

**The Hay Hall Group Limited**

Report and Financial Statements

Year Ended

31 December 2010

Company Number 3141672



# **The Hay Hall Group Limited**

## **Report and financial statements for the year ended 31 December 2010**

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### **Directors**

C Storch  
C R Christenson

### **Secretary and registered office**

P A Turvey, 317-319 Ampthill Road, Bedford, MK42 9RD

### **Company number**

3141672

### **Auditors**

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

# **The Hay Hall Group Limited**

## **Report of the directors for the year ended 31 December 2010**

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The directors present their report together with the audited financial statements for the year ended 31 December 2010

### **Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year

The director does not recommend the payment of a dividend. The rights of preference shareholders to receive dividends has been removed.

### **Principal activities, review of business and future developments**

The company's principal activity is that of a holding company within the Warner Electric UK Group.

### **Indemnity Cover**

The director benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### **Indemnity cover**

The director benefitted from the third party indemnity provisions in place during the financial year and at the date of this report.

### **Directors**

The directors of the company during the year were

C Storch

C R Christenson (appointed 31 December 2010)

# The Hay Hall Group Limited

## Report of the directors for the year ended 31 December 2010 (*continued*)

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### Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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.

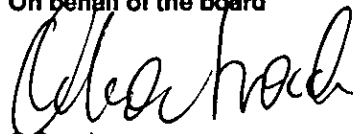
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



C. Storch  
Director

Date

7/29/11  
(US DATE FORMAT)

# **The Hay Hall Group Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF THE HAY HALL GROUP LIMITED**

We have audited the financial statements of The Hay Hall Group Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters 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.

# The Hay Hall Group Limited

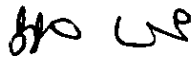
## Independent auditor's report (*continued*)

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### 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



Thomas Lawton (*senior statutory auditor*)  
For and on behalf of BDO LLP, statutory auditor  
Birmingham  
United Kingdom

Date 8 August 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# The Hay Hall Group Limited

## Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Administrative expenses		56	93
		<u>(56)</u>	<u>(93)</u>
Other operating income		70	3,006
		<u>70</u>	<u>3,006</u>
<b>Operating profit</b>	2	<b>14</b>	<b>2,913</b>
Other interest receivable and similar income		1	3
Interest payable and similar charges	3	-	(1)
		<u>1</u>	<u>2</u>
<b>Profit on ordinary activities before taxation</b>		<b>15</b>	<b>2,915</b>
Taxation on profit on ordinary activities	4	376	(69)
		<u>376</u>	<u>(69)</u>
<b>Profit on ordinary activities after taxation</b>		<b>391</b>	<b>2,846</b>
		<u>391</u>	<u>2,846</u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 7 to 15 form part of these financial statements

# The Hay Hall Group Limited

## Balance sheet at 31 December 2010

<i>Company number 3141672</i>	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
<b>Fixed assets</b>					
Tangible assets	5		1,318		750
Fixed asset investments	6		8,123		8,123
			<u>9,441</u>		<u>8,873</u>
<b>Current assets</b>					
Debtors	7	10,666		9,236	
Investments	8	2,025		200	
Cash at bank and in hand		474		1,819	
		<u>13,165</u>		<u>11,255</u>	
<b>Creditors amounts falling due within one year</b>	9	<u>6</u>		<u>20</u>	
<b>Net current assets</b>			<u>13,159</u>		<u>11,235</u>
<b>Total assets less current liabilities</b>			<u>22,600</u>		<u>20,108</u>
<b>Creditors amounts falling due after more than one year</b>	10		<u>33,194</u>		<u>31,093</u>
			<u>(10,594)</u>		<u>(10,985)</u>
<b>Capital and reserves</b>					
Called up share capital	11		8,396		8,396
Profit and loss account	12		(18,990)		(19,381)
<b>Shareholders' deficit</b>	13		<u>(10,594)</u>		<u>(10,985)</u>

The financial statements were approved by the board of directors and authorised for issue on 20 July 2011

  
C. Storch  
Director

The notes on pages 7 to 15 form part of these financial statements



# The Hay Hall Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2010

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### 1 Accounting policies

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

The following principal accounting policies have been applied

#### *Basis of preparation*

At the 31 December 2010, the company had net liabilities of £10,594,000 (2009 - £10,985,000) Financial support will be provided by group companies as necessary to allow the company to continue trading for at least twelve months from the date of signing off the financial statements The director therefore considers it appropriate to prepare financial statements on a going concern basis

#### *Consolidated financial statements*

The financial statements contain information about The Hay Hall Group Limited as an individual company and do not contain consolidated financial information as the parent of a group The company has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in non-EEA group accounts of a larger group

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Altra Holdings Inc and the company is included in consolidated financial statements

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives It is calculated at the following rates

Freehold property - 10 years

#### *Fixed Asset Investments*

Fixed asset investments are shown at cost less provision for impairment

#### *Current Assets Investments*

Investments held as current assets relate to cash held on short term deposit

#### *Taxation*

Corporation tax payable is provided on taxable profits at the current rate Payment is made for group relief surrendered

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

# The Hay Hall Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2010 (*continued*)

## 1 Accounting policies (*continued*)

### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

## 2 Operating profit

	2010 £'000	2009 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	32	-
	<u>          </u>	<u>          </u>

	2010 £'000	2009 £'000
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	4	4
- tax services	5	53
	<u>          </u>	<u>          </u>

## 3 Interest payable and similar charges

	2010 £'000	2009 £'000
Bank loans and overdrafts	-	1
	<u>          </u>	<u>          </u>

# The Hay Hall Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2010 (*continued*)

## 4 Taxation on profit on ordinary activities

	2010 £'000	2009 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	(40)	(73)
Adjustment in respect of previous periods	(4)	142
	<hr/>	<hr/>
Total current tax	(44)	69
<i>Deferred tax</i>		
Origination and reversal of timing differences	(332)	-
	<hr/>	<hr/>
Taxation on profit on ordinary activities	<hr/> (376) <hr/>	<hr/> 69 <hr/>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	15	2,915
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	4	816
Effect of		
Expenses not deductible for tax purposes	10	5
Adjustment to tax charge in respect of previous periods	(4)	142
Non taxable income	-	(840)
Transfer pricing	(54)	(54)
	<hr/>	<hr/>
Current tax (credit)/charge for the year	<hr/> (44) <hr/>	<hr/> 69 <hr/>

The company has losses of £1,721,000 (2009 - £1,761,000), giving a deferred tax asset of £464,000 (2009 - £493,000). Of the total deferred tax asset, £132,000 (2009 - £493,000) has not been recognised on the basis that it is unlikely to be utilised in the foreseeable future.

# The Hay Hall Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2010 (*continued*)

## 5 Tangible fixed assets

	Freehold land and buildings £'000
<i>Cost</i>	
At 1 January 2010	750
Additions	600
	<hr/>
At 31 December 2010	1,350
	<hr/>
<i>Depreciation</i>	
Provided for the year and at 31 December 2010	32
	<hr/>
<i>Net book value</i>	
At 31 December 2010	1,318
	<hr/>
At 31 December 2009	750
	<hr/>

# The Hay Hall Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2010 (continued)

## 6 Fixed asset investments

	Group undertakings £'000
<i>Cost</i>	
At 1 January 2010 and 31 December 2010	8,123

### *Subsidiary undertakings and other investments*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held
<b>Trading companies</b>			
Matrix International Limited	England	Ordinary	100%
Twiflex Limited	England	Ordinary	100%
Huco Engineering Industries Limited	England	Ordinary	100%
Bibby Transmissions Limited	England	Ordinary	100%
Matrix International GmbH	Germany	Ordinary	100%
Bibby Turboflex SA	South Africa	Ordinary	100%
Rathi Turboflex Pty Limited	India	Ordinary	50%
<b>Holding companies</b>			
Bibby Group Limited	England	Ordinary	100%
Huco Power Transmission Limited	England	Ordinary	100%
<b>Non trading companies</b>			
Saftek Limited	England	Ordinary	100%
Turboflex Limited	England	Ordinary	100%
Torsiflex Limited	England	Ordinary	100%
Dynatork Air Motors Limited	England	Ordinary	100%
Dynatork Limited	England	Ordinary	100%

The principal activity of all of the above trading companies is the design, manufacture and supply of industrial brakes, couplings and clutches for a variety of industrial motion applications

# The Hay Hall Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2010 (*continued*)

## 7 Debtors

	2010 £'000	2009 £'000
Amounts receivable within one year		
Corporation tax recoverable	39	72
Other debtors	1	112
Deferred taxation	332	-
	<u>372</u>	<u>184</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	10,294	9,052
	<u>10,666</u>	<u>9,236</u>

	Deferred taxation £'000
Recognised in year	332
At 31 December 2010	<u>332</u>

### *Deferred taxation*

	2010 £'000	2009 £'000
The amount of deferred tax provided for is as follows		
Unutilised tax losses	332	-
	<u>332</u>	<u>-</u>

## 8 Current asset investments

	2010 £'000	2009 £'000
Other investments	2,025	200
	<u>2,025</u>	<u>200</u>

# The Hay Hall Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2010 (*continued*)

## 9 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Accruals and deferred income	6	20
	<u>6</u>	<u>20</u>

## 10 Creditors: amounts falling due after more than one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	12,690	10,589
Other creditors	20,504	20,504
	<u>33,194</u>	<u>31,093</u>

## 11 Share capital

	2010 £'000	2009 £'000
<i>Allotted, called up and fully paid</i>		
4,363,656 'B' Preference shares of £1 each	4,364	4,364
1,532,500 'C' Preference shares of £1 each	1,532	1,532
2,250,000 'A' ordinary shares of £1 each	2,250	2,250
250,000 ordinary shares of £1 each	250	250
	<u>8,396</u>	<u>8,396</u>

### Principal features of each class of share

#### *'A' ordinary and ordinary shares*

The 'A' ordinary and ordinary share holders rank equally and are entitled to any residue of any dividends declared after the preference share dividends up to 21 May 2004 and any arrears thereon have been declared and paid. The dividends will be distributed in proportion to the number of shares held.

On winding up of the company, the 'A' ordinary and ordinary shareholders rank equally and are entitled to the amounts paid up on the shares, after firstly the 'C' preference shareholders, secondly the 'B' preference shareholder and thirdly the redeemable preference shareholders have been paid. Thereafter, any remaining surplus will be distributed to the 'A' ordinary and ordinary shareholders in proportion to the number of shares held.

# The Hay Hall Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2010 *(continued)*

## 11 Share capital *(continued)*

Each 'A' ordinary and ordinary share carries one vote per share general meetings

*'C' preference shares and 'B' preference shares*

The 'C' and 'B' preference shares carry no rights to any income

*Redeemable preference shares*

Up until 21 May 2004 the redeemable preference shares carried rights to 5% dividend on the amount paid up with dividends payable on 15 August and 15 February each year and the holders entitled first to any arrears of dividends not paid. Any amounts not paid on the due dates were increased by an amount equivalent to interest thereon at 2% above base rate.

With effect from 21 May 2004 the rights to receive dividends and any penalty dividends in respect of late payment of such dividends were removed. During the prior year rights to previously accrued dividends were also removed.

Hay Hall Holdings Limited which owns 100% of the redeemable preference shares has provided an irrevocable commitment not to require redemption of these shares and not to charge the additional interest detailed in rights to the shares.

On a winding up of the company the preference shareholders are entitled to the amount paid up on the shares followed by any arrears on dividends, being paid before any amounts due to the holders of the ordinary shares.

The preference shares do not carry rights to vote at general meetings unless any such shares due to be redeemed have remained unredeemed for a period exceeding 28 days from the due date.

## 12 Reserves

	Profit and loss account £'000
At 1 January 2010	(19,381)
Profit for the year	391
	<hr/>
At 31 December 2010	(18,990)
	<hr/>



# The Hay Hall Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2010 *(continued)*

## 13 Reconciliation of movements in shareholders' deficit

	2010 £'000	2009 £'000
Profit for the year	391	2,846
Opening shareholders' deficit	(10,985)	(13,831)
Closing shareholders' deficit	(10,594)	(10,985)

## 14 Financial commitments and contingent liabilities

The company's assets are used as security for the group's banking facilities. The bank has a fixed and floating charge over all assets of the company.

## 15 Related party disclosures

The company is a wholly owned subsidiary of Altra Holdings Inc and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Altra Holdings Inc or other wholly owned subsidiaries within the group.

## 16 Ultimate parent company and parent undertaking of larger group

The company's ultimate parent company is Altra Holdings Inc, a company incorporated in the United States of America.

The largest UK group in which the results of the company are consolidated is that headed by Altra Holdings Inc. The consolidated financial statements of Altra Holdings Inc are available to the public and may be obtained from 300 Granite Street, Suite 201, Braintree, MA 02184, USA.