

The Hay Hall Group Limited

Report and Financial Statements

Year Ended

31 December 2011

Company Number 3141672



The Hay Hall Group Limited

**Report and financial statements
for the year ended 31 December 2011**

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Directors

C Storch
C R Christenson

Secretary and registered office

G Varga, Cannon Way, Dewsbury, West Yorks, WF13 1EH

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 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Results

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

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

Principal activities

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

Indemnity cover

The directors 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

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.

The Hay Hall Group Limited

**Report of the directors
for the year ended 31 December 2011 (*continued*)**

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.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the board



9/26/12

C R Christenson
Director

The Hay Hall Group Limited

Independent auditor's report

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 2011 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.

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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*)

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

BDO LLP
26 September 2012

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

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 2011

	Note	2011 £'000	2010 £'000
Administrative expenses		76	56
		(76)	(56)
Other operating income		130	70
Operating profit	3	54	14
Other interest receivable and similar income	4	94	1
Profit on ordinary activities before taxation		148	15
Taxation on profit on ordinary activities	5	(322)	376
(Loss)/profit on ordinary activities after taxation		(174)	391

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 2011

<i>Company number 3141672</i>	Note	2011 £'000	2011 £'000	2010 As restated £'000	2010 As restated £'000
Fixed assets					
Tangible assets	6		1,269		1,318
Fixed asset investments	7		15,252		14,622
			<u>16,521</u>		<u>15,940</u>
Current assets					
Debtors	8	15,877		13,170	
Investments	9	-		2,025	
Cash at bank and in hand		1,542		474	
		<u>17,419</u>		<u>15,669</u>	
Creditors' amounts falling due within one year	10	6		6	
		<u>6</u>		<u>6</u>	
Net current assets			<u>17,413</u>		<u>15,663</u>
Total assets less current liabilities			<u>33,934</u>		<u>31,603</u>
Creditors: amounts falling due after more than one year	11		4,691		22,690
			<u>29,243</u>		<u>8,913</u>
Capital and reserves					
Called up share capital	12		-		8,396
Capital contribution reserve	13		19,507		19,507
Profit and loss account	13		9,736		(18,990)
Shareholders' funds	14		<u>29,243</u>		<u>8,913</u>

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



C R Christenson
Director

9/26/12

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 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

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

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

The Hay Hall Group Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

2 Prior year adjustment

Since initial inception in the year ended 31 December 2006 the funding provided by the UK parent undertaking has been recognised in the financial statements as an amount payable to the parent undertaking. During this year as part of a review of the group funding arrangements it was realised that this recording within the financial statements had been incorrect since inception as the funding had been provided as a non-repayable capital contribution rather than as a loan. In addition, capital contributions and other cash advances to subsidiary undertakings via the company were not reflected in the original accounting treatment.

The comparatives have therefore been restated to account for the initial receipt of £19,507,000 as a capital contribution credited to reserves, with a reduction in amounts owed to group undertakings of £10,504,000, an increase in amounts owed by group undertakings of £2,504,000 and an increase in the carrying value of investment in subsidiaries of £6,499,000. There was no impact on gross or net profit for the year.

3 Operating profit

	2011 £'000	2010 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	49	32
	<hr/>	<hr/>
	2011 £'000	2010 £'000
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	4	4
- tax services	6	53
	<hr/>	<hr/>

4 Other interest receivable and similar income

	2011 £'000	2010 £'000
Bank deposits	2	1
Loans to group companies	92	-
	<hr/>	<hr/>
	94	1
	<hr/>	<hr/>

The Hay Hall Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

5 Taxation on profit on ordinary activities

	2011 £'000	2010 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	(40)
Adjustment in respect of previous periods	2	(4)
	<hr/>	<hr/>
Total current tax	2	(44)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	216	(332)
Adjustment in respect of previous periods	104	-
	<hr/>	<hr/>
Movement in deferred tax provision	320	(332)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	322	(376)
	<hr/>	<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:

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	148	15
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	39	4
Effect of		
Expenses not deductible for tax purposes	13	10
Adjustment to tax charge in respect of previous periods	2	(4)
Transfer pricing	129	(54)
Losses carried forward	(181)	-
	<hr/>	<hr/>
Current tax charge/(credit) for the year	2	(44)
	<hr/>	<hr/>

The company has losses of £50,000 (2010 - £1,721,000), giving a deferred tax asset of £12,000 (2010 - £464,000). Of the total deferred tax asset, £nil (2010 - £132,000) 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 2011 (*continued*)

6 Tangible fixed assets

	Freehold land and buildings £'000
<i>Cost</i>	
At 1 January 2011 and 31 December 2011	1,350
	<hr/>
<i>Depreciation</i>	
At 1 January 2011	32
Provided for the year	49
	<hr/>
At 31 December 2011	81
	<hr/>
<i>Net book value</i>	
At 31 December 2011	1,269
	<hr/>
At 31 December 2010	1,318
	<hr/>

The Hay Hall Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

7 Fixed asset investments

	Group undertakings £'000
<i>Cost</i>	
At 1 January 2011 as previously stated	8,123
Prior year adjustment (see note 2)	6,499
	<hr/>
At 1 January 2011 (as restated)	14,622
Additions	630
	<hr/>
At 31 December 2011	15,252
	<hr/>

On 23 March 2011 the company acquired the entire share capital of Bauer Gear Motor Limited, a newly incorporated entity. The company also provided a capital contribution to Bauer Gear Motor Limited of £630,000.

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
Trading companies			
Matrix International Limited	England	Ordinary	100%
Twiflex Limited	England	Ordinary	100%
Huco Engineering Industries Limited	England	Ordinary	100%
Bibby Transmissions Limited	England	Ordinary	100%
Bauer Gear Motor Limited	England	Ordinary	100%
Matrix International GmbH	Germany	Ordinary	100%
Bibby Turboflex SA	South Africa	Ordinary	100%
Rathi Turboflex Pty Limited	India	Ordinary	50%
Holding companies			
Bibby Group Limited	England	Ordinary	100%
Huco Power Transmission Limited	England	Ordinary	100%
Non trading companies			
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 2011 (*continued*)

8 Debtors

	2011 £'000	2010 As restated £'000
Amounts receivable within one year		
Corporation tax recoverable	-	39
Other debtors	1	1
Deferred taxation	12	332
	<u>13</u>	<u>372</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	15,864	12,798
	<u>15,877</u>	<u>13,170</u>
Total debtors		
		<u>Deferred taxation £'000</u>
At 1 January 2011		332
Charged to profit and loss account		(320)
		<u>12</u>
At 31 December 2011		<u>12</u>

Deferred taxation

	2011 £'000	2010 £'000
The amount of deferred tax provided for is as follows		
Unutilised tax losses	12	332
	<u>12</u>	<u>332</u>

9 Current asset investments

	2011 £'000	2010 £'000
Other investments	-	2,025
	<u>-</u>	<u>2,025</u>

Current asset investments relate to amounts held on deposit

The Hay Hall Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

10 Creditors' amounts falling due within one year

	2011 £'000	2010 £'000
Accruals and deferred income	6	6

11 Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	4,691	2,186
Other creditors	-	20,504
	<u>4,691</u>	<u>22,690</u>

Other creditors relate to Cumulative Preference Shares. See note 12 for details.

12 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1	250,000
'A' ordinary shares of £1 each	-	2,250,000
'B' preference shares of £1 each	-	4,363,656
'C' preference shares of £1 each	-	1,532,840
	<u>1</u>	<u>8,396,496</u>

On 17 October 2011 the company passed a written resolution consolidating 21,361,500 Cumulative Preference Shares of £0.01 each into 213,615 Cumulative Redeemable Preference Shares of £1 each.

On 17 October 2011 the company passed a written resolution converting the 4,363,656 'B' Preference Shares, 1,532,840 'C' Preference Shares, 2,250,000 'A' ordinary shares and 213,615 Cumulative Redeemable Preference Shares into 8,360,111 Ordinary shares of £1 each. The conversion of the Cumulative Redeemable Preference Shares extinguished liabilities of £20,503,500 and created share premium of £20,289,885.

On 31 October 2011 the company cancelled and extinguished 8,610,110 Ordinary shares of £1 each.

The Hay Hall Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

13 Reserves

	Share premium account £'000	Capital contribution reserve £'000	Profit and loss account £'000
At 1 January 2011 as previously stated	-	-	(18,990)
Prior year adjustment (see note 2)	-	19,507	-
At 1 January 2011 as restated	-	19,507	(18,990)
Premium on shares issued during the year	20,290	-	-
Loss for the year	-	-	(174)
Shares redeemed (see note 12)	(20,290)	-	28,900
At 31 December 2011	-	19,507	9,736

14 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 As restated £'000
(Loss)/profit for the year	(174)	391
Issue of shares (see note 12)	214	-
Premium on shares issued during the year	20,290	-
Net additions to shareholders' funds	20,330	391
Opening shareholders' deficit as previously stated	(10,594)	(10,985)
Prior year adjustment capital contribution from parent undertaking	19,507	19,507
Opening shareholders' funds as restated	8,913	8,522
Closing shareholders' funds	29,243	8,913

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

The Hay Hall Group Limited

**Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)**

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

17 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