Sanoh UK Manufacturing Limited

Annual report and financial statements

for the year ended 31 March 2009

(Registered No· 2607806)

Sanoh UK Manufacturing Limited

Company Number 2607806

Annual report and financial statements for the year ended 31 March 2009

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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 Registered 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

Sanoh UK Manufacturing Limited

Company Number 2607806

Directors' report for the year ended 31 March 2009

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009

Principal activities

The company manufactures steel and nylon tubular products for the automotive industry from three factories, two in Bristol and a smaller unit in Derby A fourth factory in Gloucester ceased production in December 2008 and the lease was terminated in March 2009

Review of business

The results for the company show a pre-tax loss of £1,423,000 (2008 profit of £1,021,000) and turnover of £11,032,000 (2008 £17,151,000) The company has net debt of £2,933,000 (2008 net cash of £177,000) Net cash outflow from operating activities was £2,175,000 (2008 inflow of £1,733,000)

This was a very difficult year After a fairly bright start, sales volumes fell and continued to fall, so that turnover for the year was down about 35% The second half of the year was a continual effort to cut costs but this did not prevent the first loss in the company's history since the start up years It is also a bigger loss than any annual profit the company has achieved

The poor trading figures for the year, an increase in inventory created by the rapid reduction in customer orders and the reduction in creditors as we cancelled purchase orders while slow moving stock fed into production, all combined to create a significant shortfall in our cash resources This was covered by a loan from our parent company in Japan and the company is very grateful for their continued support in this respect

Key performance indicators

	2009	2008	
(Contraction)/ Growth in sales	(36)%	9%	Year on year sales growth expressed as a percentage
Customer rejects	13	28	Average of customer rejects per million parts delivered as reported by our major customers
On time deliveries	99 9%	99 9%	Average of on time delivery performance as reported by our major customers who demand timed delivery schedules each day

Business environment

The recession hit the automotive sector hard and destocking by the car companies magnified the impact on the component suppliers Having started just a little off the peak of the boom, the year finished with the company on short-time working and with our largest customer in the middle of a four month production shutdown

The company acted quickly as the recession hit closing the Gloucester factory, eliminating shift work and reducing staff numbers to bring resources more closely into line with projected requirements This reorganisation did incur one-off costs as the price of the future savings and these costs were fully provided within the year, leaving the company in better shape to face the start of the new year

An inter-company loan of £4 0m, rising to £4 5m after the year end, provided the company with the required cash resources Repayments started in July 2009 and continue steadily

The car companies recognise there is still a need to invest in their product and the company has been involved in projects to launch new or updated vehicles by Land Rover and Honda in 2009 and Nissan in 2010 This last is of particular interest during a period of reduced sales volumes, being a completely new customer

Strategy

Customers continue to demand the highest levels of service and product quality and, despite the distractions of the current business environment, we remain committed to meeting their expectations

Though we continue to seek new business and follow up all possible sales leads, we will be more focussed on the profitability of contracts at current volumes Regular requests from customers for price reductions on existing contracts will be resisted where they are adversely affected by reduced volumes but, hopefully, one beneficial outcome from the recession will be a more realistic approach to pricing from all parts of the industry

Future outlook

Once the car companies eliminated their excess stocks, volumes have stabilised at the level of their new car sales, somewhat below the volumes experienced before the recession began but well above the first half of 2009

We also expect a period of comparatively greater stability in currency markets, after the turmoil of the recent past, bringing our material costs and sales prices much more closely into line from October 2009

Using customers' volume forecasts, which have become less optimistic, we projected that the company will return to profitability in a small way during the October to March 2010 half year

Looking further ahead, we have our first contract with Nissan starting production in the first half of the 2010/11 financial year There will be both revenue and capital costs incurred, in advance of production/sales, in setting up a production facility in Sunderland However it will create a very important boost to sales volumes at a time when the market in general is depressed and we look forward to developing this new relationship with another substantial customer

Principal risks and uncertainties

The key business risks affecting the company are set out below

Competition
The number of competitors in the UK is limited at present, reflecting the fact that there are a limited number of major contracts available This does restrict the frequency of tenders but at the same time increases the significance of each bid It therefore concentrates rather than reduces the competitive nature of the industry We maintain close communication with our customers at all times, not just at contract negotiation, to ensure we are in a position to meet their needs

Product Warranty
Customers are increasingly seeking to pass on consequential losses suffered as a result of quality failures These are very expensive to insure against in this litigious age and look set to become another overhead cost we will have to accept and build into our quotes Our main defence will remain a focus on providing quality products to customers thus eliminating the problem at source

Market
With our existing market limited to a small number of customers, a change in strategy that reduced their output in UK could well have a significant impact on our sales These would be major decisions by the car manufacturers, who have significant investments in plant in the UK, but in extraordinary times extraordinary decisions become a little more likely
We have also seen recently that volumes can reduce significantly without the loss of a customer or contract but that is less likely from the current low base

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

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 Should it be required, the company has a policy of funding high value expenditure on external fixed assets at fixed rates to ensure certainty of future interest rates Short-term borrowings to cover day-to-day fluctuations in cash requirements are arranged on variable interest rates

At present we also have the long term inter company loan on fixed rates

Exchange rate risk

The company makes significant purchases in Japanese yen but the majority of these are matched by customer sales price variation agreements linked to the sterling/yen exchange rate The time lag between exchange rate movements and the corresponding change in sales prices has proved to be a problem during the period of extreme volatility of exchange rates in 2008 and the first part of 2009 The company sought to reduce this exposure by shortening the base period and increasing the frequency of the price calculations but to date customers have been unwilling to negotiate changes to the existing arrangements 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 longer term finance to fund external purchases of fixed assets This has proved adequate in the past to provide the funds needed for the company's operations

The severity of the recession in the automotive sector over the past year or so, together with the impact of the rapidly strengthening yen, led to exceptional demands for cash which the facilities in place were unable to meet Both the amount of the additional borrowing required and the restrictions on available funds in the financial markets meant that there was no way the company could negotiate new external facilities to meet its liabilities

An inter-company loan of £4 0m, rising to £4 5m after the year end, provided the company with the required current and forecast cash resources

In addition Sanoh Industrial Company Ltd 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

Results and dividends

The loss for the year, after taxation, amounted to £1,008,000 (2008 profit of £972,000) The directors have proposed the payment of a dividend of £300,300 (2008 £198,900), representing 77p (2008 51p) on each ordinary share The aggregate dividend on the ordinary shares recognised as an expense during the year amounts to £198,900 (2008 £Nil)

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

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that suitable accounting policies have been used and applied consistently and they also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2009 and that applicable accounting standards have been followed

The directors are responsible for keeping proper accounting records that 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 1985 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

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting

By Order of the Board

Director

22/02/10

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 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the directors and advisers and the directors' report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol

22 February 2010

Sanoh UK Manufacturing Limited

Profit and loss account for the year ended 31 March 2009

	Note	2009	2008
		£'000	£'000
Turnover	1	**11,032**	17,151
Operating costs	2	**(12,380)**	(16,089)
Operating (loss)/profit	3	**(1,348)**	1,062
Net interest payable and similar charges	6	**(75)**	(41)
(Loss)/profit on ordinary activities before taxation		**(1,423)**	1,021
Tax on loss/(profit) on ordinary activities	7	**415**	(49)
(Loss)/profit on ordinary activities after taxation	21	**(1,008)**	972

All activities are continuing

The company has no recognised gains or losses other than those included in the profit 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 2009

	Note	2009	2008
		£'000	£'000
Fixed assets			
Tangible assets	9	**4,057**	3,975
Current assets			
Stocks	11	**2,055**	1,811
Debtors	12	**1,363**	2,253
Cash at bank and in hand		**730**	204
		4,148	4,268
Creditors: amounts falling due within one year	13	**(2,652)**	(3,808)
Net current assets		**1,496**	460
Total assets less current liabilities		**5,553**	4,435
Creditors: amounts falling due after more than one year	14	**(2,500)**	(43)
Provisions for liabilities and charges	18	**(34)**	(166)
Net assets		**3,019**	4,226
Capital and reserves			
Called up share capital	15	**390**	390
Capital redemption reserve	16	**1170**	1,170
Profit and loss account	16	**1,459**	2,666
Total shareholders' funds	21	**3,019**	4,226

The financial statements on pages 8 to 24 were approved by the board of directors on 22/02/2010 and were signed on its behalf by

P Davis
Director

Sanoh UK Manufacturing Limited

Cash flow statement for the year ended 31 March 2009

	Note	2009	2009	2008	2008
		£'000	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities	23		**(2,175)**		1,733
Returns on investment and servicing of finance					
Interest received		**-**		1	
Interest paid		**(67)**		(22)	
Interest element of finance lease payments		**(8)**		(20)	
Net cash outflow from returns on investment and servicing of finance			**(75)**		(41)
Tax refunded/(paid)			**2**		(635)
Capital expenditure					
Purchase of tangible fixed assets		**(663)**		(622)	
Receipts from sale of tangible fixed assets		**-**		-	
Net cash outflow from capital expenditure			**(663)**		(622)
Equity dividends paid			**(199)**		-
Cash (outflow)/inflow before financing			**(3,110)**		435
Financing					
Capital element of finance lease payments		**(161)**		(173)	
New loan finance received		**4,000**		-	
Repayment of loans		**-**		(239)	
Net cash inflow/(outflow) from financing			**3,839**		(412)
Increase in cash in the year	25		**729**		23

Sanoh UK Manufacturing Limited

Accounting policies

Basis of preparation

These financial statements are 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 1985 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 Co Ltd , 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 Co Ltd 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

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)

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

Sanoh UK Manufacturing Limited

Accounting policies (continued)

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
As tooling projects progress attributable profit is recognised on a percentage complete basis

Deferred taxation
Deferred tax is provided on all material timing differences, whether or not they are expected to reverse in the future Deferred tax assets and liabilities have not been discounted

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

Sanoh UK Manufacturing Limited

Notes to the financial statements for the year ended 31 March 2009

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

	2009	2008
	£'000	£'000
United Kingdom	**10,541**	16,575
Europe	**491**	576
	11,032	17,151

2 Operating costs

	2009	2008
	£'000	£'000
Decrease/(increase) in stocks of finished goods and work in progress	**34**	(59)
Raw materials and consumables	**6,440**	9,047
Staff costs (Note 4)	**4,158**	5,569
Depreciation of owned tangible fixed assets	**518**	399
Depreciation of assets held under finance leases and hire purchase contracts	**46**	83
Capitalised staff and overhead costs	**(176)**	(135)
Other operating charges	**1,360**	1,185
	12,380	16,089

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3 Operating (loss)/profit

		2009 £'000	2008 £'000
Operating (loss)/profit is stated after charging			
Services provided by the			
Company's auditor	fees payable for the audit	**17**	18
	fees payable for other services – tax compliance	**16**	12
Operating lease rentals	land and buildings	**242**	220
	plant and equipment	**35**	36
	other	**-**	9
Loss on foreign exchange		**337**	18

4 Staff costs

	2009 £'000	2008 £'000
Wages and salaries	**3,812**	5,116
Social security costs	**310**	419
Other pension costs	**36**	34
	4,158	5,569

Severance payments of £306,000 (2008 £6,000) and associated NI contributions of £18,000 (2008 £Nil) 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

	2009 Number	2008 Number
Hourly paid	**178**	245
Staff	**33**	38
	211	283

Sanoh UK Manufacturing Limited

5 Directors' emoluments

	2009	2008
	£'000	£'000
Aggregate emoluments	**243**	187
Company contributions paid to money purchase schemes	**3**	3

During the year the company paid contributions to the money purchase pension schemes of one (2008 one) director and retirement benefits are accruing to one director (2008 one) under these schemes at 31 March 2009 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 £35,000 (2008 £17,000) of the above costs are funded by Sanoh Industrial Company Ltd and £9,000 (2008 £Nil) 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

	2009	2008
	£'000	£'000
Bank overdraft interest	**2**	2
Interest receivable from HMRC on Tax Refunds	**-**	(1)
Invoice discounting	**21**	11
Interest on loans wholly repayable within five years	**44**	9
Finance charges payable under finance leases and hire purchase contracts	**8**	20
	75	41

Sanoh UK Manufacturing Limited

7 Tax charge on (loss)/profit on ordinary activities

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

	2009	2008
	£'000	£'000
Current tax.		
UK corporation tax on (losses)/profits of the year	(284)	268
Prior year adjustment for under/(over) provision	1	(61)
Total current tax	(283)	207
Deferred tax:		
Origination and reversal of timing differences (ACA and other)	4	(148)
Unutilised losses carried forward	128	-
Changes in tax rates or laws	-	(10)
Total deferred tax	(132)	(158)
	(415)	49

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 30%) The differences are explained below

	2009	2008
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(1,423)	1,021
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2008 30%)	(398)	306
Non deductible expenses	(3)	(9)
Depreciation charge in excess of capital allowances and other timing differences	8	(29)
Unutilised losses carried forward	128	-
Changes in tax rates or laws	(19)	-
Adjustments to tax in respect of previous periods	1	(61)
Current tax (credit)/charge for the year	(283)	207

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008

Sanoh UK Manufacturing Limited

8 Dividends

Ordinary shares of £1 each (equity)

	2009 £'000	2008 £'000
Final paid £0 51 (2008 £Nil) per £1 share	**199**	-

The directors have proposed a dividend of £300,300 representing 77p per ordinary share

9 Tangible fixed assets

	Long leasehold land and buildings £'000	Plant machinery and office equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2008	2,309	4,816	94	230	7,449
Additions	-	307	-	356	663
Transfer	-	179	-	(179)	-
Disposals	(39)	(13)	-	-	(52)
At 31 March 2009	**2,270**	**5,289**	**94**	**407**	**8,060**
Depreciation					
At 1 April 2008	497	2,945	32	-	3,474
Charge for the year	56	487	21	-	564
Disposals	(28)	(7)	-	-	(35)
At 31 March 2009	**525**	**3,425**	**53**	**-**	**4,003**
Net book amount					
At 31 March 2009	**1,745**	**1,864**	**41**	**407**	**4,057**
At 31 March 2008	1,812	1,871	62	230	3,975

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

	2009 £'000	2008 £'000
Cost	**368**	696
Aggregate depreciation	**(165)**	(256)
Net book amount	**203**	440

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 (2008 £nil) value

Details of subsidiary undertakings

Subsidiary undertakings	Description of shares held	Group share of equity	Nature of business	Retained profit/(loss)	Net assets
				£'000	£'000
Bristol Bending Sanoh Automotive Components Limited	Ordinary	100%	Tubular Products	1	5
Bristol Bending Sanoh Fluid Handling Components Limited	Ordinary	100%	Dormant	-	-

11 Stocks

	2009	2008
	£'000	£'000
Raw materials and consumables	1,713	1,435
Work in progress	192	276
Finished goods and goods for resale	150	100
	2,055	1,811

12 Debtors

	2009	2008
	£'000	£'000
Trade debtors	464	1,737
Amounts owed by group undertakings	68	64
Amounts due from debt factor	383	284
Corporation tax	346	65
Other debtors and prepayments	102	103
	1,363	2,253

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13 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank Overdraft	**3**	107
Trade creditors	**612**	2,867
Amounts owed to group undertakings - Loans	**1,500**	-
Amounts owed to group undertakings - Other	**5**	-
Other taxation and social security	**75**	207
Obligations under finance leases and hire purchase contracts (Note 17)	**43**	161
Other creditors and accruals	**414**	466
	2,652	3,808

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

	2009 £'000	2008 £'000
Amounts owed to group undertakings - Loans	**2,500**	-
Obligations under finance leases and hire purchase contracts (Note 17)	**-**	43
	2,500	43

Preference share capital
At 31 March 2009 the company had 1,500,000 (2008 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 after the year end The loan is unsecured and earns interest at rates between 3% and 5% £1 5m 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 6M after five years

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15 Called up share capital

	2009	2008
	£'000	£'000
Authorised		
500,000 Ordinary shares of £1 each	**500**	500
Allotted, called up and fully paid		
390,000 Ordinary shares of £1 each	**390**	390

16 Reserves

	Capital redemption reserve	Profit and loss reserve
	£'000	£'000
At 1 April 2008	1,170	2,666
Loss after tax for the year	-	(1,008)
Dividends paid in the year	-	(199)
At 31 March 2009	**1,170**	**1,459**

17 Obligations under finance leases and hire purchase contracts

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

	2009	2008
	£'000	£'000
Within one year	**43**	161
Between one and two years	**-**	43
Between two and five years	**-**	-
	43	204

18 Provisions for liabilities and charges

Deferred taxation

	2009	2008
	£'000	£'000
At 1 April	166	324
Credited to profit and loss account	(132)	(158)
At 31 March	34	166

	2009	2008
	£'000	£'000
Short term timing differences	2	(5)
Accelerated capital allowances	160	171
Unutilised losses carried forward	(128)	-
Total	34	166

19 Capital commitments

	2009	2008
	£'000	£'000
Authorised and contracted for	56	23

20 Financial commitments

	Land and buildings		Other	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Operating leases which expire				
within one year	9	1	1	4
within one to two years	59	14	11	3
within two to five years	28	187	9	20
after five years	17	17	-	-
	113	219	21	27

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21 Reconciliation of movement in shareholders' funds

	2009	2008
	£'000	£'000
(Loss)/profit for the financial year	(1,008)	972
Dividends	(199)	-
Net (decrease)/increase to shareholders' funds	(1,207)	972
Opening shareholders' funds	4,226	3,254
Closing shareholders' funds	3,019	4,226

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 (2008 £3,000) amount accrued for outstanding payments to the pension scheme

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

	2009	2008
	£'000	£'000
Operating (loss)/profit	(1,348)	1,062
Depreciation	564	482
Loss on disposal of fixed assets	17	-
Increase in stocks	(244)	(19)
Decrease in debtors	1,270	766
Decrease in creditors	(2,434)	(558)
Net cash (outflow)/inflow from operating activities	(2,175)	1,733

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24 Reconciliation of net cash flow to movement in net debt

	2009	2008
	£'000	£'000
Increase in cash in the year	**729**	23
(Increase)/decrease in debt and lease financing	**(3,839)**	412
Movements in net debt in year	**(3,110)**	435
Net cash/(debt) at 1 April	**177**	(258)
Net (debt)/cash at 31 March	**(2,933)**	177

25 Analysis of net debt

	At 1 April 2008	Cash flow	Other non cash Movements	At 31 March 2009
	£'000	£'000	£'000	£'000
Cash in hand and at bank	204	526	-	**730**
Overdraft	(107)	104	-	**(3)**
Amounts forwarded by debt factor	284	99	-	**383**
	381	729	-	**1,110**
Debt due within 1 year	-	(1,500)	-	**(1,500)**
Debt due after 1 year	-	(2,500)	-	**(2,500)**
Finance leases/HP contracts	(204)	161	-	**(43)**
	(204)	(3,839)	-	**(4,043)**
Total	177	(3,110)	-	**(2,933)**

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26 Related party disclosures

	2009	2008
	£'000	£'000
Transactions with Sanoh Industrial Company Ltd and associated companies		
Supply of goods and services by Sanoh Industrial Company Ltd	16	1
Supply of goods and services to Sanoh Industrial Company Ltd	55	57
Supply of goods and services to Sanoh Europe (France) EURL	472	496
Supply of goods and services to Sanoh Magyar	10	-
Supply of goods and services by Sanoh Canada	3	-
Loan from Sanoh Industrial Company Ltd	4,000	-
Transactions with the Sojitz Corporation		
Supply of goods and services by Sojitz UK Plc	4,059	6,221
Transactions with Bristol Bending Sanoh Automotive Components Ltd		
Supply of goods and services by Sanoh UK Manufacturing Limited	69	112

Those transactions were undertaken on normal commercial terms and conditions

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

	2009	2008
	£'000	£'000
Sanoh Industrial Company Ltd – on loan account	(4,000)	-
Sanoh Industrial Company Ltd – on current account	86	82
Sanoh Europe (France) EURL	62	49
Sojitz UK Plc	(443)	(2,111)
Bristol Bending Sanoh Automotive Components Ltd	(5)	1

27 Ultimate and immediate parent companies

The immediate and ultimate parent company and the controlling party of the company is Sanoh Industrial Company Ltd 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