

**Gardner Denver Holdings Limited**

**Directors' Report and Financial  
Statements**

Registered number 6707847

For the year ended 31 December 2010

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## Contents

|   |   |
|---|---|
| Directors' report   | 1 |
| Statement of directors' responsibilities in respect of the Directors' Report and the financial statements | 2 |
| Independent auditors' report to the members of Gardner Denver Holdings Limited                            | 3 |
| Profit and loss account   | 5 |
| Balance sheet   | 6 |
| Notes to the financial statements   | 7 |

## Directors' report

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

### Principal activities

The principal activity of the company is to act as a holding company within the Gardner Denver Inc group of companies

### Financial position and performance

The loss for the financial year was £5,165,243 (2009 £8,358,015) The directors do not recommend 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 Cornell (USA) (resigned 1 November 2010)

B Walters (USA)

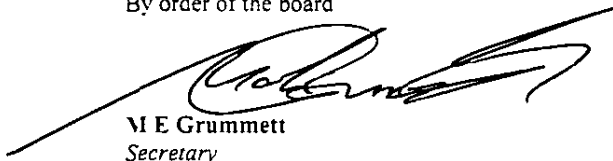
M Larsen (appointed 1 November 2010)

### Auditors

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 auditors are 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 auditors are aware of that information

Pursuant to s487 of the Companies Act 2006, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office

By order of the board



M E Grummett  
Secretary

Springmill Street  
Bradford  
BD5 7HW

15 March 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 period. 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.

Under applicable law the directors are also responsible for preparing a Directors' report that complies with that law.



## KPMG Audit Plc

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

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

We have audited the financial statements of Gardner Denver Holdings Limited for the period 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, and express an opinion on, 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 (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 loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of Gardner Denver Holdings 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

15 March 2011

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

|  | <i>Note</i> | <b>2010</b><br>£   | <b>2009</b><br>£    |
|--|-------------|--------------------|---------------------|
| External charges                                   |             | (64)               | (24)                |
| <b>Operating loss</b>                              | <b>2</b>    | <b>(64)</b>        | <b>(24)</b>         |
| Interest receivable                                | <b>3</b>    | <b>2,149,033</b>   | <b>3,921,065</b>    |
| Interest payable                                   | <b>4</b>    | <b>(9,322,918)</b> | <b>(15,529,395)</b> |
| <b>Loss on ordinary activities before taxation</b> |             | <b>(7,173,949)</b> | <b>(11,608,354)</b> |
| Tax on loss on ordinary activities                 | <b>5</b>    | <b>2,008,706</b>   | <b>3,250,339</b>    |
| <b>Loss for the year</b>                           | <b>10</b>   | <b>(5,165,243)</b> | <b>(8,358,015)</b>  |

Notes on pages 7 to 11 form part of these financial statements

There are no recognised gains or losses other than the loss for the current year as stated above

## Balance sheet

As at 31 December 2010

|  | Note | 2010<br>£     | 2009<br>£     |
|--|------|---------------|---------------|
| <b>Fixed assets</b>                                  |      |               |               |
| Investments  | 6    | 157,752,553   | 213,060,318   |
| <b>Current assets</b>                                |      |               |               |
| Debtors  | 7    | 5,325,605     | 3,250,339     |
| Cash at bank   |      | 38,983,646    | 625,269       |
|  |      | 44,309,251    | 3,875,608     |
| <b>Creditors amounts falling due within one year</b> | 8    | (130,872,603) | (140,581,482) |
| <b>Net current liabilities</b>                       |      | (86,563,352)  | (136,705,874) |
| <b>Net assets</b>                                    |      | 71,189,201    | 76,354,444    |
| <b>Capital and reserves</b>                          |      |               |               |
| Called up share capital                              | 9    | 2             | 2             |
| Share premium account                                | 10   | 82,366,843    | 82,366,843    |
| Other reserves                                       | 10   | 2,345,614     | 2,345,614     |
| Profit and loss account                              | 10   | (13,523,258)  | (8,358,015)   |
| <b>Equity shareholders' funds</b>                    | 10   | 71,189,201    | 76,354,444    |

Notes on pages 7 to 11 form part of these financial statements

These financial statements were approved by the board of directors on 15 March 2011 and were signed on its behalf by



**B Walters**  
 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 are prepared under the historical cost convention and in accordance with applicable accounting standards

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.

The company has taken advantage of the exemption from preparing 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.

The company has taken advantage of the exemptions set out in Financial Reporting Standard 8 relating to subsidiary undertakings and has not disclosed transactions with other group companies.

#### ***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.

#### ***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 loss.

#### ***Taxation***

The charge for taxation is based on the loss for the period 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.

#### ***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.

**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<br>£        | 2009<br>£        |
|--|------------------|------------------|
| Interest receivable on loans from affiliated companies | 1,969,703        | 3,921,065        |
| On bank overdraft                                      | 179,330          | -                |
|  | <u>2,149,033</u> | <u>3,921,065</u> |

**4 Interest payable**

|                                    | 2010<br>£        | 2009<br>£         |
|------------------------------------|------------------|-------------------|
| On bank overdraft                  | -                | 30,721            |
| On loans from affiliated companies | 9,322,918        | 15,498,674        |
|                                    | <u>9,322,918</u> | <u>15,529,395</u> |

**5 Taxation on loss on ordinary activities**

|   | 2010<br>£        | 2009<br>£        |
|---|------------------|------------------|
| <i>UK corporation tax</i>               |                  |                  |
| Current tax credit on loss for the year | 2,008,706        | 3,250,339        |
|   | <u>2,008,706</u> | <u>3,250,339</u> |
| Tax on loss on ordinary activities      | <u>2,008,706</u> | <u>3,250,339</u> |

*Factors affecting the tax charge for the current year*

The current tax charge for the period is explained below

|  | 2010<br>£                   | 2009<br>£                   |
|--|-----------------------------|-----------------------------|
| <i>Current tax reconciliation</i>  |                             |                             |
| Loss on ordinary activities before tax   | (7,173,949)                 | (11,608,354)                |
|  | <u>                    </u> | <u>                    </u> |
| Loss on ordinary activities multiplied by the standard rate<br>of UK corporation tax at 28.0% (2009 28%) | 2,008,706                   | 3,250,339                   |
|  | <u>                    </u> | <u>                    </u> |
| Total current tax credit   | <u>2,008,706</u>            | <u>3,250,339</u>            |

## Notes (continued)

### 6 Investments

|                                | Loans to group<br>undertakings<br>£ | Shares in group<br>companies<br>£ | Total<br>£   |
|--------------------------------|-------------------------------------|-----------------------------------|--------------|
| <i>Cost and net book value</i> |                                     |                                   |              |
| At beginning of year           | 55,307,765                          | 157,752,553                       | 213,060,318  |
| Repayments                     | (55,307,765)                        | -                                 | (55,307,765) |
|                                | <hr/>                               | <hr/>                             | <hr/>        |
| At end of period               | -                                   | 157,752,553                       | 157,752,553  |
|                                | <hr/>                               | <hr/>                             | <hr/>        |

At 31 December 2010 the company had one wholly owned subsidiary undertaking

| Name of undertaking        | Description of shares held | Nature of business                            |
|----------------------------|----------------------------|---|
| CompAir Holdings Limited ▲ | Ordinary £1 shares         | Wholesale distribution and servicing of pumps |

▲ Incorporated in England

Further details of additions to investments are contained in the Directors' report

### 7 Debtors

|                                     | 2010<br>£ | 2009<br>£ |
|-------------------------------------|-----------|-----------|
| Amounts due from Group undertakings | 5,259,045 | 3,250,339 |
| Prepayments and accrued income      | 66,560    | -         |
|                                     | <hr/>     | <hr/>     |
|                                     | 5,325,605 | 3,250,339 |
|                                     | <hr/>     | <hr/>     |

### 8 Creditors amounts falling due within one year

|                                    | 2010<br>£   | 2009<br>£   |
|------------------------------------|-------------|-------------|
| Accruals                           | -           | 771         |
| Amounts owed to group undertakings | 130,872,603 | 140,580,711 |
|                                    | <hr/>       | <hr/>       |
|                                    | 130,872,603 | 140,581,482 |
|                                    | <hr/>       | <hr/>       |

## Notes (continued)

### 9 Called up share capital

|   | 2010<br>£ | 2009<br>£ |
|---|-----------|-----------|
| <i>Authorised</i>                         |           |           |
| 10,000 ordinary shares of £1 each         | 10,000    | 10,000    |
| <i>Allotted, called up and fully paid</i> | Number    | Number    |
| At start of year                          | 2         | 1         |
| Issued in the year                        | -         | 1         |
| At end of year                            | 2         | 2         |

### 10 Reserves

|                      | Share premium<br>account<br>£ | Other<br>reserves<br>£ | Profit and<br>loss account<br>£ | Total<br>£  |
|----------------------|-------------------------------|------------------------|---------------------------------|-------------|
| At beginning of year | 82,366,843                    | 2,345,614              | (8,358,015)                     | 76,354,442  |
| Loss for the year    | -                             | -                      | (5,165,243)                     | (5,165,243) |
| At end of year       | 82,366,843                    | 2,345,614              | (13,523,258)                    | 71,189,199  |

The other reserves movement relates to a capital contribution from GD Inc who financed the acquisition costs of CompAir Holdings Limited in the prior period. GD Holdings Limited is not liable to repay these costs and have, therefore, benefited from this capital contribution.

### 11 Reconciliation of movements in shareholders' funds

|                             | 2010<br>£   | 2009<br>£   |
|-----------------------------|-------------|-------------|
| Opening shareholders' funds | 76,354,444  | -           |
| Issue of share capital      | -           | 2           |
| Share premium               | -           | 82,366,843  |
| Other reserves              | -           | 2,345,614   |
| Loss for the period         | (5,165,243) | (8,358,015) |
| Closing shareholders' funds | 71,189,201  | 76,354,444  |

### 12 Contingent liabilities

The company has guaranteed the bank borrowings of certain group undertakings which at 31 December 2010 amounted to £41,994,314 (2009: £1,467,894).

**Notes** *(continued)*

**13 Ultimate parent company**

The company's immediate parent company and controlling party is GD First (UK) Limited, registered in England and Wales. 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, IL 62301.

**14 Related party transactions**

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Gardner Denver Inc group.