

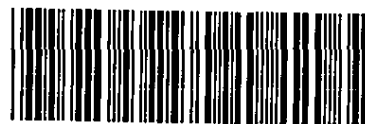
**Registered number: 00472505**

## **SANKEY LAMINATIONS LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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# **SANKEY LAMINATIONS LIMITED**

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## **SANKEY LAMINATIONS LIMITED**

### **COMPANY INFORMATION**

<b>DIRECTORS</b>	G Buedenbender (resigned 30 September 2013) W Werheid M Fassio (resigned 2 April 2013) A Göhring (appointed 17 April 2013)
<b>COMPANY SECRETARY</b>	H Gilhooly
<b>REGISTERED NUMBER</b>	00472505
<b>REGISTERED OFFICE</b>	Anchor Lane Bilston West Midlands WV14 9NE
<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW
<b>BANKERS</b>	Lloyds TSB Bank plc PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS
<b>SOLICITORS</b>	Eversheds LLP 70 Great Bridgewater Street Manchester M1 5ES

## **SANKEY LAMINATIONS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **BUSINESS REVIEW**

Sankey Laminations Limited is still producing core components for electrical motors and generators

Despite the lower demand during 2013 gross margins have been maintained at 30% (2012 30%) as costs have been kept under tight control in line with the order book. The company has generated an operating cash inflow of £1,778,000 (2012 £600,000) during the year and repaid £2,500,000 of the amounts due to members of Kienle + Spiess Group. Cash at bank at 31 December 2013 was £1,670,000 (2012 £3,172,000)

One of the major events in 2013 was the acquisition of the Kienle + Spiess Group by the Sumitomo Corporation and the post merger integration involved with this acquisition. By being part of the Sumitomo Corporation we see a lot of strategic benefits for the future. These benefits are the sales structure of the Sumitomo Corporation and the strong commitment to further investments into Sankey Laminations Limited infrastructure.

We are very happy that we could introduce the process of GluLock in November 2013. This is a unique and patented process within the Kienle + Spiess Group. This will be the focus of growth during 2014.

Along with our long-term strategy the main focus in 2013 was internal process improvement, optimisations and also new process introductions.

With all these successful improvements we have managed in 2013 we are absolutely confident of a very successful Year 2014.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The directors believe that the company does not have any additional principal risks and uncertainties apart from those discussed within the financial risk section of the directors report on page 3.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The directors focus on cash generation and measures to improve overall profitability. These have been disclosed within the Business Review sector of the Strategic Report.

#### **NON FINANCIAL KEY PERFORMANCE INDICATORS**

The directors believe that the use of non financial KPI's is not necessary for an understanding of the results and operations of the business.

This report was approved by the board on 14<sup>th</sup> February 2014 and signed on its behalf by



H Gilhooly  
Company Secretary

## **SANKEY LAMINATIONS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their annual report and the audited financial statements of Sankey Laminations Limited ("the company") for the year ended 31 December 2013

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the manufacture of electrical steel laminations and assemblies

#### **RESULTS AND DIVIDENDS**

The loss for the financial year amounted to £35,000 (2012 - profit of £1,011,000)

During the year dividends amounting to £nil (2012 £2,000,000) were paid, equivalent to £nil per £0.01 share (2012 £0.80). The directors do not recommend the payment of a final dividend (2012 £nil)

#### **DIRECTORS**

The directors of the company who were in office during the entire year and up to the date of signing the financial statements unless otherwise stated were

G Buedenbender (resigned 30 September 2013)

W Werheid

M Fassio (resigned 2 April 2013)

A Gohring (appointed 17 April 2013)

#### **FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a number of financial risks including price risk, credit risk and foreign exchange currency risk

##### **Price risk**

The principal price risk the company is exposed to relates to the cost of steel. The company managed this risk by entering into long term pricing agreements with its suppliers when possible. The directors will revisit the appropriateness of this risk policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

##### **Credit risk**

The company has implemented appropriate credit control policies that require appropriate credit checks on potential customers before sales are made. The company's credit risk relates to its cash, short term deposits and trade debtors.

Cash and short term deposits are only held with financial institutions where the credit risk is deemed to be low as the institution have at least an A rating.

##### **Foreign exchange currency risk**

The company is exposed to foreign exchange currency risk as a result of its operations. The company controls this risk by offsetting foreign exchange currency exposure within the accounts payable and accounts receivable ledgers, thus creating a natural hedge. Where applicable, the company mitigates foreign exchange risk with the use of forward contracts. As at 31 December 2013 the market value of forward foreign exchange contracts was £Nil (2012 gain of £38,242).

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The company commissions research and development programmes appropriate to its business.

## **SANKEY LAMINATIONS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the strategic report, 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 prepared 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 judgements and accounting 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 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.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

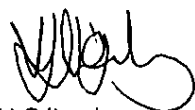
Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

#### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on <sup>14</sup> February 2014 and signed on its behalf by



H Gilhooly  
Company Secretary

## **SANKEY LAMINATIONS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANKEY LAMINATIONS LIMITED**

We have audited the financial statements of Sankey Laminations Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Costs Profits and Losses, 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

This report including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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 and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 December 2013 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**SANKEY LAMINATIONS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANKEY LAMINATIONS 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



Jason Clarke (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

Date 14 February 2014



**SANKEY LAMINATIONS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
<b>TURNOVER</b>	<b>1,2</b>	<b>16,082</b>	<b>19,917</b>
Cost of sales		<u>(11,135)</u>	<u>(13,831)</u>
<b>GROSS PROFIT</b>		<b>4,947</b>	<b>6,086</b>
Distribution costs		(173)	(185)
Administrative expenses		(4,225)	(4,088)
Other operating income	<b>3</b>	<u>11</u>	<u>11</u>
<b>OPERATING PROFIT</b>	<b>4</b>	<b>560</b>	<b>1,824</b>
Interest receivable and similar income		8	17
Interest payable and similar charges	<b>8</b>	<u>(135)</u>	<u>(135)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>433</b>	<b>1,706</b>
Tax on profit on ordinary activities	<b>9</b>	<u>(468)</u>	<u>(695)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>18</b>	<u><u>(35)</u></u>	<u><u>1,011</u></u>

All amounts relate to continuing operations

The notes on pages 10 to 19 form part of these financial statements

**SANKEY LAMINATIONS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(35)</b>	<b>1,011</b>
Unrealised surplus on revaluation of tangible fixed assets	10	<u>296</u>	<u>-</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u><b>261</b></u>	<u><b>1,011</b></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>2013 £000</b>	<b>2012 £000</b>
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>433</b>	<b>1,706</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>12</u>	<u>12</u>
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u><b>445</b></u>	<u><b>1,718</b></u>
<b>HISTORICAL (LOSS)/PROFIT FOR THE YEAR AFTER TAXATION</b>	<u><b>(23)</b></u>	<u><b>1,023</b></u>

The notes on pages 10 to 19 form part of these financial statements

**SANKEY LAMINATIONS LIMITED**  
**REGISTERED NUMBER: 00472505**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£000	2013 £000	£000	2012 £000
<b>FIXED ASSETS</b>					
Tangible assets	10		4,272		4,032
<b>CURRENT ASSETS</b>					
Stock	11	1,895		1,469	
Debtors	12	7,903		9,233	
Investments	13	500		1,000	
Cash at bank and in hand		1,170		2,172	
		<u>11,468</u>		<u>13,874</u>	
<b>CREDITORS</b> amounts falling due within one year	15	(8,533)		(9,950)	
<b>NET CURRENT ASSETS</b>			<u>2,935</u>		<u>3,924</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,207</u>		<u>7,956</u>
<b>CREDITORS</b> , amounts falling due after more than one year	16		(415)		(1,425)
<b>NET ASSETS</b>			<u><u>6,792</u></u>		<u><u>6,531</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		25		25
Share premium account	18		196		196
Revaluation reserve	18		406		122
Capital redemption reserve	18		2,500		2,500
Other reserves	18		2		2
Profit and loss account	18		3,663		3,686
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19		<u><u>6,792</u></u>		<u><u>6,531</u></u>

The financial statements on pages 7 to 19 were approved and authorised for issue by the Board and were signed on its behalf on 14<sup>th</sup> February 2014 by

  
A Goring  
Director

The notes on pages 10 to 19 form part of these financial statements

## **SANKEY LAMINATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below. Where a range of treatment is available the company applies the most appropriate accounting policy and estimation treatment in accordance with Financial Reporting Standard Number 18 (FRS 18).

##### **1.2 Cash flow**

The company is a wholly owned subsidiary of Sumitomo Corporation and is included in the consolidated financial statements of Sumitomo Corporation, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Sumitomo Corporation group.

##### **1.3 Turnover**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods. Revenue excludes value added tax and similar taxes.

##### **1.4 Current and deferred taxation**

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

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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

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.

Deferred tax assets and liabilities are not discounted.

## **SANKEY LAMINATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.5 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.

##### **1.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	4% straight line
Plant and machinery	-	10 - 33% straight line
Fixtures and fittings	-	10 - 33% straight line

Land with a historical cost of £320,000 is included within freehold property. This is not depreciated.

Assets in the course of construction are not depreciated.

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable.

##### **1.7 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the Statement of Total Recognised Gains and Losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

##### **1.8 Stock**

Stocks of raw materials are valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Stocks of partly processed materials, finished products and stores are individually valued at the lower of cost and net realisable value. Cost of partly processed and finished products comprises cost of production including works overheads. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and cost of disposal. Provisions are made for slow moving and obsolete items.

##### **1.9 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

##### **1.10 Research and development**

Research and development costs are expensed in the period in which they are incurred.

## **SANKEY LAMINATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.11 Pensions**

The pension costs in respect of personal pension arrangements comprise contributions payable in respect of the year. The company provides no other post retirement benefits to its employees.

##### **1.12 Government grants**

Grants related to expenditure on tangible fixed assets are credited to the profit and loss account over a period approximating to the lives of qualifying assets. Total grants receivable less the amounts credited to the Profit and Loss Account at the Balance Sheet date are included in the Balance Sheet as deferred income.

#### **2. TURNOVER**

The company's activities consist solely of one class of business, being the manufacture and sale of electrical steel laminations and assemblies.

A geographical analysis of turnover, by destination, is as follows:

	<b>2013 £000</b>	<b>2012 £000</b>
United Kingdom	<b>4,869</b>	4,317
Rest of European Union	<b>5,259</b>	6,110
Rest of World	<b>5,954</b>	9,490
	<b>16,082</b>	19,917

#### **3. OTHER OPERATING INCOME**

	<b>2013 £000</b>	<b>2012 £000</b>
Government grants receivable	<b>11</b>	11

#### **4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	<b>2013 £000</b>	<b>2012 £000</b>
Depreciation of tangible fixed assets		
- owned by the company	<b>494</b>	516
Operating lease rentals		
- plant and machinery	<b>83</b>	56
Difference on foreign exchange	<b>(87)</b>	281
Amortisation of government grants	<b>(11)</b>	(11)
Loss/ (Profit) on sale of tangible assets	<b>24</b>	(2)
Release of provisions	<b>(142)</b>	(364)
R&D expenditure	<b>-</b>	1

## **SANKEY LAMINATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **5. AUDITORS' REMUNERATION**

	<b>2013 £000</b>	<b>2012 £000</b>
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	<b>31</b>	<b>31</b>
Fees payable to the company's auditors and its associates in respect of		
Taxation compliance services	<b>18</b>	<b>15</b>
All other non-audit services	<b>2</b>	<b>16</b>

During the year the company incurred £1,000 (2012 £1,000) in relation to the audit of the parent company which is not recharged

#### **6. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	<b>2013 £000</b>	<b>2012 £000</b>
Wages and salaries	<b>3,942</b>	<b>3,930</b>
Social security costs	<b>346</b>	<b>356</b>
Other pension costs	<b>26</b>	<b>28</b>
	<b>4,314</b>	<b>4,314</b>

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

	<b>2013 Number</b>	<b>2012 Number</b>
Production	<b>105</b>	<b>105</b>
Administration	<b>36</b>	<b>36</b>
	<b>141</b>	<b>141</b>

#### **7 DIRECTORS' REMUNERATION**

	<b>2013 £000</b>	<b>2012 £000</b>
Aggregate emoluments	<b>110</b>	<b>207</b>
Compensation for loss of office	<b>153</b>	<b>-</b>

The aggregate emoluments only relate to the highest paid directors as two of the directors are employed by other companies within the group and are remunerated by fellow group companies for their services to the group as a whole. It is not practical to allocate their remuneration for their services as a director between group companies.

# **SANKEY LAMINATIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

### **8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
On bank loans and overdrafts	<b>22</b>	24
On loans from group undertakings	<b>110</b>	108
Other interest payable	<b>3</b>	3
	<b>135</b>	135

### **9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	<b>2</b>	4
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>114</b>	419
Change in tax rates laws	<b>352</b>	272
<b>Total deferred tax (see note 14)</b>	<b>466</b>	691
<b>Tax on profit on ordinary activities</b>	<b>468</b>	695

#### **Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23 25% (2012 - 24 5%) The differences are explained below

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>433</b>	1,706
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 25% (2012 - 24 5%)	<b>101</b>	418
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>33</b>	33
Capital allowances for year in excess of depreciation	<b>(46)</b>	(6)
Other timing differences	<b>(86)</b>	(441)
<b>Current tax charge for the year</b>	<b>2</b>	4

#### **Factors that may affect future tax charges**

The March 2013 Budget Statement announced changes to the UK Corporation tax rates that were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These reduced the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements. Accordingly, the deferred tax balance has been calculated using a rate of 20%.



# SANKEY LAMINATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 10 TANGIBLE FIXED ASSETS

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Assets in the course of construction £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2013	3,874	8,437	1,014	110	13,435
Additions	-	166	17	282	465
Disposals	-	(59)	(13)	-	(72)
Transfer	-	84	2	(86)	-
Revaluation surplus	296	-	-	-	296
At 31 December 2013	4,170	8,628	1,020	306	14,124
<b>Accumulated depreciation</b>					
At 1 January 2013	1,475	6,999	929	-	9,403
Charge for the year	145	299	50	-	494
On disposals	-	(32)	(13)	-	(45)
At 31 December 2013	1,620	7,266	966	-	9,852
<b>Net book value</b>					
At 31 December 2013	2,550	1,362	54	306	4,272
At 31 December 2012	2,399	1,438	85	110	4,032

The land and building were re-valued on the basis of existing value in use at 31 October 2013 by Colliers International, Chartered Surveyors and International Property Consultants, 12th Floor, 11 Brindley Place, 2 Brunswick Square, Brindley Place, Birmingham. The historical cost of land and buildings at 31 December 2013 was £3,628,000 (2012 £3,628,000). The net book value of the land and building under the historical cost method would be £2,144,000 (2012 £2,277,000).

### 11. STOCK

	2013 £000	2012 £000
Raw materials	1,006	881
Work in progress	486	333
Finished goods and goods for resale	403	255
	<u>1,895</u>	<u>1,469</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

# **SANKEY LAMINATIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

### **12. DEBTORS**

	<b>2013 £000</b>	<b>2012 £000</b>
<b>Due after more than one year</b>		
Deferred tax asset (see note 14)	<b>2,238</b>	2,704
<b>Due within one year</b>		
Trade debtors	<b>2,905</b>	3,646
Amounts owed by group undertakings	<b>2,687</b>	2,733
Other debtors	<b>3</b>	32
Prepayments and accrued income	<b>70</b>	118
	<b>7,903</b>	<b>9,233</b>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand

### **13. CURRENT ASSET INVESTMENTS**

	<b>2013 £000</b>	<b>2012 £000</b>
Short term deposits	<b>500</b>	1,000

Short term deposits are with major UK banks. The credit risk associated with these investments is assessed to be low.

### **14. DEFERRED TAX ASSET**

	<b>2013 £000</b>	<b>2012 £000</b>
At beginning of year	<b>2,704</b>	3,395
Utilised during year	<b>(466)</b>	(691)
At end of year	<b>2,238</b>	2,704

The deferred tax asset is made up as follows

	<b>2013 £000</b>	<b>2012 £000</b>
Accelerated capital allowances	<b>(99)</b>	(72)
Other timing differences, including losses	<b>2,337</b>	2,776
	<b>2,238</b>	2,704

# **SANKEY LAMINATIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

### **15. CREDITORS:**

#### **Amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Bank loans	721	141
Trade creditors	1,433	835
Amounts owed to group undertakings	5,466	7,865
Corporation tax	2	4
Other taxation and social security	113	108
Other creditors	19	26
Accruals and deferred income	779	971
	<b>8,533</b>	<b>9,950</b>

Amounts owed to group undertakings are unsecured, incur interest at a rate 2% above LIBOR and are repayable on demand

### **16. CREDITORS:**

#### **Amounts falling due after more than one year**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Bank loans	358	1,356
Government grants received	57	69
	<b>415</b>	<b>1,425</b>

Included within the above are amounts falling due as follows

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Between one and two years</b>		
Bank loans	358	1,356

The bank loan is payable over 2 years and incurs interest at a rate of 1 15% above LIBOR. These loans were secured against the land and buildings at Bilston

### **17 CALLED UP SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted and fully paid</b>		
2,500,000 (2012 2,500,000) ordinary shares of £0.01 (2012 £0.01) each	25	25

**SANKEY LAMINATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013****18. RESERVES**

	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 1 January 2013	196	2,500	122	2	3,686
Loss for the financial year	-	-	-	-	(35)
Surplus on revaluation of freehold property	-	-	296	-	-
Transfer	-	-	(12)	-	12
At 31 December 2013	<u>196</u>	<u>2,500</u>	<u>406</u>	<u>2</u>	<u>3,663</u>

**19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2013 £000	2012 £000
Opening shareholders' funds	6,531	7,520
(Loss)/profit for the financial year	(35)	1,011
Dividends (Note 20)	-	(2,000)
Surplus on revaluation of freehold property	296	-
Closing shareholders' funds	<u>6,792</u>	<u>6,531</u>

**20 DIVIDENDS**

	2013 £000	2012 £000
Dividends paid on equity capital (equivalent to £Nil per £0.01 share (2012 £0.80) per £0.01 share)	-	2,000

**21. CONTINGENT LIABILITIES**

Due to the nature of the business and its operations, the directors estimate that there are a number of minor claims outstanding with third parties. The directors do not consider any provision to be necessary in respect of these amounts as they consider the likelihood of loss to be remote based on legal and other advice received.

**22. PENSION COMMITMENTS**

Some employees of the company have personal pension arrangements, the assets of which are held separately from those of the company, in independently administered funds. The total pension cost charged in the profit and loss account, representing contributions made by the company, was £26,000 (2012: £28,000).

## **SANKEY LAMINATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **23. OPERATING LEASE COMMITMENTS**

At 31 December the company had annual commitments under non-cancellable operating leases as follows

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Expiry date:</b>		
Within 1 year	<b>11</b>	<b>7</b>
Between 2 and 5 years	<b>20</b>	<b>29</b>

#### **24. RELATED PARTY TRANSACTIONS**

The company's transactions with Sumitomo Corporation and its subsidiary companies are all in the normal course of business. In accordance with the exemption offered by Financial Reporting Standard No 8, there is no disclosure in these financial statements of those transactions.

#### **25. FINANCIAL INSTRUMENTS**

At 31 December 2013 the notional principal amounts of derivatives relating to the forward foreign exchange contracts were £Nil (2012 £2,148,914). As at 31 December 2013 the market value of forward foreign exchange contracts was £Nil (2012 gain of £38,242).

#### **26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

Wardstorm Limited is the company's immediate parent company by nature of its 100% interest in the share capital of the company. Wardstorm Limited is a wholly owned subsidiary of Kienle + Spiess GmbH, which in turn is a wholly owned subsidiary of K+S GmbH, incorporated in Germany. K+S GmbH is a 60% owned subsidiary of Sumitomo Corporation, incorporated in Japan. Sumitomo Corporation Europe Limited, incorporated in the UK, holds the remaining 40% interest in K+S GmbH. Sumitomo Corporation Europe Limited is a wholly-owned subsidiary of Sumitomo Corporation.

Sumitomo Corporation leads the largest group, in which Sankey Laminations Limited is a member, for which group financial statements are prepared.

Kienle + Spiess GmbH leads the smallest group, in which Sankey Laminations Limited is a member, for which group financial statements are prepared.

The group financial statements for Sumitomo Corporation are available at 8-11 Harumi, 1-Chome, Chou-ku, Tokyo, Japan. Group financial statements for Kienle + Spiess GmbH can be obtained from Bahnhofstrasse 23, 74343, Sachsenheim, Germany.