

Caparo U.S. Partner One Limited

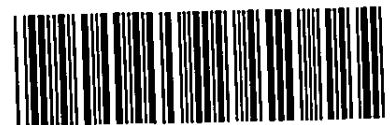
Report and Financial Statements

Year Ended

31 December 2009

Company Number 3672842

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Caparo U.S. Partner One Limited

Report and financial statements for the year ended 31 December 2009

Contents

Directors and advisors

Page:

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

The Honourable Akash Paul
The Honourable Ambar Paul
The Honourable Angad Paul
D P Dancaaster

Secretary and registered office

M J Stilwell, Caparo House, 103 Baker Street, London, W1U 6LN

Company number

3672842

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Caparo U.S. Partner One Limited

Report of the directors for the year ended 31 December 2009

The directors present their annual report and the audited financial statements for the year ended 31 December 2009
The company is a wholly owned subsidiary of Caparo Industries Plc, a company registered in England and Wales

Principal activities

The company does not trade

Results and dividends

The results for the year are shown in the profit and loss account on page 5 The loss after taxation for the year was £98,000 (2008 profit of £61,000)

No interim dividend was paid during the year (2008 £nil) and the directors do not recommend a final dividend for the year (2008 £nil)

Directors

The directors of the company during the year were

The Honourable Akash Paul

The Honourable Ambar Paul

The Honourable Angad Paul

D P Lancaster

C G Steele

(resigned 30 September 2009)

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Caparo U.S. Partner One Limited

Report of the directors for the year ended 31 December 2009 (Continued)

Directors' responsibilities (Continued)

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.

Indemnity cover

Third party indemnity cover for the directors was in force during the financial year and at the year end.

Financial instruments

Details of the financial risk management objectives and policies and details of the use of financial instruments by the company are provided in note 12 to the financial statements.

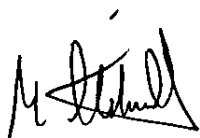
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of the 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 as auditors will be proposed at the annual general meeting.

In preparing the directors' report advantage has been taken of the small companies exemption under the Companies Act 2006.

By order of the Board



M J Stilwell
Secretary

Date 27 August 2010

Caparo U.S. Partner One Limited

Independent auditor's report

TO THE MEMBERS OF CAPARO U.S. PARTNER ONE LIMITED

We have audited the financial statements of Caparo U S Partner One Limited for the year ended 31 December 2009 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 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 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.

Caparo U.S. Partner One 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



*Simon Bevan, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date **31/3/10**

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

Caparo U.S. Partner One Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Other operating (expenses)/income		<u>(78)</u>	<u>161</u>
Operating (loss)/profit	4	(78)	161
Interest payable and similar charges	5	<u>(7)</u>	<u>(16)</u>
(Loss)/profit on ordinary activities before taxation		(85)	145
Taxation on (loss)/profit on ordinary activities	6	<u>(13)</u>	<u>(84)</u>
(Loss)/profit for the financial year	10	<u>(98)</u>	<u>61</u>

All amounts relate to continuing activities

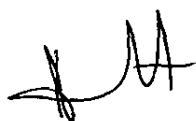
The notes on pages 7 to 11 form part of these financial statements

Caparo U.S. Partner One Limited

Balance sheet at 31 December 2009

<i>Company number 3672842</i>	Note	2009 £'000	2008 £'000
Current assets			
Debtors due within one year	7	28	3,575
Debtors due after more than one year	7	3,341	336
		<u>3,369</u>	<u>3,911</u>
Creditors: amounts falling due within one year	8	-	(444)
		<u>3,369</u>	<u>3,467</u>
Net assets			
Capital and reserves			
Called up share capital	9	-	-
Share premium account	10	4,003	4,003
Profit and loss account	10	(634)	(536)
		<u>3,369</u>	<u>3,467</u>
Shareholders' funds	10	<u>3,369</u>	<u>3,467</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 August 2010



The Honourable Angad Paul
Director



D P Dancaster
Director

The notes on pages 7 to 11 form part of these financial statements

Caparo U.S. Partner One Limited

Notes forming part of the financial statements for the year ended 31 December 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable law and United Kingdom Accounting Standards

The following principal accounting policies have been applied

Basis of preparation

The directors have prepared the accounts on the going concern basis. In preparing the accounts on this basis the directors have taken account of the following factors.

Subsequent to the year end discussions were concluded satisfactorily with the bankers to the principal UK companies of the Caparo Industries group, together with other stakeholders including minority shareholders and the UK Pension Scheme Trustee, and agreements were entered into on 30 July 2010 providing three year committed UK banking facilities to Caparo Industries Plc. The directors have reviewed cash flow forecasts for the period to 31 August 2011 which indicate that the group and company are expected to trade within the facilities during the forecast period.

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred

Other monetary assets and liabilities denominated in foreign currencies are translated at year end rates, the exchange differences arising being taken to the profit and loss account

Financial risk management

Exposure to movements in rates of foreign exchange in relation to trading transactions between the date that a contractual obligation is entered into and the date of completion of the contract is hedged through the use of currency asset and liability matching, forward exchange contracts and other financial instruments

Exposure to movements in rates of foreign exchange in relation to any investments in overseas assets by the company is reduced through the assumption of related liabilities in matching currencies where possible, and otherwise through the use of financial instruments where in the opinion of the directors to do so would be in the best interests of the company

Exposure to movements in interest rates is reviewed regularly by the directors. The company utilises financial instruments to limit the company's exposure to movements in interest rates where in the opinion of the directors the expected benefits of such arrangements exceed the expected costs or at the request of the company's lenders. Further information is provided in note 12 to the financial statements

Cash flow statement

Under Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' (FRS 1), the company is exempt from the requirement 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 Caparo Group Limited and the company is included in the consolidated financial statements of Caparo Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1

Caparo U.S. Partner One Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

2 Employees

The company does not employ any personnel. The activities of the company are managed by employees of a fellow subsidiary company of Caparo Group Limited, the ultimate parent company.

3 Directors' remuneration

No director received any remuneration during the current or previous year. The remuneration of the directors is borne by fellow subsidiary companies of Caparo Group Limited, the ultimate parent company.

4 Operating (loss)/profit

	2009 £'000	2008 £'000
This has been arrived at after charging/(crediting)		
Foreign exchange losses/(gains)	78	(161)

Auditor's remuneration is borne by fellow subsidiary companies of Caparo Group Limited, the ultimate parent company, and no recharge is made to this company.

5 Interest payable and similar charges

	2009 £'000	2008 £'000
Group interest	7	16

6 Taxation on (loss)/profit on ordinary activities

	2009 £'000	2008 £'000
The taxation on (loss)/profit on ordinary activities comprises		
Corporation tax on (loss)/profit for the year	(28)	62
Adjustment in respect of previous years	41	22
Taxation on (loss)/profit on ordinary activities	13	84

Caparo U.S. Partner One Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (*Continued*)

6 Taxation on (loss)/profit on ordinary activities (*Continued*)

The current tax on ordinary activities for the year is different from the standard rate of corporation tax in the UK. The differences are explained below

	2009 £'000	2008 £'000
(Loss)/profit on ordinary activities before tax	(85)	145
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 28½%)	(24)	41
Effect of		
Permanent differences	-	21
Other timing differences	(4)	-
Adjustment in respect of previous years	41	22
Current tax charge for year	13	84

Factors that may affect future tax charges

There are no factors that may affect future tax charges

7 Debtors

	2009 £'000	2008 £'000
Amounts falling due for payment within one year		
Amounts owed by group undertakings	-	3,575
Corporation tax	28	-
	28	3,575
Amounts falling due for payment after more than one year		
Amounts owed by group undertakings	3,341	336
Total debtors	3,369	3,911

Amounts owed by group undertakings have no fixed repayment date and are non-interest bearing

Caparo U.S. Partner One Limited

Notes forming part of the financial statements for the year ended 31 December 2009 *(Continued)*

8 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	-	382
Corporation tax	-	62
	<u>-</u>	<u>444</u>

Amounts owed to group undertakings in 2008 is an amount of £382,000 (\$553,000) owed to Caparo Inc at an interest rate of 5.50%, which was repayable on 31 December 2009

9 Share capital

	2009 Number	Authorised 2009 £'000	2008 Number	2008 £'000
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

	2009 Number	Allotted, called up and fully paid 2009 £'000	2008 Number	2008 £'000
Ordinary shares of £1 each	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>

10 a) Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2009	4,003	(536)
Loss for the financial year	-	(98)
	<u>4,003</u>	<u>(634)</u>
At 31 December 2009	<u>4,003</u>	<u>(634)</u>

Caparo U.S. Partner One Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

10 b) Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Opening shareholders' funds	3,467	3,406
(Loss)/profit for the financial year	(98)	61
	<hr/>	<hr/>
Closing shareholders' funds	3,369	3,467
	<hr/>	<hr/>

11 Related party transactions

The company has taken advantage of the exemptions granted under Financial Reporting Standard 8, "Related Party Transactions", from disclosing transactions entered into between two or more members of a group provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

Transactions between two or more members of the group where any subsidiary undertaking party to those transactions is not wholly owned by a member of the group, are considered immaterial and have not, therefore, been disclosed

12 Financial instruments

The company holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

The company performs rigorous credit checks for all customers, and credit insurance is obtained, where available, to minimise bad debt risk

Operations are financed by a mixture of short and long term parent company borrowings. Working capital requirements are funded principally out of parent company loans and short and longer term banking facilities

13 Ultimate parent company and controlling parties

The company is a wholly owned subsidiary undertaking of Caparo Industries Plc. The ultimate parent company is Caparo Group Limited

The largest group in which the results of the company are consolidated, is that headed by Caparo Group Limited. The smallest group in which they are consolidated is that headed by Caparo Industries Plc. Copies of the consolidated accounts of Caparo Group Limited and Caparo Industries Plc are available from Companies House, Cardiff

The Right Honourable The Lord Paul of Marylebone, The Honourable Ms Anji Paul, The Honourable Ambar Paul, The Honourable Akash Paul and The Honourable Angad Paul, directors of Caparo Group Limited, are jointly and indirectly interested in the whole of the issued share capital of Caparo Group Limited through shareholdings registered in the name of Caparo International Corporation, a company registered in the British Virgin Islands