Co House

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Kautex Textron CVS Limited

Report and Financial Statements

31 December 2009

Directors
S Evans
H Neizert
P Irving

Secretary
P A Preston

Auditors
Ernst & Young LLP
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Directors' report

The directors present their report and financial statements for the year ended 31 December 2009

Results and dividends

The loss for the year after taxation amounted to £1,602,619 (2008 – £9,182,980 profit) Dividends paid in the year amounted to £33,453,670 (2008 – £nil) The directors do not recommend any final dividend (2008 – £nil) An interim dividend in respect of 2010 of £1,000,000 was paid on 23 March 2010

Principal activities and review of the business

The company's principal activity during the year continued to be the manufacture and distribution of washer systems for the automotive industry

The company's key performance indicators during the year were as follows

	2009	*2008*
	£000	*£000*
Turnover	25,642	36,782
Operating (Loss) / Profit	(1,679)	5,986
(Loss) / Profit after tax	(1,603)	9,183
Shareholders' funds	3,890	92,473

Turnover in 2009 has reduced from 2008 by 30% due to the global slow down in the automotive industry which affected all customers in all locations The impact was largely felt at the end of 2008 and most of 2009 By the end of 2009 demand started to rise again leading to a positive outlook for 2010

The business incurred a loss in 2009 as a result of the sales downturn and also due to significant one time cost increases from restructuring and customer warranties The cost reduction measures were completed in 2009 and have resulted in a more competitive cost base for the future

Continued emphasis is being placed on cost reduction, continuous improvement, and the development of new products

Loss after tax is in line with Operating loss

The reduction in Shareholder's funds reflects a dividend paid to the sole shareholder (Textron International Holding S L) during 2009

Principal Risks and Uncertainties

The directors continually review and evaluate the risks that the company is facing The principal risks and uncertainties are broadly grouped as competitive, legislative and financial risk

Competitive risks

Largely owing to the nature of the market in the UK, the company has faced very strong competition in recent years The company puts strong emphasis on its excellent service levels, quality of its product and competitive pricing to its customer base to maintain its position within the market

Legislative risks

Risk within the UK industry is controlled by specific recognised bodies who provide good practice and standards to follow

Directors' report (continued)

Principal risks and uncertainties (continued)

Financial risks

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level

Use of derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency

Going Concern

In forming its opinion as to going concern, the directors prepare a working capital forecast based upon its assumptions as to operating, investing and financing activities as well as taking into account the expected available borrowing facilities with its parent undertaking or other affiliates of the ultimate parent undertaking The directors also consider alternative scenarios in assessing the business variables and key risks and uncertainties, both as highlighted above Based upon these, the directors have concluded that the company has adequate resources to maintain working capital and therefore confirm their belief that, it is appropriate to use the going concern basis of preparation for the financial statements of the company

Future developments

Management aim to maintain the company policies which have resulted in the company's growth and new product development

Directors

The directors of the company during the year to 31 December 2009 were as follows

J H Bracken	resigned 16 February 2009
G T Linden	resigned 16 February 2009
D J Frost	resigned 19 January 2009
S K Evans	
H Neizert	appointed 17 February 2009
P Irving	appointed 17 February 2009

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job Opportunities are available to disabled employees for training, career development and promotion Where existing employees become disabled, it is the group's policy to provide employment

Directors' report (continued)

wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim

Employee involvement

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group This is achieved through formal and informal meetings, the company newsletter and the Textron 'Our Voice' survey Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

In accordance with s 487(2) of the Companies Act 2006, the auditors, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this Report and Financial Statements are sent to members unless a resolution is passed under s 488 of the Companies Act 2006 to the effect that they should not be re-appointed

On behalf of the Board

5/11/10

Ken Evans
Director

Statement of 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 judgments 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

Independent auditors' report

to the members of Kautex Textron CVS Limited

We have audited the financial statements of Kautex Textron CVS Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22 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 Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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 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

Independent auditors' report

to the members of Kautex Textron CVS 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

Ernst & Young LLP

Ken Griffin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

17 November 2010

Profit and loss account

for the year ended 31 December 2009

	Notes	*2009* £	*2008* £
Turnover	2	25,642,200	36,781,524
Cost of sales		(23,311,761)	(28,317,046)
Gross profit		2,330,439	8,464,478
Distribution costs		(810,369)	(1,134,815)
Administrative expenses		(3,198,802)	(1,343,568)
Operating (loss)/profit	3	(1,678,732)	5,986,095
Interest receivable and similar income	6	76,113	3,196,885
(Loss)/profit on ordinary activities before taxation		(1,602,619)	9,182,980
Tax on (loss)/profit on ordinary activities	7	–	–
(Loss)/profit on ordinary activities after taxation	13	(1,602,619)	9,182,980

None of the company's activities were acquired or discontinued during the year

Statement of total recognised gains and losses

for the year ended 31 December 2009

There are no recognised gains and losses other than the loss shown above in 2009 and the profit in 2008

Balance sheet

at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangıble assets	8	1,838,225	2,152,696
Current assets			
Stocks	9	1,550,074	2,337,514
Debtors due wıthın one year	10	5,959,570	92,392,799
		7,509,644	94,730,313
Credıtors amounts falling due wıthin one year	11	(5,457,494)	(4,410,403)
Net current assets		2,052,150	90,319,910
Net assets		3,890,375	92,472,606
Capıtal and reserves			
Called up share capıtal	12	540,872	21,413,461
Share premıum account	13	-	32,673,740
Profit and loss account	13	3,349,503	38,385,405
Equıty shareholders' funds	13	3,890,375	92,472,606

Approved by the Board

5/11/10

Ken Evans
Director

2009

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basis of preparation

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

Going Concern

In forming its opinion as to going concern, the directors prepare a working capital forecast based upon its assumptions as to operating, investing and financing activities as well as taking into account the expected available borrowing facilities with its parent undertaking or other affiliates of the ultimate parent undertaking The directors also consider alternative scenarios in assessing the business variables and key risks and uncertainties, both as highlighted above Based upon these, the directors have concluded that the company has adequate resources to maintain working capital and therefore confirm their belief that, it is appropriate to use the going concern basis of preparation for the financial statements of the company

Statement of cash flows

The company has taken advantage of the exemption allowed under FRS1 not to include a statement of cash flows on the basis that it is a wholly owned subsidiary whose parent company produces consolidated financial statements which include a consolidated cash flow statement that is publicly available

Turnover

Turnover is recognised in line with the contract terms and conditions of its customers which recognises revenue when risk changes from seller to buyer, this is at the point of despatch

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value based on the prices prevailing at the date of acquisition of each asset, evenly over its expected useful life as follows

Short leasehold	over 5 years
Plant, machinery and tooling	over 1 - 15 years
Fixtures and fittings	over 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

Stocks

Stocks are stated at the lower of cost and net realisable value

Cost includes all costs incurred in bringing each product to its present location and condition and is based on purchase cost as follows

Raw materials, consumables and goods for resale	–	purchase cost on a first-in, first-out basis
Work in progress and finished goods	–	cost of direct materials and labour plus attributable overheads based on a normal level of activity

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

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

Deferred taxation

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

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

Use of derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency This is done each year, usually at the same currency rate as next year's annual budget rate

Purchases and sales in foreign currencies are recorded at the actual rate of exchange ruling at the date of the transaction The gain or loss arising upon maturity of any related forward foreign currency contract is included within administration expenses

Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pensions

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

Share-based payment

Employees of the Company receive remuneration in the form of share-based payment transactions, whereby the employees render services in exchange for shares (equity-settled transactions) The shares issued are those of the Company's ultimate parent company, Textron Inc Textron Inc has recharged a portion of its share-based payment charge, calculated in accordance with SFAS 123(R), to the Company in the period The recharge is debited to equity to the fullest extent possible and thereafter, if applicable, treated as a dividend

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

Share-based payment (continued)

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted The fair value is based on the market value of the shares at the date of grant less required adjustments to reflect the fair value of the award as dividends are not paid or accrued until the shares vest

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the periods in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date) The cumulative expense recognised for equity-settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest No expense is recorded for awards that do not ultimately vest

The terms of the equity-settled award do not allow modifications

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards and has applied FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual tooling project is carried forward when its future recoverability can reasonably be regarded as assured Any expenditure carried forward is amortised in line with the expected future sales from the related project

Warranties

Warranty costs are charged to the profit and loss account when incurred

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to customers in the automotive industry

An analysis by geographical market is given below

	2009	*2008*
	£	*£*
United States	1,942,970	3,553,017
Canada	76,773	178,072
Western Europe	21,513,876	30,727,598
Eastern Europe	337,604	427,718
Africa	98,310	394,011
Northern Europe	354,218	15,150
Asia	1,318,449	1,485,958
	25,642,200	36,781,524

Notes to the financial statements

at 31 December 2009

3. Operating Loss

This is stated after charging/(crediting)

	2009	*2008*
	£	*£*
Auditors' remuneration – audit services	24,229	29,074
Depreciation of owned fixed assets	595,299	525,604
Foreign exchange (gain)/loss	2,327,862	222,421
Operating lease charges – land and buildings	314,000	235,500
Exceptional items	408,328	-

Exceptional items were costs associated with reduction of personnel during the year The reduction was required to improve the cost base of the company after the significant loss of sales, caused by the economic downturn which started in 2008 The reduction in personnel came from direct production, indirect and management positions

4. Directors' emoluments

	2009	*2008*
	£	*£*
Aggregate emoluments	107,085	233,746
Company pension contributions to money purchase schemes	14,707	26,621
Compensation for loss of office	110,290	-

None of the directors were members of a defined benefit pension scheme Consequently, no company contributions have been made to such a scheme

Notes to the financial statements

at 31 December 2009

5. Staff costs

	2009	*2008*
	£	*£*
Wages and salaries	5,698,830	7,322,233
Social security costs	502,258	644,302
Pension costs	247,002	280,462
Expense of share-based payment (note 20)	58,657	75,064
	6,506,747	8,322,061

The average number of employees during the year was as follows

	2009	*2008*
	No	*No*
Management and administration	107	101
Production	150	193
Sales and marketing	4	4
	261	298

6. Interest receivable and similar income

	2009	*2008*
	£	*£*
Group interest receivable	76,113	3,196,885
	76,113	3,196,885

7. Tax

(a) Tax on (loss)/profit on ordinary activities

Tax on (loss)/profit on ordinary activities is made up as follows

	2009	*2008*
	£	*£*
Current tax		
UK corporation tax at 28% (2008 – 28 5%)	-	-
Total current tax (note 7(b))	-	-

There is no current year credit for corporation tax as losses arising have been carried forward for future use (2008 - no charge as a result of tax allowable losses surrendered from other group companies for nil consideration)

Notes to the financial statements

at 31 December 2009

7. Tax (contınued)

(b) Factors affectıng current tax charge

The tax assessed on the (loss)/profit on ordınary actıvıtıes for the year dıffers from the standard rate of corporatıon tax ın the UK of 28% (2008 – 28 5%) The dıfferences are reconcıled below

	2009	*2008*
	£	*£*
(Loss)/profit on ordınary actıvıtıes before tax	(1,602,619)	9,182,980
(Loss)/profit on ordınary actıvıtıes multıplıed by the standard rate of corporatıon tax ın the UK of 28% (2008 – 28 5%)	(448,733)	2,617,149
Expenses not deductıble for tax purposes	20,391	24,440
Employee share acquısıtıon	(23,679)	(1,331)
Depreciatıon ın advance of capıtal allowances	(152,024)	(249,922)
Research and Development net credıt	-	(17,935)
Other tımıng dıfferences	54,277	19,050
Tax losses carrıed forward	549,768	-
Group relıef surrender (receıvable)	-	(2,391,451)
Total current tax (note 7(a))	-	-

(c) Unrecognısed deferred tax asset

The phasıng out of capıtal allowances on ındustrıal buıldıngs wıth effect from 1 Aprıl 2008 was confirmed by the Fınance Act 2008 The resultant consequences have been recognısed ın the unprovıded deferred tax lıabılıty

The major components of the deferred tax asset are as follows

	2009	*2008*
	£	*£*
Accelerated capıtal allowances	697,439	882,898
Other tımıng dıfferences	97,642	43,363
Tax losses	549,768	-
	1,344,849	926,261

The deferred tax asset has not been recognısed ın these financıal statements (note 7(d))

(d) Factors that may affect future tax charges

A deferred tax asset of £1,344,849 (2008 £926,261) for accelerated capıtal allowances, losses carrıed forward and other short term tımıng dıfferences has not been recognısed on the basıs that ıt cannot be regarded as more lıkely than not that there wıll be suıtable taxable profits from whıch any future reversal of the underlyıng tımıng dıfferences can be deducted

Notes to the financial statements

at 31 December 2009

During recent years the company has not claimed its full entitlement to capital allowances on plant and machinery, which will have the effect of reducing future taxable profits

In his budget of 22 June 2010, the Chancellor of the Exchequer announced Budget tax changes, which, if enacted in the proposed manner, will have a significant effect on the company's future tax position As at 31 December 2009, the tax changes announced in the Budget had not yet been 'substantively enacted' and as such, in accordance with accounting standards, the changes have not been reflected in the company's financial statements as at 31 December 2009

The budget proposed a decrease in the rate of UK corporation tax from 28% to 24% by 1% each year, from April 2011, which will be enacted annually The effect of the reduction in the tax rate to 24% on the company's deferred tax asset would be to reduce the deferred tax asset by £192,122 The rate change will also impact the amount of the future cash tax payments to be made by the company

The budget also proposed a decrease in the rate of capital allowances of 2% on main pool and special rate pool assets The effect on the company of these proposed changes to the UK tax system will be reflected in the company's financial statements for the year ending 31 December 2010 once the proposals have been substantively enacted

8. Tangible fixed assets

	Plant and machinery	*Fixtures and fittings*	*Assets under construction*	*Total*
	£	*£*	*£*	*£*
Cost				
At 1 January 2009	4,602,796	247,347	397,519	5,247,662
Additions	-	-	280,828	280,828
Disposals	(18,622)	-	-	(18,622)
Transfers	649,881	-	(649,881)	-
At 31 December 2009	5,234,055	247,347	28,466	5,509,868
Depreciation				
At 1 January 2009	2,861,334	233,632	-	3,094,966
Disposals	(18,622)	-	-	(18,622)
Provided during the year	581,584	13,715	-	595,299
At 31 December 2009	3,424,296	247,347	-	3,671,643
Net book value				
At 31 December 2009	1,809,759	-	28,466	1,838,225
At 1 January 2009	1,741,462	13,715	397,519	2,152,696

Notes to the financial statements

at 31 December 2009

9. Stocks

	2009	2008
	£	£
Raw materıals and consumables	1,252,328	2,098,976
Fınıshed goods and goods for resale	297,746	238,538
	1,550,074	2,337,514

The dıfference between purchase prıce or productıon cost of stocks and theır replacement cost ıs not materıal

10. Debtors

	2009	2008
	£	£
Trade debtors	3,685,939	5,147,381
Amounts owed by group undertakıngs	1,705,231	86,585,630
Other debtors	432,767	604,683
Prepayments and accrued ıncome	135,633	55,105
	5,959,570	92,392,799

11. Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade credıtors	1,449,667	1,627,128
Amounts owed to group undertakıngs	1,211,009	469,297
Bank overdraft (secured by Textron Inc)	36,419	389,001
Other taxes and socıal securıty costs	25,829	238,202
Accruals and deferred ıncome	2,734,570	1,686,775
	5,457,494	4,410,403

12. Issued share capital

		2009		2008
Allotted, called up and fully paıd	*No*	*£*	*No*	*£*
Ordınary shares of £1 each	-	-	21,413,461	21,413,461
Ordınary shares of £0 01 each	54,087,201	540,872	-	-

On 7 October 2009, the company applıed ıts share premıum account ın full for the bonus ıssue of 32,673,740 fully paıd ordınary shares of £1 each to the exıstıng shareholder On the same date, the enlarged share capıtal was reduced by returnıng £0 99p per share to the shareholder and redesıgnatıng the ordınary shares of the company as shares of £0 01p fully paıd

Notes to the financial statements

at 31 December 2009

13. Reconciliation of shareholders' funds and movement in reserves

	Share capital	*Share premium account*	*Profit and loss account*	*Total*
	£	*£*	*£*	*£*
At 31 December 2007	21,413,461	32,673,740	29,136,474	83,223,675
Share-based payment	-	-	75,064	75,064
Share-based payment recharge	-	-	(9,113)	(9,113)
Profit for the year	-	-	9,182,980	9,182,980
At 31 December 2008	21,413,461	32,673,740	38,385,405	92,472,606
Share-based payment	-	-	58,657	58,657
Share-based payment recharge	-	-	(38,270)	(38,270)
Bonus issue of shares (note 12)	32,673,740	(32,673,740)	-	-
Capital reduction (note 12)	(53,546,329)	-	-	(53,546,329)
Dividend paid	-	-	(33,453,670)	(33,453,670)
Loss for the year	-	-	(1,602,619)	(1,602,619)
At 31 December 2009	540,872	-	3,349,503	3,890,375

14. Events since the balance sheet date

On March 23, 2010 Kautex Textron CVS Ltd paid a dividend of £1,000,000 to its sole owner Textron International Holding SL (TIHSL)

15. Capital commitments

There were no capital commitments at 31 December 2009 or at 31 December 2008

16. Pension commitments

The company participates in a defined contribution pension scheme, the Textron Limited Pension Scheme, for its employees The assets of the scheme are held separately from those of the company in an independently administered fund There were no unpaid contributions outstanding at the year end (2008 – £nil)

17. Other financial commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2009	*Land and buildings 2008*
	£	*£*
Operating leases which expire		
Later than five years	314,000	235,500

Notes to the financial statements

at 31 December 2009

18. Contingent liabilities

	2009 £	2008 £
HM Revenue and Customs Import duty guarantee	175,000	175,000

19. Forward foreign currency contracts

The company entered into forward foreign currency contracts to hedge currency exposure on forecast currency requirements for the coming year in Euros, US Dollars and Japanese Yen The company seeks to hedge against expected expenses and revenues The hedges are not against a firm commitment and contracts have been entered into on the basis of the expected amounts of the cash flows arising The forward currency commitments are as follows

	2009 £	2008 £
Forward foreign currency purchases	(417,881)	(3,860,222)
Forward foreign currency sales	25,271,556	17,282,505

20. Share-based payment

1999 Long term incentive plan

Eligible employees of the Company receive awards under the Restricted Stock section of the 1999 Long-Term Incentive Plan (the Plan) The Plan is operated by the Company's ultimate parent company, Textron Inc An award of Restricted Stock vests one-third in each of the third, fourth and fifth years following the date of grant The employee must still be employed by the Company at the date of vest for the shares to become vested There are no performance conditions attached to the award

The Company receives a charge (Share-based payment recharge) from Textron Inc for the provision of Restricted Stock Units

Share based payment charge

The total charge for the year relating to employee share-based payment is as follows

	2009 £	2008 £
1999 Long-Term Incentive Plan for Textron Employees	58,657	75,064

Restricted stock

The following table illustrates the number of, and movements in, share options during the year

	No
Outstanding as at 1 January 2008	13,340
Adjustment for 2007 Stock Split	310
Granted	10,131
Forfeited	(1,192)

Notes to the financial statements
at 31 December 2009

Vested	(4,104)
Outstanding as at 31 December 2009	18,485

As at 31 December 2009 the weighted average remaining time to vest is 1 91 years (2008 – 1 54 years)

20 Share-based payment (continued)

The weighted average fair value of shares granted during the year was $6 70 (2008 – $54 19)

The weighted average share price during the year at the date of vest was $7 21 (2008 – $ 51 28)

Restricted stock is transferred to the employee's ownership, at the date of vest, at no cost to the employee Therefore the weighted average cost at the date of vest is nil

21. Related party transactions

The company has taken advantage of the exemption given in FRS8 'Related Parties' for wholly-owned subsidiary undertakings by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties

22. Parent undertaking and controlling party

The company's immediate parent undertaking is Textron International Holding S L The ultimate parent undertaking and controlling party is Textron Inc, a company incorporated in the United States of America This is the largest group of which the company is a member and for which group financial statements are prepared Their financial statements are available from the registered office at 40 Westminster Street, Providence, RI 02903, USA

The smallest group of which the company is a member and for which group financial statements are prepared is Textron International Holdings SL based in Spain These financial statements are available from Textron Limited's registered office at 23 Bedford Row, London WC1R 4EB