	£	£
<b>Bank loan</b>		
Within one year	50,000	50,000
Between one and two years	50,000	50,000
Between two and five years	150,000	150,000
After more than five years	25,000	75,000
	<u>275,000</u>	<u>325,000</u>

The bank loan is repayable in annual instalments of £50,000 per annum commencing 15 October 2003. Interest is charged at 5.1% per annum.

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

	Other Provisions £
At 1 October 2004	20,000
Charged to profit and loss	23,000
At 30 September 2005	<u>43,000</u>

Other provisions are for work to be done on warranties to remedy faults in valves that have been sold. This work is likely to be carried out between six months and a year from the balance sheet date.

**GLENFIELD VALVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**16 SHARE CAPITAL**

	Authorised £	Allotted, called up and fully paid No	£
At 1 October 2004 and 30 September 2005 Ordinary shares of £1 each	200,000	200,000	200,000

**17 RESERVES**

	£
<b>Profit and loss account</b>	
At 1 October 2004	(1,029,490)
Loss for the year	(1,458,698)
At 30 September 2005	(2,488,188)

**18 SHAREHOLDERS' FUNDS**

	2005 £	2004 £
Shareholders' funds at 1 October 2004	(829,490)	195,809
Loss for the year	(1,458,698)	(1,025,299)
Shareholders' funds at 30 September 2005	(2,288,188)	(829,490)

**19 OTHER COMMITMENTS**

At 30 September 2005 the company had annual commitments under operating leases as follows:

	2005 £	2004 £
<b>Expiry date:</b>		
Within one year	30,880	20,180
Between one and five years	42,324	16,523
After more than five years	135,660	132,000

**20 CONTINGENT LIABILITIES**

At 30 September 2005, there existed contingent liabilities of £100,000 in respect of a bond relating to Customs and Excise and £37,426 relating to a supplier.

**21 TRANSACTIONS WITH RELATED PARTIES**

The company has taken advantage of the exemptions set out in paragraph 3 of Financial Reporting Standard Number 8: Related Parties. Accordingly, transactions with group companies are not disclosed.



**GLENFIELD VALVES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**22 PENSION COSTS**

The company contributes to individual money purchase schemes.

Contributions made by the company to the schemes during the year amounted to £19,566 (2004 - £20,932).

Contributions totalling £18,010 (2004 - £3,649) were outstanding at the year end.

**23 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The company's immediate parent undertaking is Aage V Kjaers Maskinfabrik A/S and this company is controlled by ASX.14,145 ApS.

The parent undertaking of the smallest group for which consolidated accounts are prepared is Aage V Kjaers Maskinfabrik A/S, a company incorporated in Denmark. Consolidated accounts are available from Erhvervs - og Selskabsstyrelsen, Kampmannsgade1, 1780 Kobenhavn, Denmark.

In the opinion of the directors this is the company's ultimate parent company.

ASX. 14,145 ApS is ultimately controlled by N. A. Kjaer.