Sanoh UK Manufacturing Limited

Annual report and financial statements

for the year ended 31 March 2010

(Registered Number: 2607806)

Sanoh UK Manufacturing Limited

Company Number 2607806

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Contents

Sanoh UK Manufacturing Limited

Company Number 2607806

Directors and Advisers

Directors

P Davis
W J Burke
Y Takeda
R Harada
J Hayashi
Y Sunaga
N Tanaka
S Tanaka

Secretary

W J Burke

Independent Auditors

PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
31 Great George Street
Bristol
BS1 5QD

Registered office

Grandeur Point
Fourth Way
Avonmouth
Bristol
BS11 8DL

Bankers

Lloyds Bank Plc
15 High Street
Westbury on Trym
Bristol
BS9 3DA

Directors' report for the year ended 31 March 2010

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

Principal activities

The company manufactures steel and nylon tubular products for the automotive industry from four factories, two in Bristol and smaller units in Derby and Sunderland

Directors

The directors of the company during the year and up to the date of signing the financial statements are listed on page 1 There have been no appointments or resignations

Results and dividends

The results for the company show a pre-tax loss of £181,000 (2009 loss of £1,423,000) and turnover of £10,360,000 (2009 £11,032,000) The company has net debt of £2,422,000 (2009 £2,933,000) Net cash inflow from operating activities was £1,275,000 (2009 outflow of £2,175,000)

The directors have not proposed the payment of a dividend (2009 £300,300, representing 77p on each ordinary share) The aggregate dividend on the ordinary shares recognised as an expense during the year amounts to £300,300 (2009 £198,900)

Review of business

Turnover close to the level achieved the previous year highlights the continued impact of the recession on the automotive sector and, in turn, on the demand for our products In these circumstances there is a fine balance between minimising current costs and protecting the core of the company to maintain its capacity to perform and grow efficiently in the future

In restricting the loss this year to 13% of the previous figure, while supplying product on new contracts for nylon pipes and part processed, straight steel pipes and managing the first stage of setting up a new manufacturing facility in Sunderland, we believe that balance has been achieved

It was noted last year that we had needed much appreciated support from our parent company in the form of a loan to meet demands for cash beyond our own resources This peaked at £4 5m in April 2009 but repayments started in July and it was reduced to £3 2m by March 2010 Monthly repayments continue but at a lower rate than in those first few months

Key performance indicators

	2010	2009	
(Contraction)/ Growth in sales	(6)%	(36)%	Year on year sales growth expressed as a percentage
Customer rejects	28	13	Average of customer rejects per million parts delivered as reported by our major customers
On time deliveries	100 0%	99 9%	Average of on time delivery performance as reported by our major customers who demand timed delivery schedules each day

Business environment

While the year did see the end of the destocking operations by the car companies and a return to a steadier level of total demand, this was far from being a return to the old norms Demand has in general been well below that seen in pre-recession times and the mix of car models/variants changes more often, more wildly and at shorter notice These are, for the time being, the new realities of the business sector

Having slimmed down the company during 2008-09 and started supply on some new contracts the following year, the major new contract to supply parts to Nissan in Sunderland from the middle of 2010 finally brings the company structure and its turnover back into balance for the first time since the recession We have over the same period learned to accommodate the increased flexibility required from the customer This is however more difficult for our smaller dedicated satellite units, where we have on occasion been very appreciative of the willingness of the workforce to change working patterns at problem times

The impact of the March 2011 Japanese earthquake and tsunami on the global supply chains of our Japanese customers in the UK has forced them to reduce production, and so demand for our product, by varying amounts between April and August With our lead times on materials being significantly longer than the notice from our customers, we have again suffered a large increase in stock, which we are unable to fund from our own resources while we are recovering from the 2009 recession and continuing to repay the loans we took at that time We have been forced to take another loan of £2 5 million which is scheduled to be fully repaid in a little over a year Once again, this facility has again been arranged with the necessary and appreciated support of our parent company

Strategy

We have the organisation and infrastructure to allow the company to meet the demands of our customers in terms of quality and service This is a pre-requisite for the business in which we operate With that in place we will pursue all available opportunities but remain focussed on the need to make a profit at the levels of turnover being offered with each contract We also continue to resist requests from customers for price reductions, or on occasion pursue price increases, where current volumes are below those that were being considered when prices were set

Future Outlook

We have contracts in the pipeline to supply part processed pipes for the new Toyota Yaris and completed pipes for the Nissan Leaf plus replacement contracts, where they have already been placed, for all our current models except the Toyota Auris and a small contract on Ford Transit With this level of business we expect to be trading profitably, rebuilding our reserves and repaying outstanding loans over the next couple of years Any further recovery in customer volumes would be beneficial

Principal risks and uncertainties

The key business risks affecting the company are set out below

Competition
The limited number of competitors in the UK is a reflection of the number of major contracts available rather than of any lack of competitive edge The automotive companies are also adept at managing contract negotiations whatever the number of potential suppliers We are therefore well aware of the threat from the competition and seek to mitigate it by maintaining close communications with our customers at all times and continually reviewing our manufacturing and business processes to improve the service we offer

Product warranty
To insure against all warranty costs would be prohibitively expensive but we believe it is right to have a limited cover in place However our main defence will remain a focus on providing quality products to customers, thus eliminating the problem at source Quality concerns are investigated to identify the root cause of the problem and are viewed as an opportunity to both improve our product and eliminate unnecessary waste

Market
With a limited number of customers in one business sector and very little opportunity to expand into exports, we have a clear exposure to market risk at several levels and it has created problems for us in recent years We seek to expand our customer base whenever possible but see ourselves as an automotive component supplier for the foreseeable future It is therefore important that we rebuild our reserves to develop the strength to ride out short term market changes and to allow the time to adapt the company structure for longer term changes

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk, interest rate risk and exchange rate risk The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's finance department

Price risk

The company is exposed to commodity price risk as a result of its operations However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made Where debt finance is utilised, this is subject to pre-approval by the board of directors at which point the total exposure to any individual counterparty is considered

In common with other businesses we must now also recognise that there is a risk to cash and cash deposits with financial institutions The strength and stability of those with whom we deal is therefore an important factor considered in the selection process

Interest rate risk

The company has had occasional interest bearing assets and more significant interest bearing liabilities

The interest bearing assets are short-term cash balances, which may be available from time to time and are invested at variable rate Short-term borrowings on overdraft and invoice discounting to cover day-to-day fluctuations in cash requirements are arranged on variable interest rates

The inter-company loan is arranged on fixed interest rates and borrowings against the newer loan facility are at rates fixed at the time of each drawing

Exchange rate risk

The company makes significant purchases in Japanese yen but a proportion of these are matched by customer sales price variation agreements linked to the sterling/yen exchange rate We are also developing a US dollar source for some of these purchases which will restrict the impact of yen strength The company also has income from sales in euros that are partially offset by euro purchases

The remaining exposures, being spread throughout the year, are subject to a degree of 'averaging' that reduces the exposure to short-term fluctuations but the company will review the costs and benefits of managing the remaining longer-term risk of more permanent exchange rate movements in the light of recent experience

Liquidity risk

The company has overdraft and invoice discounting facilities in place and has also used fixed term finance to fund external purchases of fixed assets

During the recent recession, which coincided with a period when the yen was appreciating rapidly against the pound, the exceptional demands for cash exceeded the facilities in place It was necessary to seek support from our parent company in the form of an inter-company loan which peaked at £4 5 million in April 2009 and has since fallen by some 40% with repayments starting in July 2009

The earthquake and tsunami in Japan in March 2011 disrupted the supply chains of our Japanese customers in the UK through that spring and into summer, again causing an sudden reduction in output volumes The consequent loss of margin and increase in inventory levels were again beyond the resources of the company and once again we were forced to rely on the support of our parent company to guarantee a £2 5 million loan facility

In addition Sanoh Industrial Company Limited has provided a letter of support as confirmation that in the best interest of Sanoh Industrial Company Limited it will continue to provide the company with financial and other support to enable it to continue current operations and also that it has the financial resources to meet this obligation The directors have relied on the loan and the letter of support to justify the preparation of the financial statements on a going concern basis when they recognise that otherwise it may not have been possible

Directors' responsibilities statement

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 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 the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Independent auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of PricewaterhouseCoopers LLP as auditor of the Company

On behalf of the Board

Director

Sanoh UK Manufacturing Limited

Independent auditors' report to the members of Sanoh UK Manufacturing Limited

We have audited the financial statements of Sanoh UK Manufacturing Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies 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 5 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 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

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 March 2010 and of its loss and cash flows 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 qualified, we have considered the adequacy of the disclosures made in the accounting policies on page 11 of these financial statements concerning the company's ability to continue as a going concern The financial statements have been prepared on a going concern basis and the validity of this depends on the continuing financial support of the company's parent undertaking The financial statements do not include any adjustments that would result from a failure to obtain such continued support

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

Sanoh UK Manufacturing Limited

Independent auditors' report to the members of Sanoh UK Manufacturing 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, 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

Duncan Stratford

Duncan Stratford (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date 1 July 2011

Sanoh UK Manufacturing Limited

Profit and loss account for the year ended 31 March 2010

	Note	2010	2009
		£'000	£'000
Turnover	1	**10,360**	11,032
Operating costs	2	**(10,378)**	(12,380)
Operating loss	3	**(18)**	(1,348)
Net interest payable and similar charges	6	**(163)**	(75)
Loss on ordinary activities before taxation		**(181)**	(1,423)
Tax on loss on ordinary activities	7	**(7)**	415
Loss on ordinary activities after taxation	21	**(188)**	(1,008)
Dividends – Equity	8	**(300)**	-
Retained loss for the financial year		**(488)**	(1,008)

All activities are continuing

The company has no recognised gains or losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents

Sanoh UK Manufacturing Limited

Balance sheet as at 31 March 2010

	Note	**2010**	2009
		£'000	£'000
Fixed assets			
Tangible assets	9	**4,194**	4,057
Current assets			
Stocks	11	**2,329**	2,055
Debtors	12	**2,005**	1,363
Cash at bank and in hand		**383**	730
		4,717	4,148
Creditors. amounts falling due within one year	13	**(3,739)**	(2,652)
Net current assets		**978**	1,496
Total assets less current liabilities		**5,172**	5,553
Creditors: amounts falling due after more than one year	14	**(2,600)**	(2,500)
Provisions for liabilities	18	**(41)**	(34)
Net assets		**2,531**	3,019
Capital and reserves			
Called up share capital	15	**390**	390
Capital redemption reserve	16	**1,170**	1170
Profit and loss account	16	**971**	1,459
Total shareholders' funds	21	**2,531**	3,019

The financial statements on pages 8 to 26 were approved by the board of directors on 1 July 2011 and were signed on its behalf by

P Davis
Director

Sanoh UK Manufacturing Limited

Cash flow statement for the year ended 31 March 2010

	Note	**2010**	**2010**	2009	2009
		£'000	**£'000**	£'000	£'000
Net cash inflow/(outflow) from operating activities	23		**1,275**		(2,175)
Returns on investment and servicing of finance					
Interest received		**8**		-	
Interest paid		**(170)**		(67)	
Interest element of finance lease payments		**(1)**		(8)	
Net cash outflow from returns on investment and servicing of finance			**(163)**		(75)
Tax refunded			**331**		2
Capital expenditure					
Purchase of tangible fixed assets		**(632)**		(663)	
Net cash outflow from capital expenditure			**(632)**		(663)
Equity dividends paid to shareholders			**(300)**		(199)
Cash inflow/(outflow) before financing			**511**		(3,110)
Financing					
Capital element of finance lease payments		**(43)**		(161)	
New loan finance received		**500**		4,000	
Repayment of loans		**(1,300)**		-	
Net cash (outflow)/inflow from financing			**(843)**		3,839
(Decrease)/increase in cash in the year	25		**(332)**		729

Sanoh UK Manufacturing Limited

Accounting policies

Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention, 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

The company has taken advantage of the exemption available to medium sized groups and has not prepared consolidated group accounts

Preparation of these financial statements on a going concern basis assumes that the company will continue in operational existence for the foreseeable future The validity of this assumption depends on the company's reliance on support from its ultimate parent company, Sanoh Industrial Company Limited, for its current and forecast cash flow requirements, to meet its liabilities as they fall due If the company were unable to obtain this support, adjustments would have to be made to amend balance sheet assets to their recoverable amount, provide for any further liabilities that might arise in the circumstances and reclassify fixed assets and long term liabilities as current assets and liabilities

Sanoh Industrial Company Limited has provided a letter indicating that they consider Sanoh UK Manufacturing Limited to be a key operation in supporting their customers globally and that in the best interest of Sanoh Industrial Company Limited they will continue to provide the company with financial and other support to continue current operations Whilst the directors acknowledge there is a material uncertainty which could cast significant doubt on the company's ability to continue as a going concern, they believe that, having regard to undertakings to provide continuing financial support given by the parent company, it is appropriate in the circumstances for the financial statements to be prepared on a going concern basis

Turnover
Turnover is stated net of value added tax It represents the value of goods and services supplied and is recognised at the point of delivery

Fixed assets
Following the introduction of Financial Reporting Standard 15, 'Tangible fixed assets' in previous years, the company decided to adopt a policy of freezing revalued assets at their current valuation balance, as permitted under the transitional arrangements, and no further revaluation of assets is planned

Tangible fixed assets are stated at historic purchase cost 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 on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows

Long leasehold land and buildings	Over the lease term
Plant, machinery and office equipment	10% - 33 1/3 %
Motor vehicles	35% (reducing balance)
Assets in the course of construction	Nil

Sanoh UK Manufacturing Limited

Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows

Raw materials	Purchase cost on a first in, first out basis
Work in progress and finished goods	Cost of direct materials and labour, plus an appropriate proportion of attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion or disposal

This year it has been necessary to adjust the cost of stocks downwards in order to restrict it to the net realisable value

Provisions are made for obsolete or slow moving items

Recognition of profit on tooling projects

Tooling projects are considered on a contract specific basis and profit recognised when earned in line with the terms of the contract

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date   Deferred tax is measured on an undiscounted basis

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction   Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or the length of the lease if shorter   The interest element of rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease

Pensions

The company operates a defined contribution personal pension scheme Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Dividend distributions

A final dividend distribution to the Company shareholders is recognised as a liability when it is appropriately authorised and no longer at the discretion of the Company Interim dividends are recognised when paid

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Notes to the financial statements for the year ended 31 March 2010

1 Turnover

Turnover, which is stated net of value added tax, represents the invoiced value of goods and services supplied

Turnover is attributable to one activity, the manufacture of components for the car industry

Analysis of turnover by geographical area is given below

	2010	2009
	£'000	£'000
United Kingdom	**9,567**	10,541
Europe	**793**	491
	10,360	11,032

2 Operating costs

	2010	2009
	£'000	£'000
(Increase)/decrease in stocks of finished goods and work in progress	**(370)**	34
Raw materials and consumables	**6,361**	6,440
Staff costs (Note 4)	**3,070**	4,158
Depreciation of owned tangible fixed assets	**493**	518
Depreciation of assets held under finance leases and hire purchase contracts	**-**	46
Capitalised staff and overhead costs	**(45)**	(176)
Other operating charges	**869**	1,360
	10,378	12,380

Sanoh UK Manufacturing Limited

3 Operating loss

	2010	2009
	£'000	£'000
Operating loss is stated after charging:		
Services provided by the Company's auditor		
- fees payable for the audit	**19**	17
- fees payable for other services - tax compliance	**8**	16
Operating lease charges		
- Land and buildings	**160**	242
- Plant and Equipment	**20**	35
Loss on foreign exchange	**43**	337

4 Staff costs

	2010	2009
	£'000	£'000
Wages and salaries	**2,821**	3,812
Social security costs	**219**	310
Other pension costs	**30**	36
	3,070	4,158

Severance payments of £ Nil (2009 £306,000) and associated NI contributions of £ Nil (2009 £18,000) are included in the above figures for Wages & salaries and Social security costs respectively

The average number of persons (including directors) employed during the year was as follows

	2010 Number	2009 Number
Hourly paid	**108**	178
Staff	**31**	33
	139	211

5 Directors' emoluments

	2010	2009
	£'000	£'000
Aggregate emoluments	232	243
Company contributions paid to money purchase schemes	3	3

Highest paid director

	2010	2009
	£'000	£'000
Total emoluments and amounts receivable under long-term incentive schemes	117	113

During the year the company paid contributions to the money purchase pension schemes of one (2009 one) director and retirement benefits are accruing to one director (2009 one) under these schemes at 31 March 2010 The ultimate parent company, Sanoh Industrial Company Ltd, also contributes to a Japanese defined benefit pension fund for one UK based director

Under a cost sharing agreement £54,000 (2009 £36,000) of the above costs are funded by Sanoh Industrial Company Limited and £24,000 (2009 £9,000) by Sanoh Europe (France) EURL, an associated company

The emoluments of Mr Takeda, Mr Harada, Mr Hayashi, Mr Sunaga, and Mr N Tanaka are paid by the parent company Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company Accordingly, the above details include no emoluments in respect of these directors

6 Net interest payable and similar charges

	2010	2009
	£'000	£'000
Bank overdraft interest	-	2
Interest receivable from HMRC on Tax Refunds	(8)	-
Invoice discounting	-	21
Interest on loans wholly repayable within five years	170	44
Finance charges payable under finance leases and hire purchase contracts	1	8
	163	75

Sanoh UK Manufacturing Limited

7 Tax charge on loss on ordinary activities

(a) Analysis of charge/(credit) in the year

	2010 £'000	2009 £'000
Current tax:		
UK corporation tax on losses of the year	-	(284)
Adjustment in respect of previous periods	-	1
Total current tax	-	(283)
Deferred tax:		
Origination and reversal of timing differences (ACA and other)	**18**	(4)
Unutilised losses carried forward	**(11)**	(128)
Total deferred tax	**7**	(132)
Tax on loss on ordinary activities	**7**	(415)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Loss on ordinary activities before taxation	**(181)**	(1,423)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009 28%)	**(50)**	(398)
Non deductible expenses	**2**	(3)
Depreciation charge (less than)/in excess of capital allowances and other timing differences	**(17)**	8
Unutilised losses carried forward	**65**	128
Changes in tax rates or laws	-	(19)
Adjustments to tax in respect of previous periods	-	1
Current tax charge/(credit) for the year	-	(283)

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

The effect of the changes to be enacted in the Finance (No 2) Act 2010 is not expected to make a material difference to the deferred tax liabilities and assets provided at 31 March 2010

8 Dividends

Ordinary shares of £1 each (equity)

	2010	2009
	£'000	£'000
Final paid £0 77 (2009 £0 51) per £1 share	300	199

The directors have not proposed the payment of a dividend this year

9 Tangible fixed assets

	Long leasehold land and buildings	Plant machinery and office equipment	Motor vehicles	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2009	2,270	5,289	94	407	8,060
Additions	24	336	-	272	632
Transfer	-	16	-	(16)	-
Disposals	-	(336)	-	-	(336)
At 31 March 2010	**2,294**	**5,305**	**94**	**663**	**8,356**
Accumulated depreciation					
At 1 April 2009	525	3,425	53	-	4,003
Charge for the year	50	428	15	-	493
Disposals	-	(334)	-	-	(334)
At 31 March 2010	**575**	**3,519**	**68**	**-**	**4,162**
Net book amount					
At 31 March 2010	**1,719**	**1,786**	**26**	**663**	**4,194**
At 31 March 2009	1,745	1,864	41	407	4,057

Assets held under finance leases and hire purchase contracts, capitalised and included in plant and machinery and motor vehicles

	2010	2009
	£'000	£'000
Cost	0	368
Aggregate depreciation	0	(165)
Net book amount	0	203

Sanoh UK Manufacturing Limited

10 Investments

The company has two wholly owned subsidiaries, both incorporated in England

The company's investments in subsidiaries are all held at £nil (2009 £nil) value

Details of subsidiary undertakings

Subsidiary undertakings	Description of shares held	Group share of equity	Nature of business	Retained profit/(loss) £'000	Net assets £'000
Bristol Bending Sanoh Automotive Components Limited	Ordinary	100%	Non-Trading	-	-
Bristol Bending Sanoh Fluid Handling Components Limited	Ordinary	100%	Dormant	-	-

11 Stocks

	2010 £'000	2009 £'000
Raw materials and consumables	**1,617**	1,713
Work in progress	**592**	192
Finished goods and goods for resale	**120**	150
	2,329	2,055

12 Debtors

	2010 £'000	2009 £'000
Trade debtors	**1,465**	464
Amounts owed by group undertakings	**60**	68
Amounts due from debt factor	**395**	383
Corporation tax	**15**	346
Other debtors and prepayments	**70**	102
	2,005	1,363

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13 Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Bank Overdraft	-	3
Trade creditors	**2,674**	612
Amounts owed to group undertakings - Loans	**600**	1,500
Amounts owed to group undertakings - Other	**14**	5
Other taxation and social security	**107**	75
Obligations under finance leases and hire purchase contracts (Note 17)	-	43
Other creditors and accruals	**344**	414
	3,739	2,652

The bank overdraft and facilities made available by debt factor are secured by way of fixed and floating charges on the assets of the company

14 Creditors: amounts falling due after more than one year

	2010	2009
	£'000	£'000
Amounts owed to group undertakings - Loans	**2,600**	2,500
	2,600	2,500

Preference share capital
At 31 March 2010 the company had 1,500,000 (2009 1,500,000) redeemable preference shares of £1 each which were authorised but not allotted or called up

Loan from group undertaking
At 31 March 2009 the company owed the ultimate parent company £4 0m, which increased to £4 5m just after that year end Repayments have reduced the balance to £3 2m at 31 March 2010 The loan is unsecured and earns interest at rates between 3% and 5% £0 6m of the total loan is repayable within one year, £0 6m between one and two years, £1 8m between two and five years and the balance of £0 2m after five years

15 Called up share capital

	2010	2009
	£'000	£'000
Authorised		
500,000 Ordinary shares of £1 each	**500**	500
Allotted and fully paid		
390,000 Ordinary shares of £1 each	**390**	390

16 Reserves

	Capital redemption reserve	Profit and loss account
	£'000	£'000
At 1 April 2009	1,170	1,459
Loss after tax for the financial year	-	(188)
Dividends paid in the year	-	(300)
At 31 March 2010	**1,170**	**971**

17 Obligations under finance leases and hire purchase contracts

Amounts due under finance leases and hire purchase contracts are analysed as follows

	2010	2009
	£'000	£'000
Within one year	-	43
	-	43

18 Provisions for liabilities

Deferred taxation

	2010	2009
	£'000	£'000
At 1 April	34	166
Debited/(credited) to profit and loss account	7	(132)
At 31 March	41	34

	2010	2009
	£'000	£'000
Short term timing differences	(4)	2
Accelerated capital allowances	181	160
Unutilised losses carried forward	(136)	(128)
	41	34

19 Capital commitments

	2010	2009
	£'000	£'000
Authorised and contracted for	45	56

20 Financial commitments

	Land and buildings		Other	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Operating leases which expire				
within one year	57	9	8	1
within one to two years	48	59	-	11
within two to five years	44	28	8	9
after five years	17	17	-	-
	166	113	16	21

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21 Reconciliation of movement in shareholders' funds

	2010	2009
	£'000	£'000
Loss for the financial year	**(188)**	(1,008)
Dividends	**(300)**	(199)
Net decrease to shareholders' funds	**(488)**	(1,207)
Opening shareholders' funds	**3,019**	4,226
Closing shareholders' funds	**2,531**	3,019

22 Pension commitments

The company operates a defined contribution pension scheme for its employees The assets of the scheme are held separately from those of the company in an independently administered fund

As at year end there is £2,000 (2009 £2,000) amount accrued for outstanding payments to the pension scheme

23 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2010	2009
	£'000	£'000
Operating loss	**(18)**	(1,348)
Depreciation	**493**	564
Loss on disposal of fixed assets	**2**	17
Increase in stocks	**(274)**	(244)
(Increase)/decrease in debtors	**(961)**	1,270
Increase/(decrease) in creditors	**2,033**	(2,434)
Net cash inflow/(outflow) from operating activities	**1,275**	(2,175)

24 Reconciliation of net cash flow to movement in net debt

	2010	2009
	£'000	£'000
Increase in cash in the year	(332)	729
Decrease/(increase) in debt and lease financing	843	(3,839)
Movements in net debt in year	511	(3,110)
Net (debt)/cash at 1 April	(2,933)	177
Net debt at 31 March	(2,422)	(2,933)

25 Analysis of net debt

	At 1 April 2009	Cash flow	Other non cash Movements	At 31 March 2010
	£'000	£'000	£'000	£'000
Cash in hand and at bank	730	(347)	-	383
Overdraft	(3)	3	-	-
Amounts forwarded by debt factor	383	12	-	395
	1,110	(332)	-	778
Debt due within 1 year	(1,500)	900	-	(600)
Debt due after 1 year	(2,500)	(100)	-	(2,600)
Finance leases/HP contracts	(43)	43	-	-
	(4,043)	843		(3,200)
Total	(2,933)	511		(2,422)

26 Related party disclosures

	2010	2009
	£'000	£'000
Transactions with Sanoh Industrial Company Limited and associated companies		
Supply of goods and services by Sanoh Industrial Company Limited	**206**	16
Supply of goods and services by Sanoh Europe (France) EURL	**19**	-
Supply of goods and services to Sanoh Industrial Company Limited	**77**	55
Supply of goods and services to Sanoh Europe (France) EURL	**708**	472
Supply of goods and services to Sanoh Magyar	-	10
Supply of goods and services by Sanoh Canada	-	3
Loan advanced by Sanoh Industrial Company Limited	**500**	4,000
Loan repayments to Sanoh Industrial Company Limited	**1,300**	-
Transactions with the Sojitz Corporation/Alconix Corporation		
Supply of goods and services by Sojitz UK Plc/Alconix Corporation	**3,914**	4,059
Transactions with Bristol Bending Sanoh Automotive Components Limited		
Supply of goods and services by Sanoh UK Manufacturing Limited	-	69

Those transactions were undertaken on normal commercial terms and conditions

Balances due from/(to) related parties at the year end are

	2010	2009
	£'000	£'000
Sanoh Industrial Company Limited – on loan account	**(3,200)**	(4,000)
Sanoh Industrial Company Limited – on current account	**(13)**	86
Sanoh Europe (France) EURL	**62**	62
Sojitz UK Plc/Alconix Corporation	**(1,651)**	(443)
Bristol Bending Sanoh Automotive Components Limited	-	(5)

27 Ultimate and immediate parent companies

The immediate and ultimate parent company and the controlling party of the company is Sanoh Industrial Company Limited of Japan It is also the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of the Sanoh Industrial Company Limited consolidated financial statements can be obtained from Sanoh Industrial Company Ltd, Koga Office, 4-2-27 Honcho, Koga, Ibaraki 306-0023, Japan

28 Post balance sheet event

On 27 May 2011 The Bank of Tokyo-Mitsubishi UFJ Limited granted the company a £2 5M loan facility, guaranteed by Sanoh Industrial Company Limited and available until 21 May 2012 This meets a need for additional cash resources most particularly over the period of disruption to customer supply chains following the Japanese earthquake and tsunami Interest is charged at Libor plus an agreed margin at the date of each drawdown