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Registered number: SC220455

GLENFIELD VALVES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

GLENFIELD VALVES LIMITED

COMPANY INFORMATION

Directors	Hans Bo Johansen Niels Aage Kjaer Jon Badrock John Paul Hubbard Lars Kudsk Hans Bo Stubkier
Company number	SC220455
Registered office	Glenfield Works Queens Drive Kilmarnock Ayrshire KA1 3XF
Auditor	PKF (UK) LLP 78 Carlton Place Glasgow G5 9TH
Bankers	Bank of Scotland 46 Bank Street Kilmarnock KA1 1EX
	Nordea Bank Finland plc City Place House 55 Basinghall Street London EC2V 5NB
Solicitors	Biggart Baillie LLP Dalmore House 310 St Vincent Street Glasgow G2 5QR

GLENFIELD VALVES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

The directors present their report and the financial statements for the year ended 30 September 2012.

Principal activities

The principal activity of the company during the year was that of the manufacture of valves.

Business review

Glenfield Valves Ltd utilise a variety of KPIs to manage the business. The top level KPIs show the following:

EBIT	Increased to a loss of £362,809 from a loss of £1,387,077
Stock	Increased to £2,822,177 from £1,469,702

The EBIT improvement was a result of the increase in turnover as described below, which was driven by a percentage completion of 68% on the MEW79 contract for the Government of Kuwait, which totalled just under £9million in value.

The stock increase was a result of servicing the MEW79 contract. £137k of free stock reduction with fellow subsidiary companies and customers was achieved in the last financial year. The loss on these sales was c.£60k. Stock provision of £150k was made in the 2011/12 financial year, which gives a £600k provision against non-active stock of £800k. The difference between company's provision and group policy is £179k, and company is expecting to fall in line with the group policy form 2012/13 onwards and no further provisioning is expected.

Cash flow continues to be managed by overdraft and parent company support.

Turnover was up from £3.788m in 2011 to £9.176m in 2012 driven mainly by the MEW79 contract as described above.

Results

The loss for the year, after taxation, amounted to £391,284 (2011 - loss £1,103,625).

Directors

The directors who served during the year were:

Hans Bo Johansen
Niels Aage Kjaer
Hans Bo Stubkier
John Paul Hubbard
Lars Kudsk
Jon Badrock

Principal risks and uncertainties

The principal risk facing Glenfield Valves Ltd is the global economic downturn. Going forward, it is possible that large capital projects (GVL's main business) will continue to be significantly affected by the current economic downturn. However, a realistic view of the prospects has been taken during the budget process to mitigate this effect. The business is sensitive to exchange rates, each project is reviewed prior to quotation and contract acceptance and where appropriate forward rates are secured.

Future developments

The strategy for 2012/13 is based on the development of GVL as the Control Valve Centre of Excellence for the AVK Group. The Product Manager for the Automatic Control Valve (ACV) range was appointed in early 2012, prototypes have been produced and are on test in Spain and it is expected that production valves will be launched to the UK, Saudi Arabian, Middle Eastern, South African and Australian markets in February 2013. A co-operation agreement for the supply of needle valves has been set up with the Italian Company Nencini until the decision to re-engineer old Glenfield needle valve designs is made. In addition, value engineering is being carried out to the existing Glenfield range of free discharge, submerged discharge and in-line regulating valves as orders are taken. This activity focuses on quality improvement and cost reduction. All this activity is being taken in conjunction with AVK Tech, AVK Group and third party suppliers.

Alongside the development of the product portfolio GVL has appointed an International Sales Manager to open up new opportunities in core and growth markets which are defined as follows:

CORE
United Kingdom; Middle East; Malaysia (Far East); Australia.

GROWTH
Saudi Arabia; South Africa; Brazil; The United States of America; Israel; Hong Kong; Singapore; Vietnam; Thailand.

POTENTIAL
North Africa; Scandinavia; Russia; Eastern Europe; India; Overseas (Projects)

The Middle East continues to drive most of the volume of GVL sales with levels of demand being low in the other core markets. However, in roads are being made into the Saudi and South African markets following promotional activity within these regions. In addition, GVL has set up a marketing agreement with John Brewer in America in an attempt to capitalize on flow control and large diameter gate valve opportunities in this part of the world. In 2012/13 GVL will be trying to develop a promotional strategy in South America in co-operation with Orbinox.

The breakeven point of Glenfield stands at £5.3m. The directors feel confident that this provides a good foundation to move the business forward in the next financial period. The budget assumption for gross margin is 36.6% (for internal reporting purposes), which will be achieved by pricing, cost reductions generated by sub-contracting and improvement programmes.

GVL forecasts sales over the next three years as follows -

2012/13 - £7.437m (contains £2.2m of MEW79)
2013/14 - £6.084m
2014/15 - £6.884m

From the core business of £5.237m in 2012/13 the sales growth is depicted in the following table:

GLENFIELD VALVES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

Activity	**2012/13**	**2013/14**	**2014/15**
Net Sales exc Growth (£k)	**7,437**	**5,234**	5,234
International Sales Manager	-	**500**	900
ACV	-	**350**	594
3% Pricing	-	-	156
Total Net Sales (£k)	-	-	-
Total Net Sales (£k)	**7,437**	**6,084**	**6,884**

In addition to the above mentioned initiatives air valves and ball float valves will be actively promoted via the GVL price lists, web-site and updated marketing literature. In certain international markets such as the Middle East only GVL approved product or UKI certificate of origin items are acceptable and this requirement will be promoted and supported by a supply chain and production facility to cater for these customer requirements.

Financial instruments

The company is principally funded through overdraft facilities fully guaranteed and negotiated by the parent company, AVK Holdings. Due to these financial arrangements the directors of the company are not required to review interest rates or participate in hedging activities.

The directors do not consider any other risks attaching to the use of financial instruments to be material to the assessment of its financial position or profit.

Research and development activities

In 2012/13 a new range of Automatic Control Valves (ACV) will be introduced to enhance the Glenfield product portfolio and generate organic growth in sales. Value engineering of the submerged and free discharge range of valves continues along with the introduction of AWWA specifications and WRAS approvals for large diameter gate valves.

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 26th November, 2012 and signed on its behalf.

Jon Badrock
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

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;
- 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.

GLENFIELD VALVES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENFIELD VALVES LIMITED

We have audited the financial statements of Glenfield Valves Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet and the related notes. 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 auditor

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 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 September 2012 and of its loss 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.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £391,284 during the year ended 30 September 2012 and, at that date, the company's current liabilities exceeded its total assets by £981,426 and it had net current liabilities of £1,823,377. The company is therefore dependent on the continued financial support of its bankers, its parent company and other group companies. These conditions, along with the other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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 GLENFIELD VALVES LIMITED

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.

PKF (UK) LLP

3 December 2012

Martin Gill (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
Glasgow, UK

GLENFIELD VALVES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 £	2011 £
TURNOVER	1	**9,175,598**	3,788,763
Cost of sales		**(7,797,667)**	(3,611,429)
GROSS PROFIT		**1,377,931**	177,334
Selling and distribution costs		**(376,822)**	(231,287)
Administrative expenses		**(1,399,548)**	(1,361,924)
Other operating income	3	**35,632**	28,800
OPERATING LOSS	4	**(362,807)**	(1,387,077)
Interest receivable and similar income	7	**26,580**	(769)
Interest payable and similar charges	8	**(75,540)**	(64,737)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(411,767)**	(1,452,583)
Tax on loss on ordinary activities	9	**20,485**	348,958
LOSS FOR THE FINANCIAL YEAR	17	**(391,282)**	(1,103,625)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

GLENFIELD VALVES LIMITED
REGISTERED NUMBER: SC220455

BALANCE SHEET
AS AT 30 SEPTEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Intangible assets	10		**117,701**		313,373
Tangible assets	11		**1,071,095**		943,782
			1,188,796		1,257,155
CURRENT ASSETS					
Stocks	12	**2,822,177**		1,469,702	
Debtors	13	**5,476,885**		1,127,954	
Cash at bank		**141,814**		238,938	
		8,440,876		2,836,594	
CREDITORS: amounts falling due within one year	14	**(10,264,251)**		(4,595,796)	
NET CURRENT LIABILITIES			**(1,823,375)**		(1,759,202)
TOTAL ASSETS LESS CURRENT LIABILITIES			**(634,579)**		(502,047)
PROVISIONS FOR LIABILITIES					
Other provisions	15		**(346,845)**		(88,095)
NET LIABILITIES			**(981,424)**		(590,142)
CAPITAL AND RESERVES					
Called up share capital	16		**7,200,000**		7,200,000
Profit and loss account	17		**(8,181,424)**		(7,790,142)
SHAREHOLDERS' DEFICIT	18		**(981,424)**		(590,142)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

26th. NOVEMBER, 2012

Jon Badrock
Director

The notes on pages 9 to 17 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES

1.1 Fundamental accounting concept and basis of preparation of financial statements

Going concern

At the balance sheet date the company's liabilities exceeded its assets by £981,426 (2011 - £590,142) and it had net current liabilities of £1,823,377 (2011 - £1,759,202) and owed £8,004,598 (2011 - £3,900,124) to its bankers and £1,192,092 (2011 - £390,333) to the parent undertaking and other group companies. The company's ability to continue normal trading operations is dependent on the continued financial support of its bankers, the parent company and other group companies which allow the company to meet its obligations as they fall due. The directors of the parent company review the position on an annual basis and have confirmed that the parent company will provide ongoing financial support for a period of at least twelve months from the date of approval of these financial statements. The company's overdraft facility has been extended by a further £800,000 since the year end to assist with the additional working capital requirements associated with the MEW79 contract. The directors have considered the material uncertainty concerning the availability of ongoing financial support required from the company's bankers, the parent company and other group companies, which may cast significant doubt over the company's ability to continue as a going concern. They are satisfied over the validity of this financial support and accordingly believe that the going concern basis continues to be appropriate. These financial statements have therefore been prepared on the going concern basis and do not include any adjustments that would arise from the withdrawal of this financial support.

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover is recognised when goods have been despatched or a vesting certificate over goods is supplied by the customer, or when a service is rendered.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

1.5 Development expenditure

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project of five years. No amortisation is provided until a project is completed.

Deferred development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related expenditure is written off to the profit and loss account.

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Tenants' improvements	-	20% straight line
Plant & machinery	-	10-20% straight line
Fixtures & fittings	-	20% straight line

Assets in the course of construction are not depreciated in line with applicable accounting standards.

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is determined on a first in first out basis. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Goods in transit are included in the company's stocks when they leave the suppliers' premises as the risks and benefits of ownership transfer to Glenfield Valves Limited at that time.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse and are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account, within interest.

1.11 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The whole of the turnover is attributable to one class of business.

A geographical analysis of turnover is as follows:

	2012 £	2011 £
United Kingdom	**1,084,464**	1,200,467
Rest of European Union	**261,249**	14,075
Rest of World	**7,829,885**	2,574,221
	9,175,598	3,788,763

3. OTHER OPERATING INCOME

	2012 £	2011 £
Rents receivable	**33,600**	28,800
Commissions receivable	**2,032**	-
	35,632	28,800

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2012 £	2011 £
Amortisation of intangible assets	**61,792**	77,616
Depreciation of tangible fixed assets:		
- owned by the company	**256,924**	306,096
Auditor's remuneration	**24,150**	19,820
Operating lease rentals:		
- plant and machinery	**46,397**	38,447
Research and development expenditure	**62,086**	64,935
Profit on sale of intangible assets	**(50,121)**	-
Exceptional administrative costs - redundancy	**-**	59,294

5. STAFF COSTS

Staff costs, including executive directors' remuneration, were as follows:

	2012 £	2011 £
Wages and salaries	**1,381,977**	1,238,245
Social security costs	**124,932**	107,048
Other pension costs	**17,771**	18,658
	1,524,680	1,363,951

The average monthly number of employees, including the executive directors, during the year was as follows:

	2012 No.	2011 No.
Directors	**2**	2
Administration	**6**	6
Production	**43**	38
	51	46

6. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	**99,257**	112,823
Company pension contributions to defined contribution pension schemes	**9,877**	9,468

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes.

7. INTEREST RECEIVABLE

	2012 £	2011 £
Foreign exchange (loss)/gain	**26,246**	(1,988)
Bank interest receivable	**334**	1,219
	26,580	(769)

8. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	**72,518**	57,407
On loans from group undertakings	**3,022**	7,330
	75,540	64,737

9. TAXATION

	2012 £	2011 £
Analysis of tax credit in the year		
Adjustments in respect of prior periods	**(20,485)**	-
	(20,485)	-
Group taxation relief	**-**	(348,958)
Tax on loss on ordinary activities	**(20,485)**	(348,958)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25% (2011 - 27%). The differences are explained below:

	2012 £	2011 £
Loss on ordinary activities before tax	**(411,767)**	(1,452,583)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2011 - 27%)	**(102,942)**	(392,197)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**15,448**	20,956
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,232**	861
Depreciation in excess of capital allowances	**62,179**	23,241
Losses utilised in year	**-**	(23,191)
Adjustments to tax charge in respect of prior periods	**(20,485)**	-
Non-taxable income	**6,751**	21,372
Other differences leading to an increase/(decrease) in the tax charge	**17,332**	-
Current tax credit for the year (see note above)	**(20,485)**	(348,958)

There were no factors that may affect future tax charges.

10. INTANGIBLE FIXED ASSETS

	Development expenditure £	Goodwill £	Total £
Cost			
At 1 October 2011	390,989	91,774	482,763
Disposals	(195,495)	-	(195,495)
At 30 September 2012	195,494	91,774	287,268
Amortisation			
At 1 October 2011	77,616	91,774	169,390
Charge for the year	61,792	-	61,792
On disposals	(61,615)	-	(61,615)
At 30 September 2012	77,793	91,774	169,567
Net book value			
At 30 September 2012	117,701	-	117,701
At 30 September 2011	313,373	-	313,373

11. TANGIBLE FIXED ASSETS

	Tenant's improvements £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1 October 2011	151,323	3,218,212	255,281	3,624,816
Additions	-	104,233	280,004	384,237
At 30 September 2012	151,323	3,322,445	535,285	4,009,053
Depreciation				
At 1 October 2011	31,382	2,437,389	212,263	2,681,034
Charge for the year	30,265	214,281	12,378	256,924
At 30 September 2012	61,647	2,651,670	224,641	2,937,958
Net book value				
At 30 September 2012	89,676	670,775	310,644	1,071,095
At 30 September 2011	119,941	780,823	43,018	943,782

The net book value of tangible fixed assets above includes £280,004 (2011 - £NIL) of assets in the course of construction, which are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

12. STOCKS

	2012	2011
	£	£
Raw materials	1,797,844	614,797
Work in progress	224,113	77,708
Finished goods and goods for resale	800,220	777,197
	2,822,177	1,469,702

13. DEBTORS

	2012	2011
	£	£
Due after more than one year		
Amounts owed by group undertakings	11,992	-
Due within one year		
Trade debtors	4,603,151	556,395
Amounts owed by group undertakings	407,106	171,064
Other debtors	36,877	348,958
Prepayments and accrued income	417,759	51,537
	5,476,885	1,127,954

14. CREDITORS:
Amounts falling due within one year

	2012	2011
	£	£
Bank overdraft	8,004,598	3,900,124
Trade creditors	575,306	172,579
Amounts owed to group undertakings	1,192,092	390,333
Social security and other taxes	46,965	33,622
Other creditors	445,290	99,138
	10,264,251	4,595,796

The bank overdraft is guaranteed by AVK Holdings A/S, the company's parent undertaking.

15. OTHER PROVISIONS

	Warranty provision £
At 1 October 2011	**88,095**
Additions	**308,750**
Amounts used	**(50,000)**
At 30 September 2012	**346,845**

Warranty provision

Provisions relate to the cost of work to be carried out under warranties to remedy faulty valves which have been sold. This work is likely to be carried out between 12 to 24 months from the balance sheet date.

16. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
7,200,000 Ordinary shares of £1 each	**7,200,000**	7,200,000

17. RESERVES

	Profit and loss account £
At 1 October 2011	**(7,790,142)**
Loss for the year	**(391,282)**
At 30 September 2012	**(8,181,424)**

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2012 £	2011 £
Opening shareholders' (deficit)/funds	**(590,142)**	513,483
Loss for the year	**(391,282)**	(1,103,625)
Closing shareholders' deficit	**(981,424)**	(590,142)

19. CONTINGENT LIABILITIES

At 30 September 2012 there were contingent liabilities of £100,000 (2011 - £100,000) in respect of a bond relating to HM Revenue & Customs, £NIL (2011 - £41,631) relating to customer performance bonds and delivery bonds relating to a customer of £892,900 (2011 - £nil).

20. PENSIONS

The company contributes to individual money purchase schemes.

Contributions by the company to the schemes during the year amounted to £13,063 (2011 - £18,653).

21. OPERATING LEASE COMMITMENTS

At 30 September 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
Expiry date:		
Between 2 and 5 years	**18,441**	10,109

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions set out in paragraph 3 of Financial Reporting Standard Number 8: Related Parties. Accordingly, transactions with group companies are not disclosed.

During the year the company made purchases of £4,098 (2011 - £7,777) and sales of £230 (2011 - £1,988) with Invicta Valves Limited. Invicta Valves Limited is not wholly owned by the parent company and therefore in line with FRS 8 paragraph 3 it is not fully eliminated on consolidation and requires disclosure.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by AVK Holdings A/S.

The parent undertaking of the smallest group for which consolidated accounts are prepared is AVK Holdings A/S, a company incorporated in Denmark. Consolidated accounts are available from Erhvervs - og Selskabsstyrelesen, Kampmannsgade1, 1780 Kobenhavn, Denmark.

The parent undertaking of the largest group for which consolidated accounts are prepared is ASX 14,145 ApS, a company incorporated in Denmark. Consolidated accounts are available from the above address. In the opinion of the directors this is the company's ultimate parent company. ASX 14,145 ApS is ultimately controlled by N A Kjaer.