

GLENFIELD VALVES LIMITED**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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GLENFIELD VALVES LIMITED

COMPANY INFORMATION

Directors	Hans Bo Johansen (appointed 19 October 2009) Niels Aage Kjaer Jon Badrock (appointed 19 October 2009) John Paul Hubbard Lars Kudsk Hans Bo Stubkier
Company secretary	E Stewart
Company number	SC 220455
Registered office	Glenfield Works Queens Drive Kilmarnock Ayrshire KA1 3XF
Auditors	PKF (UK) LLP 78 Carlton Place Glasgow G5 9TH
Bankers	Bank of Scotland 46 Bank Street Kilmarnock KA1 1EX Nordea Bank Finland plc City Place House 55 Basinghall Street London EC2V 5NB
Solicitors	Biggart Baillie LLP Dalmore House 310 St Vincent Street Glasgow G2 5QR Pinsent Mason LLP 123 St. Vincent Street Glasgow G2 5EA

GLENFIELD VALVES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2009

The directors present their report and the financial statements for the year ended 30 September 2009.

Principal activity

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

Business review

Glenfield Valves Ltd utilise a variety of KPIs to manage the business. The top level KPIs show the following:

EBIT	Declined by £283,000 (excluding exceptional) to £1,065,000
Stock	Reduced by £672,000

The EBIT reduction was in the main a result of the turnover change as described below.

The stock reduction was generated by programmes to convert stock and sell. This activity will continue into 2010.

Cash flow continues to be managed by overdraft and parent company support.

Turnover was down £2,867,552 at £5,756,780 from 2008. This was a result of many large capital projects being placed on hold as a result of the economic situation and the credit crisis.

Results

The loss for the year, after taxation, amounted to £573,927 (2008 - loss £1,044,346).

Directors

The directors who served during the year were:

Hans Bo Johansen (appointed 19 October 2009)

Niels Aage Kjaer

Hans Bo Stubkier (appointed 6 October 2008)

John Paul Hubbard

Graeme Boyce (resigned 30 September 2009)

Lars Kudsk

Jon Badrock (appointed 19 October 2009)

Graeme Boyce resigned as a director on 30 September 2009 and Hans Bo Johansen and Jon Badrock were appointed on 19 October 2009.

Financial instruments

The company is principally funded through overdraft facilities fully guaranteed by the parent company, AVK Holdings. In addition, long term loan funding has been made available by the parent undertaking as detailed in Note 14 at favourable interest rates. Due to these financial arrangements the Directors are not required to review interest rates or participate in hedging activities.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to the assessment of its financial position or profit.

GLENFIELD VALVES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2009

Future developments

The Directors feel confident that further significant improvements can be realised during the next financial period utilising the same KPIs shown above. This will be achieved by internal cost reduction and improved margin control within the sales function. The Budget assumption for gross margin is 45% (for internal reporting purposes) which will be achieved by pricing, cost reductions generated by sub-contracting and productivity improvement programmes.

Research and development activities

The company is currently working in conjunction with the parent company's technical team to develop an upgraded product range. This will facilitate a more flexible approach to the customers needs, and rationalise our manufacturing processes.

Risks and uncertainties

The principal risk facing Glenfield Valves Ltd is the global economic downturn. Going forward, it is anticipated that large capital projects (GVL's main business) will not continue to be significantly affected by the current economic downturn. Exchange rates are sensitive to the business, each project is reviewed prior to quotation and contract acceptance and where appropriate forward rates are secured.

Provision of information to auditors


Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on

and signed on its behalf.

Director


6/11/09



GLENFIELD VALVES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 SEPTEMBER 2009

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GLENFIELD VALVES LIMITED

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 2009 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

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

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss before taxation of £792,283 during the year to 30 September 2009. The company is dependent on its parent undertaking, its bankers and fellow subsidiaries for ongoing financial support. These conditions, along with the other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if this support was withdrawn and the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

GLENFIELD VALVES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLENFIELD VALVES LIMITED

Matters on which we are required to report by exception

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

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



Martin J Gill (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors

Glasgow, UK

4 December 2009

GLENFIELD VALVES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Note	2009 £	2008 £
TURNOVER	1	5,756,780	8,624,332
Cost of sales		(4,855,666)	(7,146,479)
Exceptional cost of sales		-	(250,000)
Total cost of sales		(4,855,666)	(7,396,479)
GROSS PROFIT		901,114	1,227,853
Selling and distribution costs		(395,028)	(802,664)
Administrative expenses		(1,604,772)	(1,486,269)
Other operating income	3	33,600	29,200
OPERATING LOSS	4	(1,065,086)	(1,031,880)
Interest receivable	7	356,344	6,487
Interest payable	8	(83,541)	(340,736)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(792,283)	(1,366,129)
Tax on loss on ordinary activities	9	218,356	321,783
LOSS FOR THE FINANCIAL YEAR	17	(573,927)	(1,044,346)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

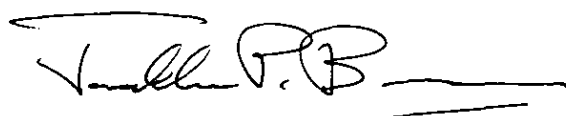
GLENFIELD VALVES LIMITED

**BALANCE SHEET
AS AT 30 SEPTEMBER 2009**

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Intangible fixed assets	10		198,300		63,307
Tangible fixed assets	11		1,120,665		915,995
			<u>1,318,965</u>		<u>979,302</u>
CURRENT ASSETS					
Stocks	12	1,737,324		2,408,939	
Debtors	13	2,074,763		3,850,671	
Cash at bank		51,617		84,484	
			<u>3,863,704</u>		<u>6,344,094</u>
CREDITORS: amounts falling due within one year	14	(4,634,716)		(6,149,844)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(771,012)</u>		<u>194,250</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>547,953</u>		<u>1,173,552</u>
PROVISIONS FOR LIABILITIES					
Other provisions	15		(93,208)		(144,880)
NET ASSETS			<u><u>454,745</u></u>		<u><u>1,028,672</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		7,200,000		7,200,000
Profit and loss account	17		(6,745,255)		(6,171,328)
SHAREHOLDERS' FUNDS	18		<u><u>454,745</u></u>		<u><u>1,028,672</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Director


6/11/09



The notes on pages 8 to 15 form part of these financial statements.

Registered number : SC 220455

GLENFIELD VALVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. ACCOUNTING POLICIES

1.1 Fundamental accounting concept and basis of preparation of financial statements

At the balance sheet date the company owed £3,770,169 (2008 - £4,046,066) to its bankers and £408,638 (2008 - £905,433) to the parent undertaking and other group companies. The company incurred a net loss before taxation of £792,283 during the year to 30 September 2009. The company's ability to continue normal trading operations is dependant on the continued financial support of its bankers, the parent company, 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 financial support for a period of at least twelve months from the date of approval of these financial statements and are confident of the continuing support from the company's bankers and other group companies. Therefore, the directors 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 and in accordance with applicable accounting standards.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within a group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cashflow statement in accordance with Financial Reporting Standard No.1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover is recognised when goods have been despatched or when a service is rendered.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of five years.

1.5 Tangible fixed assets and depreciation

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 & fittings	- 20% straight line

1.6 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is determined on a first in first out basis. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Goods in transit are included in the company's stocks when they leave the suppliers' premises as the risks and benefits of ownership transfer to Glenfield Valves Limited at that time.

GLENFIELD VALVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. ACCOUNTING POLICIES (continued)

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse and are not discounted.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at 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 gains and losses are recognised in the profit and loss account, within interest.

1.10 Development expenditure

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project. No amortisation is provided until a project is completed.

Deferred development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related expenditure is written off to the profit and loss account.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The whole of the turnover is attributable to one class of business.

A geographical analysis of turnover is as follows:

	2009 £	2008 £
United Kingdom	3,863,811	3,974,369
Rest of European Union	56,632	1,070,824
Rest of World	1,836,337	3,579,139
	<u>5,756,780</u>	<u>8,624,332</u>

GLENFIELD VALVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

3. OTHER OPERATING INCOME

	2009 £	2008 £
Rents receivable	33,600	29,200

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2009 £	2008 £
Amortisation of intangible assets	-	18,000
Depreciation of tangible fixed assets:		
- owned by the company	350,545	363,759
Auditors' remuneration	17,314	16,830
Operating lease rentals:		
- plant and machinery	28,013	34,855
- land and buildings	204,000	204,000
Research and development expenditure written off	109,651	70,156
Exceptional cost of sales	-	250,000
Profit on sale of tangible assets	(8,746)	-
Exceptional administrative costs - redundancy	108,261	2,568

Exceptional cost of sales in prior year relates to a provision in excess of what is AVK Group policy for slow moving and obsolete stock.

5. STAFF COSTS

Staff costs, including executive directors' remuneration, were as follows:

	2009 £	2008 £
Wages and salaries	1,471,345	1,717,700
Social security costs	129,935	166,747
Other pension costs	15,367	14,125
	1,616,647	1,898,572

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

	2009 No.	2008 No.
Directors	1	1
Administration	10	23
Production	45	44
	56	68

GLENFIELD VALVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

6. DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	<u>128,549</u>	<u>80,245</u>
Company pension contributions to money purchase pension schemes	<u>4,500</u>	<u>5,849</u>

Included within directors' emoluments is an ex gratia payment of £25,000 paid to a director on his departure.

During the year retirement benefits were accruing to 2 directors (2008 - 1) in respect of money purchase pension schemes.

7. INTEREST RECEIVABLE

	2009 £	2008 £
Foreign exchange gain	356,065	-
Bank interest receivable	279	6,487
	<u>356,344</u>	<u>6,487</u>

8. INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	83,541	187,279
On loans from group undertakings	-	110,249
Difference on foreign exchange	-	16,268
Other interest payable	-	26,940
	<u>83,541</u>	<u>340,736</u>

9. TAXATION

	2009 £	2008 £
Analysis of tax credit in the year		
UK corporation tax charge on loss for the year	4,644	-
Overseas tax	-	19,105
	<u>4,644</u>	<u>19,105</u>
Group taxation relief	(223,000)	(340,888)
	<u>(218,356)</u>	<u>(321,783)</u>
Tax on loss on ordinary activities		

GLENFIELD VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

9. TAXATION (continued)

There were no factors that may affect future tax charges.

10. INTANGIBLE FIXED ASSETS

	Development expenditure £	Goodwill £	Total £
Cost			
At 1 October 2008	63,307	91,774	155,081
Additions	134,993	-	134,993
	<hr/>	<hr/>	<hr/>
At 30 September 2009	198,300	91,774	290,074
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 October 2008 and 30 September 2009	-	91,774	91,774
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2009	198,300	-	198,300
	<hr/>	<hr/>	<hr/>
At 30 September 2008	63,307	-	63,307
	<hr/>	<hr/>	<hr/>

GLENFIELD VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 October 2008	2,401,314	214,136	2,615,450
Additions	535,471	20,998	556,469
Disposals	(2,850)	-	(2,850)
	<u>2,933,935</u>	<u>235,134</u>	<u>3,169,069</u>
At 30 September 2009			
Depreciation			
At 1 October 2008	1,560,988	138,467	1,699,455
Charge for the year	310,543	40,002	350,545
On disposals	(1,596)	-	(1,596)
	<u>1,869,935</u>	<u>178,469</u>	<u>2,048,404</u>
At 30 September 2009			
Net book value			
At 30 September 2009	<u>1,064,000</u>	<u>56,665</u>	<u>1,120,665</u>
At 30 September 2008	<u>840,326</u>	<u>75,669</u>	<u>915,995</u>

12. STOCKS

	2009 £	2008 £
Raw materials	944,144	1,279,205
Work in progress	48,370	194,254
Finished goods and goods for resale	744,810	935,480
	<u>1,737,324</u>	<u>2,408,939</u>

13. DEBTORS

	2009 £	2008 £
Trade debtors	266,302	2,632,222
Amounts owed by group undertakings	1,523,811	798,306
Other debtors	234,765	369,982
Prepayments and accrued income	49,885	50,161
	<u>2,074,763</u>	<u>3,850,671</u>

GLENFIELD VALVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

14. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Bank loan and overdraft	3,770,169	4,046,066
Trade creditors	195,428	752,489
Amounts owed to group undertakings	408,638	905,433
Social security and other taxes	62,467	53,592
Other creditors	198,014	392,264
	<u>4,634,716</u>	<u>6,149,844</u>

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

15. OTHER PROVISIONS

	Other provisions £
At 1 October 2008	144,880
Additions	87,111
Amounts used	(138,783)
	<u>93,208</u>
At 30 September 2009	<u>93,208</u>

Other provisions

Provisions relate to the cost of work to be carried out under warranties to remedy faulty valves which have been sold. This work is likely to be carried out within 12 months from the balance sheet date.

16. SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid		
7,200,000 Ordinary shares of £1 each	<u>7,200,000</u>	<u>7,200,000</u>

17. RESERVES

	Profit and loss account £
At 1 October 2008	(6,171,328)
Loss for the year	(573,927)
	<u>(6,745,255)</u>
At 30 September 2009	<u>(6,745,255)</u>

GLENFIELD VALVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	1,028,672	73,018
Loss for the year	(573,927)	(1,044,346)
Shares issued during the year	-	2,000,000
Closing shareholders' funds	<u>454,745</u>	<u>1,028,672</u>

19. CONTINGENT LIABILITIES

At 30 September 2009 there existed contingent liabilities of £100,000 (2008 - £100,000) in respect of a bond relating to HM Revenue & Customs, £100,000 (2008 - £100,000) in respect of a bond relating to the Bank of Scotland and £211,694 (2008 - £105,000) relating to customer performance bonds.

20. OPERATING LEASE COMMITMENTS

At 30 September 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2009 £	2008 £	2009 £	2008 £
Expiry date:				
Within 1 year	-	-	-	4,095
Between 2 and 5 years	-	-	13,788	3,174
After more than 5 years	204,000	204,000	-	-

21. RELATED PARTY TRANSACTIONS

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.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is AVK Holdings A/S and this company is in turn controlled by ASX.14,145 ApS. In the opinion of the directors this is the company's ultimate parent company.

The parent undertaking of the smallest group for which consolidated accounts are prepared is AVK Holdings A/S, a company incorporated in Denmark. Consolidated accounts are available from Erhvervs - og Selskabsstyrelsen, Kampmannsgade 1, 1780 København, Denmark.

The parent undertaking of the largest group for which consolidated financial statements are prepared is ASX 14, 145 ApS, a company incorporated in Denmark. Consolidated financial statements are available from the above address. 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.

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