

GD First (UK) Limited

**Directors' report and financial
statements**

Registered number 4955958

For the year ended 31 December 2011



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities

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

Financial position and performance

The loss for the financial year was £283,699 (2010 profit £720,038)

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 (2010 £nil) and the directors do not recommend the payment of a final dividend (2010 £nil).

Directors

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

BA Walters

MM Larsen

Share capital

There have been no changes in the authorised share capital. Note 10 on page 10 gives details of the allotted, called up and fully paid share capital in tabular form.

Political and charitable contributions

The company made no political or charitable contributions during the year (2010 £nil).

Disclosure of information to auditor

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

Auditor

The Audit and Finance Committee of the Board of Directors (the "Audit Committee") of the ultimate parent entity, Gardner Denver, Inc, has conducted a competitive process to select a firm to serve as the Group's independent registered public accounting firm for the fiscal year ending 31 December 2012. The Audit Committee approved the engagement of Ernst & Young LLP who will be appointed after the resignation of KPMG Audit Plc which will take effect after the completion of the Group's 31 December 2011 audit.

By order of the board



M E Grummett

Secretary

Springmill Street
Bradford
West Yorkshire
BD5 7HW

3 September 2012

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
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Leeds
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United Kingdom

Independent auditor's 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 2011 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 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 auditor

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.

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 2011 and of the company's loss 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 auditor's 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



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

18 SEPTEMBER 2012

Profit and loss account
For the year ended 31 December 2011

	<i>Notes</i>	2011 £	2010 £
External charges		(389,537)	(535,571)
Foreign exchange gains on intercompany balances		163,684	188,831
Operating loss	2	(225,853)	(346,740)
Income from shares in group undertakings		5,000,000	5,000,000
Interest receivable	3	43,151	329,517
Interest payable	4	(5,913,996)	(7,319,287)
Loss on ordinary activities before taxation		(1,096,698)	(2,336,510)
Taxation on loss on ordinary activities	5	812,999	3,056,548
(Loss) /profit for the financial year	11	(283,699)	720,038

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 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Investments	6		276,705,603		276,705,603
Current assets					
Cash at bank		28,182		28,005	
Debtors	7	4,226,749		5,930,531	
		<u>4,254,931</u>		<u>5,958,536</u>	
Creditors: amounts falling due within one year	8	<u>(150,602,330)</u>		<u>(152,022,236)</u>	
Net current liabilities			<u>(146,347,399)</u>		<u>(146,063,700)</u>
Total assets less current liabilities			<u>130,358,204</u>		<u>130,641,903</u>
Creditors: amounts falling due after more than one year	9		<u>(25,725,906)</u>		<u>(25,725,906)</u>
Net assets			<u>104,632,298</u>		<u>104,915,997</u>
Capital and reserves					
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		31,286,068		31,569,767
Equity shareholders' funds	12		<u>104,632,298</u>		<u>104,915,997</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

3 September

2012 and were signed on its



M Larsen
Director

Company number 4955958

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.

The financial statements have been prepared on a going concern basis.

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.

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. Auditor's remuneration has been borne by a fellow group undertaking.

3 Interest receivable

	2011 £	2010 £
Interest receivable on loans from affiliated companies	43,151	329,517

4 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	1,455,290	1,009,255
On loans from affiliated companies	4,458,706	6,310,032
Total interest payable	5,913,996	7,319,287

5 Taxation on profit on ordinary activities

	2011 £	2010 £
<i>UK corporation tax</i>		
Current tax credit on income for the year	1,615,625	2,054,223
Adjustment in respect of prior periods	(802,626)	1,002,325
Total current tax credit	812,999	3,056,548

The current tax credit for the period is higher (2010 higher) than the average of the standard rate of corporation tax in the UK over the period of 26.5% (2010 28%). The differences are explained below.

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	1,096,698	2,336,510
Current tax at 26.5% (2010 28%)	290,625	654,223
<i>Effects of</i>		
Income not taxable - UK dividend	1,325,000	1,400,000
Adjustment in respect of prior periods	(802,626)	1,002,325
Total current tax credit (see above)	812,999	3,056,548

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

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

7 Debtors

	2011 £	2010 £
Amount owed by group undertaking – group tax relief	4,226,749	3,413,750
Amounts owed by group undertakings	-	2,516,781
	<u>4,226,749</u>	<u>5,930,531</u>

Notes (continued)

8 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdraft	79,143,582	57,263,644
Accruals	172,147	160,999
Amounts owed to group undertakings	71,286,601	94,597,593
	<u>150,602,330</u>	<u>152,022,236</u>

9 Creditors: amounts falling after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	25,725,906	25,725,906
	<u>25,725,906</u>	<u>25,725,906</u>

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 (2010 £25,725,906) for a period of more than one year from the balance sheet date.

10 Called up share capital

	2011 £	2010 £
Allotted, called up and fully paid		
At start and end of year	71,743	71,743
	<u>71,743</u>	<u>71,743</u>

11 Reserves

	Profit and loss account £	Share Premium account £
At beginning of year	31,569,767	73,274,487
Loss for the financial year	(283,699)	-
At end of year	<u>31,286,068</u>	<u>73,274,487</u>

12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	104,915,997	104,195,959
(Loss) / Profit for the financial year	(283,699)	720,038
Closing shareholders' funds	<u>104,632,298</u>	<u>104,915,997</u>

Notes *(continued)*

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, 1500 Liberty Ridge Dr, Ste 3000 Wayne, PA 19087, USA.

14 Related party transactions

As the company is a wholly owned subsidiary of Gardner Denver Inc, the company has taken advantage of the exemption contained in FRS 8 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.