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**Enviroflo Engineering Limited** (formerly AQR Limited)

**FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

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**Enviroflo Engineering Limited (formerly AQR Limited)**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

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# **Enviroflo Engineering Limited (formerly AQR Limited)**

## **OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	C R Lee D Johnson J Smith (appointed 8 August 2009)
<b>Company secretary</b>	W Joyce
<b>Registered office</b>	P O Box 11 Winnington Avenue Northwich Cheshire CW8 4DX
<b>Auditors</b>	Ernst & Young LLP Chartered Accountants 100 Barbirolli Square Manchester M2 3EY
<b>Solicitors</b>	Eversheds 70 Great Bridgewater Street Manchester M1 5ES

# **Enviroflo Engineering Limited (formerly AQR Limited)**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2009**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The only activity undertaken by Enviroflo Engineering Limited is dust control contracting

On 3 June 2009, the company acquired the trade and certain assets of a dust control contracting business and on 9 June 2009 changed its name to Enviroflo Engineering Limited

#### **FINANCIAL RISK MANAGEMENT POLICY**

The company's principal financial investments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities. The main purpose of these financial assets is to provide finance for the company's ongoing operations.

The main risks associated with the company's financial assets and liabilities are interest rate risk, liquidity risk, credit risk and currency risk as summarised below.

##### **Interest rate risk**

The company does not have any external debt. The company has lendings and borrowings with other group undertakings at a floating rate of interest. During the period, the interest rate exposure was reviewed but it was not deemed necessary to cover the interest rate exposure by any financial instruments.

##### **Credit risk**

The company's policy is to require assessments of customers such that deferred terms are only granted where an appropriate payment history is demonstrated and credit worthiness procedures are satisfied.

##### **Cashflow and liquidity risk**

The company's activities are financed from long terms loans from other group companies and cash. The company mitigates liquidity risk by managing cash generation from its operations.

A central treasury team operates at a European level, controlling all borrowing facilities, investment of surplus funds and the management of financial risks for the company and its fellow subsidiaries.

##### **Currency risk**

The company operates under a global policy to manage intercompany lendings and borrowings in foreign currencies. During the period, the currency exposure was reviewed but it was not deemed necessary to cover the currency exposure by any financial instruments.

# **Enviroflo Engineering Limited (formerly AQR Limited)**

## **THE DIRECTORS' REPORT (continued)**

**YEAR ENDED 31 DECEMBER 2009**

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £146,000 (2008 £531,000)

The directors have not recommended a dividend (2008 £nil)

### **DIRECTORS**

The directors who served the company during the year are listed on page 1

There are no directors' interests requiring disclosure under the Companies Act 2006

### **DISCLOSURE OF INFORMATION TO AUDITORS**

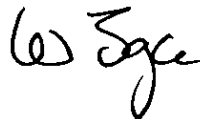
So far as each director is aware

- (a) There is no relevant audit information of which the company's auditors are unaware, and
- (b) Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The directors' report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies

Registered office  
P O Box 11  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4DX

Signed on behalf of the directors



W Joyce

Company Secretary

Approved by the directors on 27 August 2010

# **Enviroflo Engineering Limited (formerly AQR Limited)**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**YEAR ENDED 31 DECEMBER 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 accounting 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

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.

**Enviroflo Engineering Limited (formerly AQR Limited)**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVIROFLO**  
**ENGINEERING LIMITED**  
**YEAR ENDED 31 DECEMBER 2009**

We have audited the financial statements of Enviroflo Engineering Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 17. 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 Chapter 3 of Part 16 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 auditor's 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 of the financial statements**

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 31 December 2009 and of its profit 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.

**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.

**Enviroflo Engineering Limited (formerly AQR Limited)**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVIROFLO**  
**ENGINEERING LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2009**

**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

*E & Y WP*

B Flynn (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

*31/8/10*



**Enviroflo Engineering Limited (formerly AQR Limited)**  
**COMPANY NUMBER 1463262**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £000	2008 £000
<b>TURNOVER</b>	<b>2</b>	<b>243</b>	-
Cost of sales		(169)	-
<b>GROSS PROFIT</b>		<b>74</b>	-
Distribution expenses		(146)	-
Administrative expenses		(1)	(1)
<b>OPERATING LOSS</b>	<b>3</b>	<b>(73)</b>	(1)
Profit on disposal of subsidiary		-	254
Interest receivable and similar income	<b>5</b>	<b>131</b>	397
Interest payable and similar charges	<b>6</b>	<b>(5)</b>	(11)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>53</b>	639
Tax on profit on ordinary activities	<b>7</b>	<b>93</b>	(108)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>146</b>	531

**Statement of total recognised gains and losses**

There are no recognised gains or losses other than the profit of £146,000 attributable to the shareholders for the year ended 31 December 2009 (2008 - profit of £531,000)

The notes on pages 9 to 16 form part of these financial statements

**Enviroflo Engineering Limited (formerly AQR Limited)**  
**COMPANY NUMBER 1463262**

**BALANCE SHEET**

**31 DECEMBER 2009**

	Note	2009 £000	2008 £000
<b>FIXED ASSETS</b>			
Intangible assets	8	202	-
Tangible assets	9	11	-
Investments	10	1,001	1,001
		<u>1,214</u>	<u>1,001</u>
<b>CURRENT ASSETS</b>			
Debtors	11	4,849	5,026
Cash at bank		58	6
		<u>4,907</u>	<u>5,032</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	(380)	(438)
<b>NET CURRENT ASSETS</b>		<u>4,527</u>	<u>4,594</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,741</u>	<u>5,595</u>
<b>CREDITORS : Amounts falling due after more than one year</b>	13	(148)	(148)
<b>NET ASSETS</b>		<u>5,593</u>	<u>5,447</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	15	-	-
Share premium account	16	1,961	1,961
Other reserves	16	621	621
Profit and loss account	16	3,011	2,865
<b>SHAREHOLDERS' FUNDS</b>	16	<u>5,593</u>	<u>5,447</u>

These financial statements were authorised and approved for issue by the board of directors on the 27 Aug 2010 and are signed on their behalf by



C R Lee  
Director

The notes on pages 9 to 16 form part of these financial statements.

# **Enviroflo Engineering Limited (formerly AQR Limited)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with applicable accounting standards

#### **Cash flow statement**

No cash flow statement has been prepared in accordance with FRS 1 (Revised) 1996 as the financial statements of Nalco Company, the ultimate parent company, include a consolidated cash flow statement which include the company's cash flows

#### **Goodwill**

Goodwill arising on the acquisition of businesses, representing any excess over fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life if it is deemed to be finite, or held at initial cost where the useful economic life is deemed to be infinite. In the case of goodwill with an infinite life, the carrying value of the goodwill is subject to an annual review for impairment with provisions for impairment being made as appropriate

#### **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 of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

#### **Tangible fixed assets**

All fixed assets are stated at cost net of depreciation and provisions for impairment

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant, Machinery & other equipment	-	4 to 7 years straight line basis
Motor vehicles	-	4 years straight line basis

#### **Fixed asset investments**

Fixed asset investments are stated at cost less amounts written off for impairment

# **Enviroflo Engineering Limited (formerly AQR Limited)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

### **1. ACCOUNTING POLICIES *(continued)***

#### **Stocks**

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

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and sale

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

# **Enviroflo Engineering Limited (formerly AQR Limited)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

### **2. TURNOVER**

Turnover comprises the value of sales of goods and services (excluding VAT and similar taxes and trade discounts) In the opinion of the directors, the activities of the company constitute one class of business Under the provisions of Statement of Standard Accounting Practice 25, profit before tax and net assets are not shown by geographical market as, in the opinion of the directors, such disclosure would be prejudicial to the interests of the company

### **3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
Depreciation of owned fixed assets	<u>7</u>	<u>-</u>
Operating lease rentals – land & buildings	7	-
Operating lease rentals – plant & machinery	<u>-</u>	<u>-</u>

Auditor's remuneration is borne by fellow group company, Nalco Limited

### **4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to

	<b>2009</b> <b>No</b>	<b>2008</b> <b>No</b>
Selling and administration	<u>5</u>	<u>-</u>

The aggregate payroll costs of the above were

	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
Wages and salaries	102	-
Social security costs	11	-
Other pension costs	4	-
	<u>117</u>	<u>-</u>

No directors received any remuneration from the company during the year (2008 - £nil)

# Enviroflo Engineering Limited (formerly AQR Limited)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £000	2008 £000
Interest from group undertakings	<u>131</u>	<u>397</u>

Interest received from group undertakings is loan interest charged at a variable rate calculated at 1 675 points above LIBOR, in line with the loan agreement(s)

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £000	2008 £000
Interest payable to group undertakings	<u>5</u>	<u>11</u>

Interest paid to group undertakings is loan interest charged at a variable rate calculated at 1 675 points above LIBOR, in line with the loan agreement(s)

### 7. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2009 £000	2008 £000
Current tax		
<b>UK Taxation</b>		
UK Corporation tax based on the results for the year at 28% (2008 - 28%)	15	108
Over provision in prior year	<u>(108)</u>	<u>-</u>
Total current tax	<u>(93)</u>	<u>108</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28%)

	2009 £000	2008 £000
Profit on ordinary activities before taxation	<u>53</u>	<u>639</u>
Profit on ordinary activities by rate of tax	15	179
Expenses not deductible for tax	-	(71)
Adjustments to tax charge in respect of previous periods	<u>(108)</u>	<u>-</u>
Total current tax (note 7(a))	<u>(93)</u>	<u>108</u>

# Enviroflo Engineering Limited (formerly AQR Limited)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### (c) Significant items affecting future periods

In his budget of 22 June 2010, the Chancellor of the Exchequer announced Budget tax changes which, if enacted, in the proposed manner will have a significant effect on the company's future tax position. As the accounting period ended 31 December 2009 precedes the Budget announcement and the tax changes announced in the budget are not yet regarded as substantively enacted, in accordance with Accounting Standards, the changes have not been reflected in the company's Financial Statements as at 31 December 2009.

The rate change would impact the amount of future cash tax payments to be made by the company. The effect on the company of the proposed changes to the UK tax system will be reflected in the company's Financial Statements in future years, as appropriate, once the proposals have been substantively enacted.

### 8. INTANGIBLE FIXED ASSETS

	Goodwill £000
<b>COST</b>	
At 1 January 2009	-
Acquired	202
	<hr/>
At 31 December 2009	202
	<hr/>
<b>AMORTISATION</b>	
At 1 January 2009	-
Charge for the year	-
	<hr/>
At 31 December 2009	-
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2009	202
	<hr/>
At 31 December 2008	-
	<hr/>

The directors believe that the goodwill acquired does not have a finite life and is therefore not amortised.

**Enviroflo Engineering Limited (formerly AQR Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

**9. TANGIBLE FIXED ASSETS**

	Plant & machinery £000	Motor vehicle £000	Fixtures & fittings £000	Total £000
<b>Cost</b>				
At 1 January 2009	-	-	-	-
Acquisitions	<u>9</u>	<u>7</u>	<u>2</u>	<u>18</u>
At 31 December 2009	<u>9</u>	<u>7</u>	<u>2</u>	<u>18</u>
<b>Depreciation</b>				
At 1 January 2009	-	-	-	-
Charge for the year	<u>3</u>	<u>4</u>	<u>-</u>	<u>7</u>
At 31 December 2009	<u>3</u>	<u>4</u>	<u>-</u>	<u>7</u>
<b>Net book value</b>				
At 31 December 2009	<u>6</u>	<u>3</u>	<u>2</u>	<u>11</u>
At 1 January 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**10. INVESTMENTS**

	£000
<b>COST</b>	
At 1 January 2009	1,797
Additions	<u>-</u>
At 31 December 2009	<u>1,797</u>
<b>AMOUNTS WRITTEN OFF</b>	
At 1 January 2009 and 31 December 2009	<u>(796)</u>
<b>NET BOOK VALUE</b>	
At 31 December 2009	<u>1,001</u>
At 31 December 2008	<u>1,001</u>



# Enviroflo Engineering Limited (formerly AQR Limited)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 10. INVESTMENTS *(continued)*

The details of the investments in which the company holds more than 20% of the nominal value of any class of shares is as follows

	Country of incorporation	Status	Holding (%)	Class of shares held
<i>Subsidiary undertakings</i>				
Nalco Denmark AS	Denmark	Trading	100	Ordinary
Hydrosan Limited	UK	Non-trading	100	Ordinary
Houseman Limited	UK	Non-trading	100	Ordinary

### 11. DEBTORS

	2009 £000	2008 £000
Amounts recoverable on contracts	18	-
Trade debtors	43	-
Amounts owed by group undertakings	4,776	5,026
Other debtors	12	-
	<u>4,849</u>	<u>5,026</u>

The debtors above include the following amounts falling due after more than one year

	2009 £000	2008 £000
Amounts owed by group undertakings	<u>3,877</u>	<u>4,258</u>

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

	2009 £000	2008 £000
Trade creditors	22	-
Amounts owed to group undertakings	350	438
Other taxation & social security	4	-
Accruals and deferred income	4	-
	<u>380</u>	<u>438</u>

# Enviroflo Engineering Limited (formerly AQR Limited)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 13. CREDITORS: Amounts falling due after more than one year

	2009 £000	2008 £000
Amounts owed to group undertakings	<u>148</u>	<u>148</u>

### 14. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Nalco Holding Company, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Nalco Holding Company

### 15. SHARE CAPITAL

#### Authorised share capital:

	2009 £000	2008 £000
102 Ordinary shares of £1 each	<u>-</u>	<u>-</u>

#### Allotted, called up and fully paid:

	2009 No	£000	2008 No	£000
Ordinary shares of £1 each	<u>102</u>	<u>-</u>	<u>102</u>	<u>-</u>

### 16. MOVEMENTS ON SHAREHOLDERS' FUNDS

	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total share- holders' funds £000
At 31 December 2008	1,961	621	2,865	5,447
Profit for the year	<u>-</u>	<u>-</u>	<u>146</u>	<u>146</u>
At 31 December 2009	<u>1,961</u>	<u>621</u>	<u>3,011</u>	<u>5,593</u>

### 17. ULTIMATE PARENT COMPANY

The directors regard Nalco Holding Company, incorporated in the United States of America, as the ultimate controlling party

The company has taken advantage of the exemption from preparing consolidated accounts Nalco Holding Company is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up Copies of the financial statements are available from 1601 W Diehl Road, Naperville, IL 60563-1198, USA

Nalco Limited is the parent company of the smallest group of which the company is a member