

Caparo AP Braking Limited
Report and Financial Statements
Year Ended
31 December 2010

Company Number 5755850

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Caparo AP Braking Limited

Report and financial statements for the year ended 31 December 2010

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Directors and advisors

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Directors

The Honourable Angad Paul
D P Lancaster
D M O'Reilly
F S Scarbrough

Registered office

Caparo House, 103 Baker Street, London, W1U 6LN

Company number

5755850

Auditors

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

Caparo AP Braking Limited

Report of the directors for the year ended 31 December 2010

The directors present their annual report and the audited financial statements for the year ended 31 December 2010. The company is a wholly owned subsidiary of Caparo Vehicle Products Limited, a company registered in England and Wales.

Principal activities

The company engages in the manufacture and supply of braking and actuation systems to the automotive sector.

Review of the business and future developments

The company's profit and loss account is set out on page 8 and shows turnover for the year of £12,013,000 (2009 £9,797,000). Further details of turnover by geographical area are given in note 2 to the financial statements.

An operating profit of £379,000 (2009 £51,000) was recorded in the year. 2010 saw an increase in demand from vehicle manufacturers with improvements seen in both the automotive and motorsport markets. Earlier re-structuring programmes helped to maintain the progress in financial performance supported by continued tight control of manufacturing overheads.

After deducting interest and tax, the company's profit for the year amounted to £275,000 (2009 loss of £11,000).

No interim dividend was paid during the year (2009 £nil) and the directors do not recommend a final dividend for the year (2009 £nil).

The balance sheet as at 31 December 2010 shows total assets less current liabilities of £614,000 (2009 £515,000) and shareholders' funds of £559,000 (2009 £284,000).

Trading conditions in the first half of 2011 have continued to show an improvement on the corresponding period in 2010 with increasing demand for both production components and spares.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have an impact on the company's financial performance.

Global, political and economic conditions

The company has either sales or sourcing arrangements with various other countries throughout the world. Whilst the company benefits from the growth opportunities in these countries, it is similarly exposed to the economic, political and business risks associated with such international operations. Throughout its operations the company encounters different legal and regulatory requirements, including those for taxation, exchange control, environmental, operational and competitive matters.

Management monitor such risks and conditions, maintaining insurance cover and amending business procedures as appropriate to attempt to mitigate any exposure whilst remaining in compliance with local and group requirements.

Caparo AP Braking Limited

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

Principal risks and uncertainties (*Continued*)

Foreign exchange

The company makes sales to many countries, as such the company is exposed to movements in exchange rates between sterling and other world currencies, particularly the Euro, which could adversely or positively impact results

Raw material and energy prices

The company's products and services utilise a range of raw materials. The company also requires substantial quantities of electricity and natural gas. The pricing for these raw material inputs is largely determined by international or national factors beyond the company's control or influence. Short term volatility in the pricing of such inputs and any decrease in availability can significantly impact the company's financial performance.

The Caparo Group, of which the company is a subsidiary, has developed strong relationships with its suppliers and uses contractual means where possible to minimise the risk.

Litigation

As with any business, the company is subject to the risk of litigation from third parties. The company seeks to address such claims proactively.

In accordance with accounting requirements, a provision is made where required to address such litigation and the consequent costs of defence.

Environmental liabilities

The company conducts its operations in such a manner as to ensure compliance with environmental laws and regulations. If events occur where actions are necessary to maintain compliance, the company will devote suitable resources to the issue in order to remedy the situation.

Employees

The company has a reliance on the management teams employed. The company recognises the importance of this resource and as such reviews its remuneration policy together with its recruitment policy on a regular basis in order to ensure the company continues to retain and attract the best possible management teams.

Caparo AP Braking Limited

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

Principal risks and uncertainties (*Continued*)

Future trading and liquidity risk

The directors regularly prepare profit and cash flow forecasts based on the likely levels of demand from key customers and suppliers

Key performance indicators

Key performance indicators within the Caparo Group are specific to the nature of the operations of each business. This data is reported to divisional and Caparo Group senior management on a monthly basis.

The financial key performance indicators of the company include

- Gross profit percentage at 18.0% (2009: 17.6%)
- Operating profit percentage at 3.2% (2009: 0.5%)
- Working capital of £790,000 (2009: £678,000)
- Return on capital employed of 32.7% (2009: 4.2%)

As at 31 December 2010, the reported key performance indicators were in line with expectations. In addition to the above key performance indicators, the company monitors other financial performance indicators on a monthly basis against forecasts and budgets including, but not limited to, material and contribution margins, working capital days and cash flows.

Directors

The directors of the company during the year were

The Honourable Angad Paul
R G J Butler
D P Lancaster
F S Scarbrough
L G Stokes

Subsequent to the year end, R G J Butler resigned on 14 January 2011, L G Stokes resigned on 31 January 2011 and D M O'Reilly was appointed on 1 February 2011.

Caparo AP Braking Limited

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

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.

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.

Employment of disabled persons

The company is an equal opportunity employer and makes every effort to ensure disabled people are not discriminated against on the grounds of their disability. In the event of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

Indemnity cover

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

Employee involvement

Employees are kept informed regarding the company's affairs and are consulted on a regular basis wherever feasible and appropriate.

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 23 to the financial statements.

Caparo AP Braking Limited

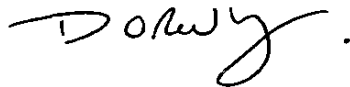
Report of the directors for the year ended 31 December 2010 (*Continued*)

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 will be proposed at the annual general meeting.

By order of the Board



D M O'Reilly
Director

Date 29 June 2011

Caparo AP Braking Limited

Independent auditor's report

TO THE MEMBERS OF CAPARO AP BRAKING LIMITED

We have audited the financial statements of Caparo AP Braking 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

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.

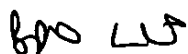
Caparo AP Braking Limited

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



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

Date 

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

Caparo AP Braking Limited**Profit and loss account for the year ended 31 December 2010**

| | Note | 2010 £'000 | 2009 £'000 |
|--|-------------|-----------------------|-----------------------|
| Turnover | 2 | 12,013 | 9,797 |
| Cost of sales | | (9,851) | (8,071) |
| Gross profit | | 2,162 | 1,726 |
| Distribution costs | | (27) | (3) |
| Administrative expenses | | (1,921) | (1,727) |
| Other operating income | | 165 | 55 |
| Operating profit | 5 | 379 | 51 |
| Interest receivable and similar income | 6 | - | 1 |
| Interest payable and similar charges | 7 | (22) | (36) |
| Profit on ordinary activities before taxation | | 357 | 16 |
| Taxation on profit on ordinary activities | 8 | (82) | (27) |
| Profit/(loss) for the financial year | 19 | 275 | (11) |

All amounts relate to continuing activities

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

The notes on pages 10 to 22 form part of these financial statements

Caparo AP Braking Limited

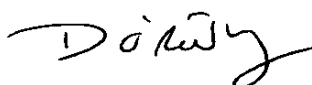
Balance sheet at 31 December 2010

| <i>Company Number 5755850</i> | Note | 2010 £'000 | 2010 £'000 | 2009 £'000 | 2009 £'000 |
|--|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fixed assets | | | | | |
| Goodwill | 9 | | 32 | | 34 |
| Intangible assets | 9 | | 9 | | 23 |
| Tangible fixed assets | 10 | | 369 | | 551 |
| | | | <hr/> | | <hr/> |
| | | | 410 | | 608 |
| Current assets | | | | | |
| Stocks | 11 | 1,263 | | 1,257 | |
| Debtors due within one year | 12 | 1,927 | | 1,647 | |
| Debtors due after more than one year | 12 | 818 | | 348 | |
| Cash at bank and in hand | | 248 | | 203 | |
| | | <hr/> | | <hr/> | |
| | | 4,256 | | 3,455 | |
| Creditors: amounts falling due within one year | 13 | (4,052) | | (3,548) | |
| | | <hr/> | | <hr/> | |
| Net current assets/(liabilities) | | | 204 | | (93) |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 614 | | 515 |
| | | | | | |
| Creditors: amounts falling due after more than one year | 14 | | (55) | | (231) |
| | | | <hr/> | | <hr/> |
| Net assets | | | 559 | | 284 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 18 | | - | | - |
| Profit and loss account | 19 | | 559 | | 284 |
| | | | <hr/> | | <hr/> |
| Shareholders' funds | 19 | | 559 | | 284 |
| | | | <hr/> | | <hr/> |

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2011



**The Honourable Angad Paul
Director**



**D M O'Reilly
Director**

The notes on pages 10 to 22 form part of these financial statements

Caparo AP Braking Limited

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

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

The overall cash requirements of the group are managed centrally and the company is party to cross guarantees as detailed in note 20. During the year 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 prepared profit and loss and cash flow forecasts for the period to June 2012 which indicate that the group and company are expected to trade within these facilities during the forecast period.

Turnover

Turnover, stated net of value added tax, represents amounts invoiced to third parties. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer, which is generally on delivery.

Goodwill

Acquisitions are included from the date of acquisition and disposals excluded from the date of effective disposal. Goodwill, being the excess of purchase consideration over the fair value of the underlying net assets, is capitalised and is amortised over its estimated useful life of up to 20 years. Goodwill is subject to an impairment review where there is an indication of an impairment.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Assets acquired under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element is charged to the profit and loss account over the term of the agreement.

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred with the exception of expenditure on the development of certain major new product projects where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised over a period of not longer than five years commencing in the year that sales of the product are first made.

Caparo AP Braking Limited

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

1 Accounting policies (*Continued*)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account

Deferred tax

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 to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to shareholders this is when paid by the company. In the case of final dividends this is when approved by the shareholders

Tangible fixed assets

Fixed assets not acquired by a business combination are recorded at cost on acquisition. The carrying values of tangible fixed assets are reviewed for impairment if events or other changes in circumstances indicate that the carrying value may not be recoverable

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

| | | |
|--------------------------------|---|---------------------|
| Plant and machinery | - | 10% per annum |
| Computer equipment | - | 20% per annum |
| Fixtures, fittings and tooling | - | 10% - 33% per annum |
| Motor vehicles | - | 25% per annum |

Depreciation on second hand assets is provided at twice the rate applied to similar new assets

Stocks

Stocks are valued at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Caparo AP Braking Limited

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

1 Accounting policies (*Continued*)

Warranty

Warranty costs are accrued against income based on anticipated liabilities arising from sales made

Pension costs

The pension costs for defined contribution schemes are the contributions payable in the year

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 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 23 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 AP Braking Limited

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

2 Turnover

The company's turnover is derived from its principal activity, an analysis by geographical market is as follows

| | 2010 £'000 | 2009 £'000 |
|-------------------|---------------|---------------|
| United Kingdom | 10,736 | 8,979 |
| Rest of Europe | 615 | 418 |
| North America | 642 | 395 |
| Rest of the World | 20 | 5 |
| | <u>12,013</u> | <u>9,797</u> |

3 Employees

| | 2010 £'000 | 2009 £'000 |
|------------------------|---------------|---------------|
| Staff costs consist of | | |
| Wages and salaries | 2,921 | 2,676 |
| Social security costs | 289 | 259 |
| Pension costs | 154 | 129 |
| | <u>3,364</u> | <u>3,064</u> |

| | 2010 Number | 2009 Number |
|---|----------------|----------------|
| The average number of employees during the year was | | |
| Production and sales | 97 | 91 |
| Administration | 18 | 22 |
| | <u>115</u> | <u>113</u> |

Caparo AP Braking Limited

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

4 Directors' remuneration

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

5 Operating profit

| | 2010 £'000 | 2009 £'000 |
|---|-------------------|-------------------|
| This has been arrived at after charging | | |
| Goodwill amortised | 2 | 2 |
| Research and development amortised | 14 | 14 |
| Research and development expensed | 53 | 58 |
| Depreciation of owned assets | 330 | 322 |
| Depreciation of finance leased assets | 19 | 21 |
| Operating lease rentals | | |
| - plant | 43 | 60 |
| - other | 344 | 336 |
| Auditor's remuneration for audit services | 7 | 11 |
| Exchange losses | - | 3 |
| | <u> </u> | <u> </u> |

6 Interest receivable and similar income

| | 2010 £'000 | 2009 £'000 |
|----------------|-------------------|-------------------|
| Other interest | - | 1 |
| | <u> </u> | <u> </u> |

7 Interest payable and similar charges

| | 2010 £'000 | 2009 £'000 |
|---------------------------|-------------------|-------------------|
| Bank loans and overdrafts | 19 | 32 |
| Finance lease interest | 3 | 4 |
| | <u> </u> | <u> </u> |
| | 22 | 36 |
| | <u> </u> | <u> </u> |

Caparo AP Braking Limited

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

8 Taxation on profit on ordinary activities

| | 2010 £'000 | 2010 £'000 | 2009 £'000 | 2009 £'000 |
|---|---------------|---------------|---------------|---------------|
| The taxation on profit on ordinary activities comprises | | | | |
| <i>Current tax</i> | | | | |
| Corporation tax on profits of the year | 192 | | 110 | |
| Adjustment in respect of previous years | (110) | | (83) | |
| Total current tax charge | | 82 | | 27 |
| <i>Deferred tax</i> | | | | |
| Movement in deferred tax provision | | - | | - |
| Taxation on profit on ordinary activities | | 82 | | 27 |

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

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 357 | 16 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 28%) | 100 | 5 |
| Effect of | | |
| Permanent differences | 7 | 6 |
| Capital allowances for the year less than depreciation | 92 | 90 |
| Other timing differences | (7) | 9 |
| Adjustment to current tax charge in respect of previous years | (110) | (83) |
| Current tax charge for the year | 82 | 27 |

Factors that may affect future tax charges

The company has unprovided UK deferred tax assets of £432,000 (2009 £351,000) (note 17)

Based on current capital investment plans, the company expects depreciation to exceed capital allowances in future years

Caparo AP Braking LimitedNotes forming part of the financial statements for the year ended 31 December 2010 (*Continued*)**9 Intangible fixed assets**

| | Goodwill £'000 | Development expenditure £'000 | Total £'000 |
|--|---------------------------|--|------------------------|
| <i>Cost</i> | | | |
| At 1 January and 31 December 2010 | 42 | 42 | 84 |
| | <hr/> | <hr/> | <hr/> |
| <i>Amortisation</i> | | | |
| At 1 January 2010 | 8 | 19 | 27 |
| Amortised in the year | 2 | 14 | 16 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2010 | 10 | 33 | 43 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 December 2010 | 32 | 9 | 41 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2009 | 34 | 23 | 57 |
| | <hr/> | <hr/> | <hr/> |

Caparo AP Braking Limited

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

10 Tangible fixed assets

| | Plant, machinery, fixtures and fittings £'000 | Motor vehicles and mobile plant £'000 | Total £'000 |
|----------------------------|--|--|------------------------|
| <i>Cost</i> | | | |
| At 1 January 2010 | 1,546 | 99 | 1,645 |
| Additions | 50 | 58 | 108 |
| Inter company transfers | 290 | - | 290 |
| Disposals | - | (8) | (8) |
| At 31 December 2010 | 1,886 | 149 | 2,035 |
| <i>Depreciation</i> | | | |
| At 1 January 2010 | 1,051 | 43 | 1,094 |
| Charge for year | 319 | 30 | 349 |
| Inter company transfers | 230 | - | 230 |
| Disposals | - | (7) | (7) |
| At 31 December 2010 | 1,600 | 66 | 1,666 |
| <i>Net book value</i> | | | |
| At 31 December 2010 | 286 | 83 | 369 |
| At 31 December 2009 | 495 | 56 | 551 |

Included in the total net book value of vehicles and mobile plant are assets held under finance leases with a net book value of £35,000 (2009 £54,000)

11 Stocks

| | 2010 £'000 | 2009 £'000 |
|-------------------------------------|-----------------------|-----------------------|
| Raw materials and consumables | 805 | 734 |
| Work in progress | 298 | 379 |
| Finished goods and goods for resale | 160 | 144 |
| | 1,263 | 1,257 |

Caparo AP Braking Limited**Notes forming part of the financial statements for the year ended 31 December 2010 (Continued)****12 Debtors**

| | 2010 | 2009 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Trade debtors | 1,691 | 1,535 |
| Amounts owed by group undertakings | 21 | 9 |
| Other debtors | 52 | 3 |
| Prepayments and accrued income | 163 | 100 |
| | 1,927 | 1,647 |
| Amounts falling due after more than one year | | |
| Amounts owed by group undertakings | 470 | - |
| Prepayments and accrued income | 348 | 348 |
| | 818 | 348 |
| Total debtors | 2,745 | 1,995 |

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

13 Creditors: amounts falling due within one year

| | 2010 | 2009 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Bank loans, overdrafts and similar finance (note 15) | 1,347 | 1,157 |
| Trade creditors | 1,648 | 1,348 |
| Amounts owed to group undertakings | 115 | 43 |
| Corporation tax | 192 | 110 |
| Other taxation and social security | 283 | 461 |
| Finance lease and hire purchase obligations (note 16) | 19 | 21 |
| Accruals and deferred income | 448 | 408 |
| | 4,052 | 3,548 |

Caparo AP Braking Limited**Notes forming part of the financial statements for the year ended 31 December 2010 (Continued)****14 Creditors: amounts falling due after more than one year**

| | 2010 | 2009 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Bank loans and similar finance (note 15) | 41 | 199 |
| Finance lease and hire purchase obligations (note 16) | 14 | 32 |
| | <hr/> | <hr/> |
| | 55 | 231 |
| | <hr/> | <hr/> |

15 Bank loans, overdrafts and similar finance

| | 2010 | 2009 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Bank loans, overdrafts and similar finance are repayable as follows | | |
| In one year or less | 1,347 | 1,157 |
| In one to two years | 41 | 199 |
| | <hr/> | <hr/> |
| | 1,388 | 1,356 |
| | <hr/> | <hr/> |

The bank loans, overdrafts and similar finance are secured by a charge over certain assets of the company, with interest being charged at commercial rates

16 Leasing

The company was committed to the following net obligations under non-cancellable finance leases and hire purchase agreements as set out below

| | 2010 | 2009 |
|----------------------|--------------|--------------|
| | £'000 | £'000 |
| In one year or less | 19 | 21 |
| In one to two years | 14 | 17 |
| In two to five years | - | 15 |
| | <hr/> | <hr/> |
| | 33 | 53 |
| | <hr/> | <hr/> |

Finance leases are secured on the assets to which they relate and are repayable within five years

Caparo AP Braking Limited

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

17 Provisions for liabilities

| | Deferred taxation £'000 |
|-----------------------------------|--|
| At 1 January and 31 December 2010 | - |

Deferred tax comprised the following assets

| | Provided 2010 £'000 | Unprovided 2010 £'000 | Provided 2009 £'000 | Unprovided 2009 £'000 |
|--------------------------------|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| Accelerated capital allowances | - | (417) | - | (335) |
| Short term timing differences | - | (15) | - | (16) |
| At 31 December 2010 | - | (432) | - | (351) |

18 Called up share capital

| | 2010 Number | Authorised 2010 £'000 | 2009 Number | 2009 £'000 |
|----------------------------|------------------------|--------------------------------------|------------------------|-----------------------|
| Ordinary shares of £1 each | 1,000 | 1 | 1,000 | 1 |

| | 2010 Number | 2010 £'000 | 2009 Number | 2009 £'000 |
|---|------------------------|-----------------------|------------------------|-----------------------|
| Allotted, called up and fully paid | | | | |
| Ordinary shares of £1 each | 1 | - | 1 | - |

19 a) Reserves

| | Profit and loss account £'000 |
|-------------------------------|--|
| At 1 January 2010 | 284 |
| Profit for the financial year | 275 |
| At 31 December 2010 | 559 |

Caparo AP Braking Limited

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

19 b) Reconciliation of movements in shareholders' funds

| | 2010 £'000 | 2009 £'000 |
|--------------------------------------|---------------|---------------|
| Opening shareholders' funds | 284 | 295 |
| Profit/(loss) for the financial year | 275 | (11) |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 559 | 284 |
| | <hr/> | <hr/> |

20 Capital commitments and contingent liabilities

- (i) As at 31 December 2010, the company had no capital commitments which were contracted but not provided for (2009 £nil)
- (ii) Annual commitments under non-cancellable operating leases are as follows

| | Land and Buildings 2010 £'000 | Other 2010 £'000 | Land and Buildings 2009 £'000 | Other 2009 £'000 |
|-------------------------------|--|------------------------|--|------------------------|
| Operating leases which expire | | | | |
| Within one year | - | - | - | 4 |
| Within two to five years | - | 34 | - | 42 |
| Over five years | 343 | - | 343 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 343 | 34 | 343 | 46 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

- (iii) The company is liable under cross guarantee arrangements, together with other group companies, for bank and certain loan facilities entered into by the companies. At 31 December 2010, this liability amounted to £39,761,000 (2009 £11,945,000)

21 Pension schemes

The company contributes to the Caparo Stakeholder Pension Plan, a UK defined contribution scheme invested through Investment Solutions Limited. The pension charge in respect of this arrangement was £154,000 (2009 £129,000). At 31 December 2010, no employee contributions were payable to the Caparo Stakeholder Pension Plan (2009 £nil).

Caparo AP Braking Limited

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

22 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

23 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

Various financial instruments such as trade debtors and trade creditors arise directly from the company's operations

The company performs rigorous credit checks for all customers, and credit insurance is obtained, where available, to minimise bad debt risk. Where credit insurance is not available, the company undertakes detailed credit evaluations of prospective customers, which are subject to group review and approval before supplies can be made

Operations are financed by a mixture of retained profits, short term bank borrowings and term loans. Acquisitions, in general, and working capital requirements are funded principally out of short and longer term banking facilities and retained profits

24 Ultimate parent company and controlling parties

The immediate parent company is Caparo Vehicle Products Limited and the ultimate parent company is Caparo Group Limited, a company incorporated in the United Kingdom

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 Anjli 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