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**GD First (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 4955958**

**For the year ended 31 December 2010**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### Principal activities

GD First (UK) Limited is an intermediate holding company within the group headed by Gardner Denver, Inc

### Financial position and performance

The profit for the financial year was £720,038 (2009 profit £2,239,402)

There were no changes to directly held investments during the year. Investments indirectly owned by the company are disclosed in the financial statements of its subsidiary undertakings.

### Dividends

No dividends were paid during the year (2009 £nil) and the directors do not recommend the payment of a final dividend (2009 £nil).

### Directors

The directors who held office during the year and up to the date of signing were as follows

H W Cornell (resigned 1 November 2010)  
B Walters  
M Larsen (appointed 1 November 2010)  
J P Warr (deceased 8 May 2010)

### Share capital

There have been no changes in the authorised share capital. Note 10 on page 10 gives details of the authorised and issued share capital in tabular form.

### Political and charitable contributions

The company made no political or charitable contributions during the year (2009 £nil).

### Auditors

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

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

By order of the board

M E Grummett

Secretary



Springmill Street  
Bradford  
West Yorkshire  
BD5 7HW

22 September 2011

## **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).

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have 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 Audit Plc

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditors' report to the members of GD First (UK) Limited**

We have audited the financial statements of GD First (UK) Limited for the year ended 31 December 2010 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 set out on page 2, 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, and to express an opinion on, 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **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 2010 and of the company's profit for the year then ended,
- have been properly prepared in accordance with UK 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.

**Independent auditors' report to the members of GD First (UK) Limited** *(continued)*

**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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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

Jeremy Gledhill (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
*Chartered Accountants*  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

22 September 2011

**Profit and loss account**  
*For the year ended 31 December 2010*

	<i>Notes</i>	2010 £	2009 £
External charges		(535,571)	(447,866)
Foreign exchange gains on intercompany balances		188,831	581,632
<b>Operating (loss) / profit</b>	<b>2</b>	<b>(346,740)</b>	<b>133,766</b>
Income from shares in group undertakings		5,000,000	6,500,000
Interest receivable	3	329,517	3,811,975
Interest payable	4	(7,319,287)	(8,801,197)
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(2,336,510)</b>	<b>1,644,544</b>
Taxation on (loss)/ profit on ordinary activities	5	3,056,548	594,858
<b>Profit for the financial year</b>	<b>11</b>	<b>720,038</b>	<b>2,239,402</b>

A reconciliation of movements in shareholders' funds is given in note 12

The financial statements are prepared on an unmodified historical cost basis and there were no recognised gains or losses in either year other than those reflected in the profit and loss account above

All operating income and expenditure arises from continuing operations

The notes from pages 7 to 11 form part of these financial statements

## Balance sheet

As at 31 December 2010

	Note	2010	2009
		£	£
<b>Fixed assets</b>			
Investments	6	276,705,603	276,705,603
<b>Current assets</b>			
Debtors	7	5,930,531	10,958,749
Cash at bank		28,005	34,968
		<u>5,958,536</u>	<u>10,993,717</u>
<b>Creditors</b> amounts falling due within one year	8	<u>(152,022,236)</u>	<u>(157,777,455)</u>
<b>Net current liabilities</b>		<u>(146,063,700)</u>	<u>(146,783,738)</u>
<b>Total assets less current liabilities</b>		<u>130,641,903</u>	<u>129,921,865</u>
<b>Creditors</b> amounts falling due after more than one year	9	<u>(25,725,906)</u>	<u>(25,725,906)</u>
<b>Net assets</b>		<u>104,915,997</u>	<u>104,195,959</u>
<b>Capital and reserves</b>			
Called up equity share capital	10	71,743	71,743
Share premium account	11	73,274,487	73,274,487
Profit and loss account	11	31,569,767	30,849,729
<b>Equity shareholders' funds</b>	12	<u>104,915,997</u>	<u>104,195,959</u>

The notes from pages 7 to 11 form part of these financial statements

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

22/9/2011 and were signed on its



**M Larsen**  
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 accounting rules

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Gardner Denver, Inc, a company incorporated in the USA, which prepares publicly available consolidated financial statements which include a cash flow statement.

As the Company is a wholly owned subsidiary of Gardner Denver Inc, the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Gardner Denver Inc, within which this company is included, can be obtained from the address given in note 13.

#### ***Taxation***

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

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The taxation liabilities of group companies are reduced wholly or in part by the surrender of losses by other group companies.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

#### ***Foreign currencies***

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date or, if hedged forward, at the rate of exchange under the related forward currency contract rate. Gains or losses arising in the ordinary course of business are dealt with in arriving at operating profit.

#### ***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### ***Investments***

Fixed asset investments are stated at cost.

The carrying value of fixed asset investment in the subsidiary undertaking is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes (continued)

### 2 Profit and loss account

None of the directors received any remuneration, in respect of services to the company. There were no other employees. Auditors' remuneration has been borne by a fellow group undertaking.

### 3 Interest receivable

	2010 £	2009 £
Interest receivable on loans from affiliated companies	329,517	3,811,975

### 4 Interest payable

	2010 £	2009 £
On bank loans and overdrafts	1,009,255	342,684
On loans from affiliated companies	6,310,032	8,458,513
Total interest payable	7,319,287	8,801,197

### 5 Taxation on profit on ordinary activities

	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax credit on income for the year	(2,054,223)	(357,202)
Adjustment in respect of prior periods	(1,002,325)	(237,656)
Total current tax	(3,056,548)	(594,858)

The current tax credit (2009 credit) for the period is higher (2009 higher) than the standard rate of corporation tax in the UK (28%) (2009 28%). The differences are explained below.

	2010 £	2009 £
<i>Current tax reconciliation</i>		
(Loss) / profit on ordinary activities before tax	(2,336,510)	1,644,544
Current tax at 28% (2009 28%)	(654,223)	460,472
<i>Effects of</i>		
Interest disallowed for tax	-	1,002,326
Income not taxable -UK dividends	(1,400,000)	(1,820,000)
Adjustment in respect of prior periods	(1,002,325)	(237,656)
Total current tax credit (see above)	(3,056,548)	(594,858)

## Notes (continued)

### 6 Fixed asset investments

	Shares in subsidiary undertakings £
<i>Cost and net book value</i>	
At beginning and end of year	276,705,603

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet

Details of the principal (directly) owned subsidiary undertakings are set out below

	Incorporated and trading in	Effective interest %
Gardner Denver International Limited	UK	100
Gardner Denver Industries Limited	UK	100
Gardner Denver Holdings Limited	UK	100

All holdings are of ordinary shares

Each company operates in its country of incorporation

Both Gardner Denver International Limited, Gardner Denver Industries Limited and Gardner Denver Holdings Limited are intermediate holding companies incorporated and operating in the UK. Details of subsidiaries held by these companies are disclosed in their financial statements, available from Companies House.

The subsidiary undertakings named above are part of the Gardner Denver group of companies, a global producer of blowers, compressors, petroleum and water jetting pumps and accessories serving a diverse group of industries and applications.

## Notes (continued)

### 7 Debtors

	2010 £	2009 £
Inter-group taxation recoverable	3,413,750	2,290,461
Amounts owed by group undertakings	2,516,781	8,668,288
	<u>5,930,531</u>	<u>10,958,749</u>

### 8 Creditors amounts falling due within one year

	2010 £	2009 £
Bank overdraft	57,263,644	20,994,177
Accruals	160,999	81,050
Amounts owed to group undertakings	94,597,593	136,702,228
	<u>152,022,236</u>	<u>157,777,455</u>

### 9 Creditors amounts falling after more than one year

	2010 £	2009 £
Amounts owed to group undertakings	25,725,906	25,725,906

All amounts owed to group undertakings bear interest at a rate of 7% with no fixed repayment terms. However, the companies concerned have given an undertaking not to demand repayment of £25,725,906 (2009 £25,725,906) for a period of more than one year from the balance sheet date.

### 10 Called up share capital

	2010	2009
<b>Authorised</b>	<b>£</b>	<b>£</b>
32,000,000 ordinary shares of £1 each	<u>32,000,000</u>	<u>32,000,000</u>
<b>Issued</b>	<b>Number</b>	<b>Number</b>
At start and end of year	<u>71,743</u>	<u>71,743</u>

## Notes (continued)

### 10 Called up share capital (cont.)

	2010	2009
	Number	Number
Allotted, called up and fully paid		
At start of year	71,743	34,243
Issued in the year	-	37,500
	<u>71,743</u>	<u>71,743</u>
At end of year	<u>71,743</u>	<u>71,743</u>

### 11 Reserves

	Profit and loss account £	Share Premium account £
At beginning of year	30,849,729	73,274,487
Profit for the financial year	720,038	-
	<u>31,569,767</u>	<u>73,274,487</u>
At end of year	<u>31,569,767</u>	<u>73,274,487</u>

### 12 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	720,038	2,239,402
Opening shareholders' funds	104,195,959	101,956,557
	<u>104,915,997</u>	<u>104,195,959</u>
Closing shareholders' funds	<u>104,915,997</u>	<u>104,195,959</u>

### 13 Ultimate parent company

The company's ultimate parent undertaking and controlling related party is Gardner Denver Inc incorporated in the USA and its results are included in the consolidated financial statements of that company. The consolidated financial statements of Gardner Denver Inc are available to the public and may be obtained from Gardner Denver Inc, 1800 Gardner Expressway, Quincy, USA, IL62301.