

**Axsia Holdings Limited**

**Director's report and financial  
statements**

**Registered number 4150927**

**31 December 2008**

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## Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2008.

### Principal activities

The principal activity of the company is a holding company for investments in the process engineering sector.

In April 2008, Axsia Group Ltd, an intermediate parent undertaking of the company, received a notice from the Serious Fraud Office requiring the production of documents relating to an investigation into contracts involving a number of English companies under the United Nations Oil For Food Programme. Axsia, through its subsidiaries, entered into several contracts under this Programme during the period covered by the notice, January 1994 to December 2004. Axsia and its subsidiaries are in the process of responding to the notice. On 28 August 2009, the Serious Fraud office informed Axsia Group Limited that no further action would be taken in respect of this investigation.

### Results and dividends

The loss for the year amounted to \$602,000 (2007: \$1,425,000). The directors have not recommended a dividend (2007: \$Nil).

### Directors

The directors who served the company during the year and subsequently were as follows:

D Hope

I Harding (appointed 14 October 2009)

### Disclosure of information to auditors

The directors who held office at the date of approval of this director's report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and that they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed, therefore KPMG LLP will continue in office.

On behalf of the board



D Hope  
Director

Voyager  
Apollo Rise  
Farnborough  
Hampshire  
GU14 0NP

30 October 2009



IAN HARDING

DIRECTOR

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

Arlington Business Park  
Theale  
Reading  
RG7 4SD  
United Kingdom

### **Independent auditors' report to the members of Axsia Holdings Limited**

We have audited the financial statements of Axsia Holdings 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.

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 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**

The directors' responsibilities for preparing the Director's Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Director's 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 Director's 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 judgments 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 Axsia Holdings Limited**  
*(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss 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.

KPMG LLP

KPMG LLP  
Chartered Accountants  
Registered Auditor

30 October 2009

**Profit and Loss Account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008</b> <b>\$000</b>	<b>2007</b> <b>\$000</b>
Interest receivable and similar income	5	1,281	310
Interest payable and similar charges	6	(1,883)	(1,735)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	<b>2-4</b>	<b>(602)</b>	<b>(1,425)</b>
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
<b>Loss for the financial year</b>	<b>12</b>	<b>(602)</b>	<b>(1,425)</b>
		<hr/>	<hr/>

No statement of historical cost profits and losses is included as there is no material difference between the historical cost result and the reported result in either the current or the prior year.

There were no recognised gains or losses in the current or prior years other than those shown above which arose from continuing operations.

**Balance Sheet**  
**at 31 December 2008**

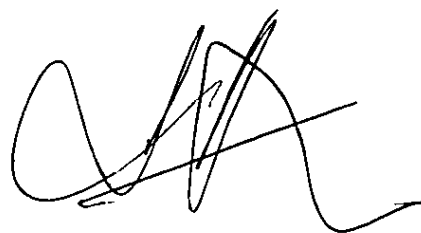
	Note	2008	2007
		\$000	\$000
<b>Fixed assets</b>			
Investments	8	53,010	53,010
<b>Current assets</b>			
Debtors: amounts due after more than one year	9	6,501	6,501
Creditors: amounts falling due within one year		-	-
<b>Net current assets</b>		6,501	6,501
<b>Total assets less current liabilities</b>		59,511	59,511
Creditors: amounts falling due after more than one year	10	(37,373)	(36,771)
<b>Net assets</b>		22,138	22,740
<b>Capital and reserves</b>			
Called up share capital	11	26,074	26,074
Profit and loss account	12	(3,936)	(3,334)
<b>Equity Shareholders' funds</b>		22,138	22,740

These financial statements were approved by the board of directors on  
were signed on its behalf by:

30 October

2009 and

  
**D Hope**  
Director



IAN HARDING  
DIRECTOR.



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of preparation**

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

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The company has taken exemption under s228A of the Companies Act 1985 regarding the preparation of group accounts. This is on the grounds that the company and all of its subsidiary undertakings are included in the consolidated accounts of NATCO Group Inc., the ultimate parent undertaking. The parent company accounts are drawn up in the manner equivalent to consolidated accounts in accordance with the provisions of the Seventh Directive (83/349/EEC).

Under FRS 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of NATCO Group Inc, the company has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of NATCO Group Inc, within which this company is included, can be obtained from NATCO Group Inc, 11210 Equity Drive, Suite 100, Houston, Texas, 77041, USA.

#### **Taxation**

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **Investments**

Investments are stated at cost less any provision for permanent diminution in value.

**Notes (continued)**

**2 Operating profit/(loss)**

The audit fees of £3,000 (2007: £3,000) were borne by a subsidiary company.

**3 Staff numbers and costs**

The company had no employees in either year.

**4 Directors emoluments**

The directors' costs are borne by a fellow group company. During the current and prior year the directors did not exercise share options.

**5 Interest receivable and similar income**

	2008 \$000	2007 \$000
Receivable from group undertakings	1,281	310

**6 Interest payable and similar charges**

	2008 \$000	2007 \$000
Payable to group undertakings	(1,883)	(1,735)

## Notes (continued)

### 7 Taxation on ordinary activities

#### Analysis of charge in the year

	2008 \$000	2007 \$000
<i>UK corporation tax:</i>		
Current tax on income for the year	-	-

#### Factors affecting the tax charge for the current period

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

	2008 \$000	2007 \$000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	603	1,425
Current tax credit at 28.5% (2007: 30%)	172	428
<i>Effects of:</i>		
Short term timing differences	-	(322)
Group relief not paid for	(830)	(106)
Transfer pricing adjustments	658	-
Current tax credit for the year	-	-

Deferred tax assets of \$140,000 (2007: \$277,000) in relation to short term timing differences has not been recognised as the director does not believe that the availability of suitable future profits is sufficiently certain.

## Notes (continued)

### 8 Investments

	2008 \$000
Cost	
At beginning and at end of year	53,010

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:

#### Subsidiary undertakings

	Country of incorporation	Holding	Proportion of voting rights held	Nature of business
Axsia Group Limited	United Kingdom	Ordinary shares	100%	Holding company
NATCO UK Limited*	United Kingdom	Ordinary shares	100%	Process engineering
Axsia Howmar Limited*	United Kingdom	Ordinary shares	100%	Non-trading
Richard Mozley Limited*	United Kingdom	Ordinary shares	100%	Non-trading
Axsia Limited*	United Kingdom	Ordinary shares	100%	Holding company
Serck Baker Limited	United Kingdom	Ordinary shares	100%	Dormant
Howmar Limited	United Kingdom	Ordinary shares	100%	Dormant
Fluid Processing (L) Bhd*	Malaysia	Ordinary shares	100%	Process engineering

\*Interest held through an intermediary holding company owned by Axsia Holdings Limited

### 9 Debtors

	2008 \$000	2007 \$000
Amounts owed by group undertakings	6,501	6,501

Included in the above figures are amounts totalling \$6,501,000 (2007: \$6,501,000) due from parent companies and subsidiary undertakings which are repayable after more than one year to which interest of zero% (2007: 5%) has been applied.

## Notes (continued)

### 10 Creditors: amounts falling due after more than one year

	2008 \$000	2007 \$000
Amounts owed to group undertakings	37,373	36,771

The amounts due to group undertakings are unsecured loans with no fixed repayment date and to which interest of 5% (2007: 5%) has been applied.

### 11 Called up share capital

	2008 \$000	2007 \$000
<i>Authorised</i>		
Equity: 16,200,000 ordinary shares of £1 each	26,074	26,074
<i>Allotted, called up and fully paid</i>		
Equity: 16,200,000 ordinary shares of £1 each	26,074	26,074

### 12 Profit and loss account

	Profit and loss account \$000
At beginning of year	(3,334)
Loss for the year	(602)
At end of year	(3,936)

### 13 Ultimate parent

The company is a subsidiary undertaking of NATCO Group Inc which is the ultimate parent undertaking, incorporated in the USA.

The largest group in which the results of the company are consolidated is that headed by NATCO Group Inc. The consolidated accounts of this company are available to the public and may be obtained from NATCO Group Inc, 11210 Equity Drive, Suite 100, Houston, Texas, 77041, USA.

**Notes** *(continued)*

**14 Reconciliation of movements in shareholder's funds**

	2008 \$000	2007 \$000
Loss for the financial year	(602)	(1,425)
Opening shareholder's equity funds	22,740	24,165
Closing shareholder's equity funds	<u>22,138</u>	<u>22,740</u>