BNL (UK) Limited

Directors' report and financial statements

Registered number 02668025

31 March 2011

Contents

Company information

Directors

Dr N K Partlett	(resigned 31 October 2011)
F J Rahmatallah	
A Nagwaney	
N Ball	(appointed 31 October 2011)
P G Wood	(appointed 31 October 2011)

Secretary

N Ball

Registered office

St Mary's House
42 Vicarage Crescent
London
SW11 3LD

Registered number

02668025 (England and Wales)

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2011

Statement of compliance

To comply with the Companies Act, the company provides below a review of the development and performance of the business during the year, including key financial performance indicators, and a description of the principal risks and uncertainties facing the company

The business review contains forward looking statements and opinions that involve risks and uncertainties These risks and uncertainties could cause our results to differ materially from our expectations The principal risk factors are discussed more below

Principal activity and review of the business

The principal activity of the company ("BNL") is the design, moulding and manufacture of plastic bearings and associated assemblies Operating in a global marketplace, BNL supplies a variety of blue-chip OEMs worldwide, both direct and via its subsidiary companies

The retained profit for the year amounted to £745,856 *(2010 loss of £220,107)*

The year ended 31 March 2011 saw a return to profitability as a result of significant sales growth and the continued management of costs Sales growth resumed across the business as the general economic environment improved

BNL continues to develop and enhance its existing product range and to strengthen its ability to satisfy its customers and deliver value to their operations in both a secure and safe manner The directors believe that the company is well positioned to take advantage of continued opportunities going forward

Principal risks and uncertainties

The Company operates in a changing and challenging economic environment that presents numerous risks, many of which are driven by factors that we cannot control or which are difficult to predict The key risks and uncertainties facing the business are

I *Adverse currency movements impacting profitability-* The Company invoices customers in several different currencies, including Sterling, Euro, US Dollars, and Japanese Yen Similarly, the Company's costs are paid in several different currencies As a result, the Company is subject to foreign currency exchange risk The Directors believe that these costs are mitigated by the fact that the Company tries to match sales and costs in terms of currencies The remaining risk of exchange rate fluctuation is mitigated in the near term through borrowings and currency forwards and options managed by Plastics Capital Trading Limited, (the Company's parent undertaking)

II *General economic conditions-* A factor affecting the demand for the Company's product range, both globally and regionally, is the general level of economic growth Accordingly, the demand for the Company's product range is likely to be adversely affected by any further economic slowdown, which could have a material adverse effect on the profitability of the business

III *Bad Debt Risk-* There is a risk that the Company is exposed to bad debts particularly as it sells to a number of different end markets and countries To mitigate this risk, the Company had trade credit insurance in place throughout the period Subsequent to the year end management have reviewed this cover and have decided against renewing the policy Instead management have made an assessment of each customer to determine what level of internal credit should be given based on previous trading history, the current financial information available and external credit reports The level of bad debt experienced to date has been very low

IV *Intellectual property rights-* The Company's success depends in part on its ability to protect its intellectual property The Company therefore relies on a portfolio of intellectual property rights to protect its intellectual property

V *Reputation* – The Company operates in markets where the maintenance of its reputation and quality of its services and personnel are vital to the continued success of the business

The Board has strategies to manage these risks and remains confident of the continued success of BNL (UK) Limited

Directors' Report *(continued)*

Future prospects

The Board is confident about the future prospects for BNL as it is well established and has a sustainable competitive position in a variety of growing markets, even in light of the recent economic slowdown The underlying performance of BNL remains strong and the Company is expected to grow and further strengthen in the future

Directors

The directors who held office during the year were as follows

Dr N K Partlett (resigned 31 October 2011)
F J Rahmatallah
A Nagwaney

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

P G Wood
Director

St Mary's House
42 Vicarage Crescent
London
SW11 3LD

12 December 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of BNL (UK) Limited

We have audited the financial statements of BNL (UK) Limited for the year ended 31 March 2011 set out on pages 7 to 21 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 web-site 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 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 auditor's report to the members of BNL (UK) Limited
(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

Jeremy Gledhill

Jeremy Gledhill (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountant
1 The Embankment
Neville Street
Leeds
LS1 4DW

12th December 2011

Profit and loss account
for the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	2	**11,176,563**	8,676,907
Cost of sales *(including exceptional costs of £nil (2010 £nil))*		**(6,557,855)**	(5,542,803)
Gross profit		**4,618,708**	3,134,104
Distribution costs		**(1,516,781)**	(1,294,317)
Administrative expenses *(including exceptional costs of £31,211 (2010 £288,827))*		**(2,244,529)**	(2,456,380)
Operating profit/(loss)		**857,398**	(616,593)
Interest receivable and similar income	7	**72,368**	35,036
Interest payable and similar charges	8	**(67,025)**	(76,197)
Profit/ (Loss) on ordinary activities before taxation	3	**862,741**	(657,754)
Tax on ordinary activities	9	**(116,885)**	437,647
Profit/ (Loss) for the financial year	20	**745,856**	(220,107)

All results relate to continuing operations

There are no recognised gains or losses other than the retained profit for the year

Reconciliation of movements on shareholder's funds is shown in note 20

Balance sheet
at 31 March 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	10	**1,274,341**	1,352,964
Tangible assets	11	**1,574,216**	1,515,910
Investments	12	**2,555,517**	2,555,517
		5,404,074	5,424,391
Current assets			
Stocks	13	**468,972**	555,949
Debtors	14	**2,744,139**	2,355,725
Cash at bank and in hand		**360,038**	478,721
		3,573,149	3,390,395
Creditors: amounts falling due within one year	15	**(1,736,934)**	(1,301,849)
Net current assets		**1,836,215**	2,088,546
Total assets less current liabilities		**7,240,289**	7,512,937
Creditors amounts falling due after more than one year	16	**(1,904,602)**	(2,923,106)
Net assets		**5,335,687**	4,589,831
Capital and reserves			
Called up share capital	18	**3,389,113**	3,389,113
Share premium account	19	**40,888**	40,888
Capital redemption reserve	19	**1,000**	1,000
Profit and loss account	19	**1,904,686**	1,158,830
Shareholder's funds	20	**5,335,687**	4,589,831

These financial statements were approved by the directors on the 12 December 2011 and are signed on their behalf by

P G Wood
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements These financial statements present information about the Company as an individual undertaking and not about its group

Going concern

The company has financial resources together with a number of customers and suppliers across different industries and geographies As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) Cash Flow Statements, not to prepare a cash flow statement as the company is included within the consolidated accounts of its ultimate parent undertaking, Plastics Capital plc

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with related parties that are part of the Plastics Capital plc group

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of value added tax

Depreciation

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	
- moulding tools	20%
- general	10%

Expenditure on moulding tools is capitalised net of contributions received from customers Where the cost is less than £1,000 the expenditure is written off directly to the profit and loss account

Notes *(continued)*

1 Accounting policies *(continued)*

Stock

Stock is stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows

- Raw materials 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

Investments

Investments in subsidiary undertakings are stated at cost less impairment

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

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 retranslated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

Pensions

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Notes *(continued)*

2 Analysis of turnover

An analysis of turnover by geographical market is given below A further detailed division of the overseas element of turnover has not been provided as the directors consider that its disclosure would be seriously prejudicial to the interests of the company

	2011 £	2010 £
United Kingdom	**1,074,069**	1,163,026
Overseas	**10,102,494**	7,513,881
	11,176,563	8,676,907

3 Profit/ (Loss) on ordinary activities before taxation

	2011 £	2010 £
This is stated after charging		
Auditors remuneration for the		
Audit of these financial statements	**10,000**	10,000
Audit of financial statements of subsidiaries pursuant to legislation	**2,000**	2,000
Depreciation of owned fixed assets	**346,656**	331,184
Goodwill amortisation	**78,623**	78,623
Rentals payable under operating leases		
Hire of plant and machinery	**45,234**	40,537
Other assets	**180,000**	180,000

4 Exceptional costs

Exceptional costs included within administrative expenses of £31,211 represent the costs related to redundancies & costs associated with the one-off transfer of tools to a subsidiary undertaking in Thailand In the prior year exceptional costs of £288,827 were included within administrative expenses and represented the costs related to redundancies and restructuring in the period

5 Remuneration of directors

	2011 £	2010 £
Directors' emoluments	**131,449**	127,794
Company contributions to money purchase pension schemes	**23,065**	11,362
	154,514	139,156

	Number of directors 2011 £	2010 £
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**1**	1

Notes *(continued)*

6 Staff costs

	2011	2010
	£	£
Wages and salaries	**2,759,875**	2,711,927
Social security costs	**278,133**	288,103
Other pension costs	**104,891**	91,575
	3,142,899	3,091,605

The average weekly number of employees during the year was (excluding directors) as follows

	2011	2010
	No	No
Production	**69**	70
Administration	**8**	10
Sales and distribution	**19**	18
	96	98

7 Interest receivable

	2011	2010
	£	£
Bank interest	**221**	312
Exchange gains on foreign currency borrowings	**72,147**	34,724
	72,368	35,036

Notes *(continued)*

8 Interest payable and similar charges

	2011 £	2010 £
Bank loans and overdrafts	**22,143**	28,921
Inter-company interest payable on loan from parent company	**44,882**	47,276
	67,025	76,197

9 Tax on ordinary activities

Analysis of tax charge/ (credit) in year

	2011 £	2011 £	2010 £	2010 £
Current taxation				
Current period	**68,000**		(334,169)	
Adjustments in respect of prior years	**(14,115)**		(160,918)	
Current taxation		**53,885**		(495,087)
Deferred tax				
Origination/reversal of timing differences	**78,000**		52,178	
Change in tax rate	**15,000**		-	
Adjustment in respect of prior years	**(30,000)**		5,262	
		63,000		57,440
Tax charge/ (credit) on profit on ordinary activities		**116,885**		(437,647)

Notes *(continued)*

9 Tax on ordinary activities *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2010 credit is higher)* than the standard rate of corporation tax in the UK 28% *(2010 28%)* The differences are explained below

	2011 £	2010 £
Current tax reconciliation		
Profit/ (loss) on ordinary activities before tax	**862,741**	(657,754)
Current tax charge/ (credit) at 28% *(2010 28%)*	**241,567**	(184,171)
Effects of		
Expenses not deductible for tax purposes	**22,014**	36,422
Utilisation of losses b/fwd	**(21,000)**	-
Non-taxable income	**(48,581)**	(134,242)
Fixed asset timing differences	**(120,000)**	(52,178)
Rate difference on current period deferred tax movement	**(6,000)**	-
Adjustments to tax charge in respect of previous periods	**(14,115)**	(160,918)
Total charge/ (credit) current tax charge	**53,885**	(495,087)

The elements of deferred taxation are as follows

	2011 £	2010 £
Difference between accumulated depreciation and amortisation and capital allowances	**(119,000)**	(172,922)
Deferred tax asset	**(119,000)**	(172,922)

The deferred tax asset is included in other debtors

Notes *(continued)*

10 Intangible assets

	£
Cost	
At 1 April 2010 and 31 March 2011	1,572,453
Amortisation	
At 31 March 2010	219,489
Charge for the year	78,623
At 31 March 2011	298,112
Net book value	
At 31 March 2011	**1,274,341**
At 31 March 2010	1,352,964

On 4 April 2007 the assets and liabilities of Cobb Slater Limited were acquired by BNL (UK) Limited On 15 June 2007 the stock and fixed assets were transferred to BNL (UK) Limited via a hive up The investment value of £1,572,453 was deemed to be attributable entirely to goodwill

The Directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises The period over which goodwill is amortised is 20 years, which is the Directors' estimate of its useful economic life

Notes *(continued)*

11 Tangible fixed assets

	Plant and machinery £	Total £
Cost		
At beginning of year	7,442,992	7,442,992
Additions	460,171	460,171
Disposals	(371,366)	(371,366)
At end of year	7,531,797	7,531,797
Depreciation		
At beginning of year	5,927,082	5,927,082
Charge for the year	346,656	346,656
Disposals	(316,157)	(316,157)
At end of year	5,957,581	5,957,581
Net book value		
At 31 March 2011	**1,574,216**	**1,574,216**
At 31 March 2010	1,515,910	1,515,910

Notes *(continued)*

12 Investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 April 2010 and 31 March 2011	1,600,196	960,321	2,560,517
Provisions			
At 1 April 2010 and 31 March 2011	(5,000)	-	(5,000)
Net book value			
At 31 March 2011	**1,595,196**	**960,321**	**2,555,517**
At 31 March 2010	1,595,196	960,321	2,555,517

BNL (UK) Limited's subsidiary undertakings at 31 March 2011 were as follows

	Percentage ownership	Country of incorporation	Principal activity
BNL (USA) Inc	100% of ordinary shares	USA	Marketing thermoplastic bearing assemblies
BNL (Japan) Inc	100% of ordinary shares	Japan	Marketing thermoplastic bearing assemblies
Cobb Slater Limited	100% of ordinary shares	UK	Dormant
BNL (Thailand) Limited	100% of ordinary shares	Thailand	Manufacturer of thermoplastic bearing assemblies
Cobb Slater Instruments Company Limited	100% of ordinary shares	UK	Dormant
Value Bonus Limited	100% of ordinary shares	UK	Dormant

13 Stocks

	2011 £	2010 £
Raw materials and consumables	**224,025**	211,505
Work in progress	**148,297**	198,419
Finished goods and goods for resale	**96,650**	146,025
	468,972	555,949

Notes *(continued)*

14 Debtors

	2011 £	2010 £
Trade debtors	**1,413,577**	1,161,607
Amounts owed by group undertakings	**976,578**	793,340
Other debtors	**160,291**	188,106
Prepayments and accrued income	**193,693**	212,672
	2,744,139	2,355,725

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

15 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank Loans	**141,782**	132,772
Trade creditors	**682,676**	675,705
Other taxes and social security	**69,964**	81,980
Accruals and deferred income	**545,218**	175,995
Corporation tax	**297,294**	235,397
	1,736,934	1,301,849

16 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	**1,738,403**	2,612,185
Bank loan	166,199	310,921
	1,904,602	2,923,106

Notes *(contınued)*

17 Borrowıngs

Debt can be analysed as fallıng due

	2011 £	2010 £
In one year or less	**141,782**	132,772
Between one and two years	**166,199**	143,135
Between two and five years	**-**	167,786
	307,981	443,693

The loan bears an ınterest rate of 7 8% and ıs secured agaınst the mouldıng machınes that the loan was taken out to purchase

18 Share capıtal

	Allotted, called up and fully paıd 2011 £	2010 £
Redeemable preference shares of £1 each	**1,583,921**	1,583,921
Ordınary shares of £1 each	**1,798,000**	1,798,000
'A' Ordınary shares of £0 10 each	**7,192**	7,192
	3,389,113	3,389,113

'A' ordınary shares

The 'A' ordınary shares have the same votıng rıghts as the ordınary shares The 'A' ordınary shares have the same rıghts as the ordınary shares on return of assets on lıquıdatıon or capıtal reductıon

Preference shares

The redeemable preference shares can be redeemed at par by the company on gıvıng notıce to the holders of the shares ın accordance wıth the company's artıcles of assocıatıon On a wındıng up the holders of the redeemable preference shares have prıorıty over the other shareholders to receıve an amount equal to the subscrıptıon prıce paıd per share The holders have no votıng rıghts The profits of the company whıch are avaılable for dıstrıbutıon shall be applıed firstly ın payıng dıvıdends to the holders of the redeemable preference shares unless they agree to pay dıvıdends to the ordınary shareholders

Notes *(continued)*

19 Reserves

	Share capital £	Share premium account £	Capital Redemption reserve £	Profit and loss account £	Total £
At beginning of year	3,389,113	40,888	1,000	1,158,830	4,589,831
Profit for the year	-	-	-	745,856	745,856
At end of year	**3,389,113**	**40,888**	**1,000**	**1,904,686**	**5,335,687**

20 Reconciliation of movements in shareholder's funds

	2011 £	2010 £
Profit/ (loss) for the year	**745,856**	(220,107)
Net addition in/ (reduction to) shareholder's funds	**745,856**	(220,107)
Opening shareholder's funds	**4,589,831**	4,809,938
Closing shareholder's funds	**5,335,687**	4,589,831

21 Pension commitments

The company operates defined contribution pension schemes The assets of these schemes are held separately from those of the company in independently administered funds The pension charge represents contributions payable by the company to the funds and amounted to £104,891 *(2010 £91,575)*

Notes *(continued)*

22 Operating lease commitments

At 31 March 2011 the company has annual commitments under non-cancellable operating leases as set out below

	2011	2010
	£	£
Operating leases which expire		
within one year	**10,841**	-
within two to five years	**28,194**	45,324
more than five years	**180,000**	180,000
	219,035	225,324

23 Contingent liability

On 22 June 2011, the Company's ultimate parent company Plastics Capital plc, refinanced its banking facilities with Barclays Corporate As a result the Company has now given a charge over its assets in favour of Barclays Corporate

The amount of loans outstanding on 22nd June 2011 was £14,000,000 *(2010 £16,302,803)*

24 Ultimate parent company and parent undertaking of the only group of which the company is a member

The ultimate parent company is Plastics Capital plc, incorporated in England The immediate parent company is Plastics Capital Trading Limited, incorporated in England

The only group in which the results of the company are consolidated is that headed by Plastics Capital plc The consolidated accounts of this company are available from Companies House, Crown Way, Maindy, Cardiff