

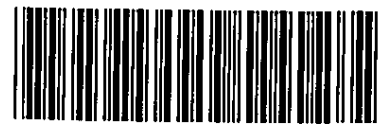
Registered number 2607806

SANOH UK MANUFACTURING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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SANOH UK MANUFACTURING LIMITED

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SANOH UK MANUFACTURING LIMITED

COMPANY INFORMATION

DIRECTORS

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

COMPANY SECRETARY

W J Burke

REGISTERED NUMBER

2607806

REGISTERED OFFICE

Grandeur Point
Fourth Way
Avonmouth
Bristol
BS11 8DL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

BANKERS

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

SANOH UK MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their annual report and the audited financial statements of Sanoh UK Manufacturing Limited ("the company") for the year ended 31 March 2012

PRINCIPAL ACTIVITIES

The company manufactures steel and nylon tubular products for the automotive industry from factories in Bristol, Derby and Sunderland. The Derby plant, by quite some margin the smallest of our factories, will close towards the end of 2012 after the end of the contract to supply parts to Toyota for the Auris.

BUSINESS REVIEW

It had been expected that this year would see a return to a reasonable level of profit. The car industry was stabilising, albeit at volumes below those we had enjoyed prior to 2008, but we had replaced that lost volume with new contracts won in the intervening period.

Unfortunately the Japanese earthquake and tsunami in March 2011 and the Thai floods in October again significantly restricted output in the industry, with one of our major customers being particularly badly hit and reduced to short-time working for half of the year.

The good news is that the reorganisations carried out over the previous few years of hardship meant that the company was still able to return a small profit despite these setbacks. As this is our first profit since 2008 it is also a notable milestone in the company's recovery.

The fluctuating volumes during the year, combined with the long lead time of many of our materials, again forced us to seek additional loan finance to supplement existing resources. This was arranged in the form of a £2.5m bank facility, once again with the much appreciated support of our parent company in Japan. By the end of the year the total of bank and inter-company loans had reduced once again to the opening balance and overall net debt reduced by 10% across the twelve months.

Key Performance Indicators

	2012	2011	
Growth in sales	28%	58%	Year on year sales growth expressed as a percentage
Customer rejects	379	19	Average of customer rejects per million parts delivered as reported by our major customers
On time deliveries	99.8%	99.4%	Average of on time delivery performance as reported by our major customers who demand timed delivery schedules each day

The customer rejects figure is badly affected by one very poor month when a shipment was returned to us for sorting, so that the total was recorded as reject including those parts subsequently identified as good. Excluding this would reduce the figure to 47. While better this still needed further improvement and procedural changes introduced in conjunction with one customer should show benefits in coming years.

Business Environment

As already noted there is a degree of stability in the market now that was definitely missing a couple of years ago, though this is very much a matter of finding a new level rather than a return to pre-2008 volume. At the new volumes there is over-capacity across the European car industry and it is becoming accepted that some rationalisation is necessary to bring capacity into line with demand. We must therefore protect our own interests by working closely with our customers to ensure they are able to operate efficiently and produce competitively priced vehicles at the plants we service.

SANOH UK MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

Strategy

We will continue to offer our customers the quality and level of service that they have come to expect from us over the years and we are willing to develop our relationship with them for mutual benefit. The launch of the Sunderland facility inside the Nissan factory, which has now been operating successfully for two years, is a case in point. Alongside the service, at this time of austerity, we aim to sell at a fair price and continually seek opportunities, in partnership with our customers, to reduce the cost of our product.

RESULTS AND DIVIDENDS

The results for the company show a pre-tax profit of £215,000 (2011 loss of £176,000) and turnover of £21,049,000 (2011 £16,401,000). The company has net debt of £2,037,000 (2011 £2,299,000). Net cash inflow from operating activities was £434,000 (2011 inflow of £573,000).

The directors have not proposed the payment of a dividend (2011 £Nil). The aggregate dividend on the ordinary shares recognised as an expense during the year amounts to £Nil (2011 £Nil).

FUTURE OUTLOOK

Further growth will come from new contracts in the pipeline with Nissan and Jaguar Land Rover. This will more than replace the Toyota Auris business, which had shrunk to a fairly low level particularly for a business that required a local factory, a small sub-contract operation for Ford Transit that will cease production in the UK in 2013, and low added value work to part process straight pipes for Toyota and Renault in mainland Europe. This last area is linked to a move by our parent company to create a larger presence in Europe, a market which has previously been managed mainly as a means to service the European operations of its Japanese customers. It is hoped one result will be a European tube mill that will eliminate the need to transport tube from the far east and pay in yen.

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 and the limited number of car manufacturers in the country. The automotive companies are nevertheless adept at managing contract negotiations whatever the number of potential suppliers and would not be averse to bringing a new supplier into the country if they felt it would serve their purpose. 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

Total cover against all warranty costs would be prohibitively expensive but we believe it is right to have a limited cover in place. However, the cost of even limited cover would increase significantly with a poor claims record. The real defence against warranty costs has to remain a focus on providing quality products to customers, thus eliminating the problem at source. Quality concerns will continue to be investigated fully and we will take any opportunity that is identified to improve the product and/or eliminate unnecessary waste.

Market

There is an obvious exposure to market risk, with a limited number of customers in one business sector and very little opportunity to expand into exports. This is exacerbated at present by the excess capacity in the European car industry, though we do believe that our current customer base offer good product ranges and produce them in efficient plants. We seek to expand our customer base whenever possible but see ourselves continuing to be an automotive component supplier for the foreseeable future. The next couple of years should provide an opportunity to 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.

SANOH UK MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

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.

SANOH UK MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

Liquidity risk

The company has a small overdraft and a much larger invoice discounting facility in place. While there are no current contracts it has also used fixed term finance to fund external purchases of fixed assets.

During the recent recession 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 by March 2012 had been reduced by 40%.

The earthquake and tsunami in Japan in March 2011 disrupted the supply chains of our Japanese customers in the UK from spring through to late summer, again causing a 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 bank loan facility. Utilisation of this facility had reduced to £0.6 million at March 2012 and borrowings are forecast to fall further over the coming year. The intention is for a renewal of this facility to allow an early repayment of the inter-company loan.

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' INSURANCE AND INDEMNITIES

The Directors have the benefit of the indemnity provisions contained in the Company's Articles and the Company has maintained throughout the year Directors' and Officers' liability insurance for the benefit of the Company, the Directors and its Officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

DISABLED PERSONS

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

EMPLOYEE INVOLVEMENT

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests.

SANOH UK MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

DIRECTORS

The directors who served during the entire year and up until the date of signing the financial statements were

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

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 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.

SANOH UK MANUFACTURING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

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 on

19/12/2012

and signed on its behalf by



P Davis
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 2012, which comprise the Balance Sheet, the Cash Flow Statement 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 6, 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. 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 March 2012 and of its profit 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 13 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.

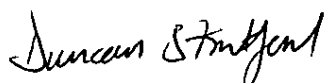
SANOH UK MANUFACTURING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANOH UK MANUFACTURING LIMITED

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 (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD
Date 19 December 2012.

SANOH UK MANUFACTURING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £000	2011 £000
TURNOVER	1,2	21,049	16,401
Change in stocks of finished goods and work in progress		57	50
Capitalised staff and overhead costs		89	98
		21,195	16,549
Raw materials and consumables		(13,415)	(10,291)
Staff costs		(5,621)	(4,668)
Depreciation		(514)	(527)
Other operating charges		(1,310)	(1,126)
		(20,860)	(16,612)
OPERATING PROFIT/(LOSS)	3	335	(63)
Interest payable and similar charges	6	(120)	(113)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		215	(176)
Tax on profit/(loss) on ordinary activities	7	(64)	114
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16	151	(62)

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 13 to 24 form part of these financial statements

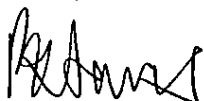
SANOH UK MANUFACTURING LIMITED
REGISTERED NUMBER 2607806

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£000	2012 £000	£000	2011 £000
FIXED ASSETS					
Tangible assets	8		3,870		4,023
Investments	9		-		-
			<u>3,870</u>		<u>4,023</u>
CURRENT ASSETS					
Stocks	10	3,427		2,948	
Debtors	11	3,558		2,849	
Cash at bank and in hand		598		474	
		<u>7,583</u>		<u>6,271</u>	
CREDITORS amounts falling due within one year	12	(7,383)		(5,775)	
NET CURRENT ASSETS			<u>200</u>		<u>496</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,070</u>		<u>4,519</u>
CREDITORS amounts falling due after more than one year	13		(1,450)		(2,050)
NET ASSETS			<u>2,620</u>		<u>2,469</u>
CAPITAL AND RESERVES					
Called up share capital	15		390		390
Capital redemption reserve	16		1,170		1,170
Profit and loss account	16		1,060		909
TOTAL SHAREHOLDERS' FUNDS	17		<u>2,620</u>		<u>2,469</u>

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

19/12/2012 by



P Davis
Director

The notes on pages 13 to 23 form part of these financial statements

SANOH UK MANUFACTURING LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £000	2011 £000
Net cash flow from operating activities	18	743	573
Returns on investments and servicing of finance	19	(120)	(113)
Taxation		(1)	15
Capital expenditure and financial investment	19	(361)	(352)
CASH INFLOW BEFORE FINANCING		261	123
Financing	19	-	(550)
INCREASE/(DECREASE) IN CASH IN THE YEAR		261	(427)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £000	2011 £000
Increase/(Decrease) in cash in the year	261	(427)
Cash outflow from decrease in debt and lease financing	-	550
MOVEMENT IN NET DEBT IN THE YEAR	261	123
Net debt at 1 April 2011	(2,299)	(2,422)
NET DEBT AT 31 MARCH 2012	(2,038)	(2,299)

The notes on pages 13 to 23 form part of these financial statements

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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 is a wholly owned subsidiary of Sanoh Industrial Company Limited of Japan and is included in the consolidated financial statements of Sanoh Industrial Company Limited of Japan which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

1.2 Going concern

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 uncertainty which could cast some 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.

1.3 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.

1.4 Tangible fixed assets and depreciation

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 cost less 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term Leasehold Property	-	Over the lease term
Plant, machinery and office equipment	-	10% to 33 1/3% on a straight line basis
Motor vehicles	-	35% on a reducing balance basis
Assets in the course of construction	-	Nil

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES (continued)

1.5 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.6 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

Provisions are made for obsolete or slow moving items

1.7 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

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

1.8 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

1.9 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

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES (continued)

1 10 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

1.11 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.

1 12 Dividend distribution

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.

2. 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.

A geographical analysis of turnover is as follows:

	2012	2011
	£000	£000
United Kingdom	17,525	15,003
Rest of European Union	3,524	1,398
	21,049	16,401

3 PROFIT/(LOSS)

The profit/(loss) is stated after charging:

	2012	2011
	£000	£000
Depreciation of tangible fixed assets		
- owned by the company	514	527
Auditors' remuneration - audit services	19	19
Auditors' remuneration - tax and other services	11	9
Operating lease rentals		
- plant and equipment	-	27
- land and buildings	-	185
Loss on foreign exchange	35	13

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £000	2011 £000
Wages and salaries	5,172	4,311
Social security costs	418	327
Other pension costs	31	30
	<u>5,621</u>	<u>4,668</u>

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

	2012 Number	2011 Number
Hourly paid	233	171
Staff	42	38
	<u>275</u>	<u>209</u>

5 DIRECTORS' REMUNERATION

	2012 £000	2011 £000
Emoluments	<u>293</u>	<u>272</u>
Company pension contributions to defined contribution pension schemes	<u>3</u>	<u>3</u>

During the year retirement benefits were accruing to 1 director (2011 - 1), who is the highest paid director, in respect of defined contribution pension schemes. The ultimate parent company, Sanoh Industrial Company Limited, also contributes to a Japanese defined benefit pension fund for one UK based director.

Under a cost sharing agreement £93,000 (2011 £82,000) of the above costs are funded by Sanoh Industrial Company Limited and £37,000 (2011 £34,000) 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.

The highest paid director received remuneration of £171,000 (2011 - £153,000)

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

6 NET INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£000	£000
Bank overdraft interest	1	1
Interest on loans wholly repayable within five years	110	116
Invoice discounting	9	8
Interest receivable from HMRC on Tax Refunds	-	(12)
	<u>120</u>	<u>113</u>

7. TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

	2012	2011
	£000	£000
Analysis of tax charge / (credit) in the year		
Deferred tax		
Origination and reversal of timing differences	(13)	9
Unutilised losses carried forward	-	(123)
Utilisation of losses brought forward	81	-
Previous year under provision	(4)	-
Total deferred tax (see note 14)	<u>64</u>	<u>(114)</u>
Tax on profit/loss on ordinary activities	<u>64</u>	<u>(114)</u>

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 26% (2011 - 28%) The differences are explained below

	2012	2011
	£000	£000
Profit/loss on ordinary activities before tax	<u>215</u>	<u>(176)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	56	(49)
Effects of.		
Expenses not deductible for tax	1	(9)
Accelerated capital allowances and other timing differences	9	(9)
Utilisation of tax losses	(66)	-
Unutilised losses carried forward	-	67
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

7 TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES (continued)

Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012.

A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Accordingly, the closing deferred tax liability in these financial statements has been recognised at 24%.

8 TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £000	Plant, machinery and office equipment £000	Motor vehicles £000	Assets in the course of construction £000	Total £000
Cost					
At 1 April 2011	2,320	5,679	102	598	8,699
Additions	46	160	-	157	363
Disposals	-	(24)	(19)	-	(43)
Transfer between classes	-	333	-	(333)	-
At 31 March 2012	2,366	6,148	83	422	9,019
Accumulated depreciation					
At 1 April 2011	627	3,982	67	-	4,676
Charge for the year	55	447	12	-	514
On disposals	-	(24)	(17)	-	(41)
At 31 March 2012	682	4,405	62	-	5,149
Net book value					
At 31 March 2012	1,684	1,743	21	422	3,870
At 31 March 2011	1,693	1,697	35	598	4,023

9. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company

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

The company's investments in subsidiaries are all held at £nil (2011: £nil) value

Details of subsidiary undertakings are as follows

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

9. FIXED ASSET INVESTMENTS (continued)

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

10 STOCKS

	2012 £000	2011 £000
Raw materials	2,608	2,186
Work in progress	679	625
Finished goods and goods for resale	140	137
	<u>3,427</u>	<u>2,948</u>

11 DEBTORS

	2012 £000	2011 £000
Trade debtors	2,748	2,471
Amounts owed by group undertakings	492	219
Prepayments and other debtors	309	86
Deferred tax asset (see note 14)	9	73
	<u>3,558</u>	<u>2,849</u>

12 CREDITORS

Amounts falling due within one year

	2012 £000	2011 £000
Bank loans and overdrafts	600	42
Amounts owed to group undertakings - loans	600	600
Trade creditors	4,800	4,156
Amounts owed to group undertakings - other	243	-
Social security and other taxes	367	298
Amounts (due from) / forwarded by debt factor	(14)	81
Other creditors and accruals	787	598
	<u>7,383</u>	<u>5,775</u>

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

SANOH UK MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

13. CREDITORS

Amounts falling due after more than one year

	2012	2011
	£000	£000
Amounts owed to group undertakings - Loans	1,450	2,050

Preference share capital

At 31 March 2012 the company had 1,500,000 (2011 1,500,000) redeemable preference shares of £1 each which were authorised but not allotted or called up

Loan from group undertaking

The loan is unsecured and earns interest at rates between 3% and 5% £0.6m of the total loan is repayable within one year

14. DEFERRED TAX ASSET

	2012	2011
	£000	£000
At beginning of year	(73)	41
Recognised during year	64	(114)
At end of year	(9)	(73)

The deferred tax asset is made up as follows

	2012	2011
	£000	£000
Accelerated capital allowances	173	189
Tax losses carried forward	(179)	(259)
Short term timing differences	(3)	(3)
	(9)	(73)

15. CALLED UP SHARE CAPITAL

	2012	2011
	£000	£000
Allotted, called up and fully paid		
390,000 (2011 390,000) Ordinary shares of £1 (2011 £1) each	390	390

SANOH UK MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

16. RESERVES

	Capital redemption reserve £000	Profit and loss account £000
At 1 April 2011	1,170	909
Profit for the financial year	-	151
	<hr/>	<hr/>
At 31 March 2012	1,170	1,060
	<hr/>	<hr/>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Opening shareholders' funds	2,469	2,531
Profit/(loss) for the financial year	151	(62)
	<hr/>	<hr/>
Closing shareholders' funds	2,620	2,469
	<hr/>	<hr/>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £000	2011 £000
Operating profit/(loss)	335	(63)
Depreciation of tangible fixed assets	514	527
Profit on disposal of tangible fixed assets	-	(4)
Increase in stocks	(479)	(619)
Increase in debtors	(772)	(1,181)
Increase in creditors	1,145	1,913
	<hr/>	<hr/>
Net cash inflow from operating activities	743	573
	<hr/>	<hr/>

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £000	2011 £000
Returns on investments and servicing of finance		
Interest received	-	12
Interest paid	(120)	(125)
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(120)	(113)
	<hr/>	<hr/>

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2012 £000	2011 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(363)	(358)
Sale of tangible fixed assets	2	6
Net cash outflow from capital expenditure	(361)	(352)
	2012 £000	2011 £000
Financing		
New secured loans	2,300	-
Repayment of loans	(2,300)	(550)
Net cash from financing	-	(550)

20. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2011 £000	Cash flow £000	Other non-cash changes £000	31 March 2012 £000
Cash at bank and in hand	474	124	-	598
Bank overdraft	(42)	42	-	-
Proceeds of factored debts	(81)	95	-	14
	351	261	-	612
Debt				
Debts due within one year	(600)	-	(600)	(1,200)
Debts falling due after more than one year	(2,050)	-	600	(1,450)
Net debt	(2,299)	261	-	(2,038)

21. CAPITAL COMMITMENTS

At 31 March 2012 the company had capital commitments as follows

	2012 £000	2011 £000
Contracted for but not provided in these financial statements	29	87

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 £2,663 (2011: £2,000) accrued for outstanding payments to the pension scheme.

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

23 OPERATING LEASE COMMITMENTS

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	2012	2011
	£000	£000	£000	£000
Expiry date.				
Within 1 year	52	38	4	8
Between 2 and 5 years	63	122	-	8
After more than 5 years	17	31	-	-

24 RELATED PARTY TRANSACTIONS

	2012	2011
	£000	£000
Supply of goods and services by Sanoh Industrial Company Limited	93	116
Supply of goods and services by Sanoh Europe (France) EURL	44	22
Supply of goods and services by Sanoh America Inc	393	-
Supply of goods and services to Sanoh Industrial Company Limited	161	147
Supply of goods and services to Sanoh Industrial (France) EURL	3,534	1,417
Supply of goods and services to Sanoh Magyar Ipari Gyarto KFT	39	-
Loan repayments to Sanoh Industrial Company Limited	600	550
Transactions with Alconix Corporation		
Supply of goods and services by the Alconix Corporation	8,997	7,369
Balances due from/ (to) related parties at the year end are		
Sanoh Industrial Company Limited - on loan account	(2,050)	(2,650)
Sanoh Industrial Company Limited - on current account	10	23
Sanoh America Inc	(218)	-
Sanoh Europe (France) EURL	452	196
Alconix Corporation	(3,436)	(2,854)

Those transactions were undertaken on normal commercial terms and conditions

25 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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.