

Company registration number: 01294792

ThyssenKrupp System Engineering Limited

**Annual report and financial statements
for the year ended 30 September 2012**



ThyssenKrupp System Engineering Limited

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Directors' report for the year ended 30 September 2012

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2012

Principal activities

The principal activities of the Company and during the year ended 30 September 2012 were

- Servicing and modification to automotive engine assembly lines
- Design, manufacture and installation of engine assembly 'In Line' equipment
- Servicing and modification to automotive car body assembly lines
- Maintenance of automotive body panel dies

Business review

This review is detailed to the extent necessary for an understanding of the development, performance or position of the company's business

Financial Summary

The results of the company for the year to 30 September 2012 and the state of affairs at that date are shown in the financial statements on pages 9 to 20

The year ending 30 September 2012 has continued the encouraging performance of 2011 with profits aligned and a strong platform for growth in 2013. The order book has seen a 70% increase in the year, exceeding £12m at the balance sheet date. This has been generated by a combination of -

- major new equipment orders from key customers as the UK automotive industry continues to invest
- upgrades to existing equipment driven by European Union emissions reduction targets
- new overseas business

Though sales have fallen to £8.9m in 2012, it reflects the prior year completion of the major Jaguar Land Rover (JLR) L538 projects at Halewood which had contributed over £5m sales in 2011. Profit levels have been maintained through strong margin performance and despite relocation costs and absorption of operational costs at the Coventry office.

ThyssenKrupp System Engineering Limited relocated its headquarters and manufacturing facility to a larger West Sussex site in July 2012. This provided a stronger platform from which to bid for new business and resulted in a significant increase in order book by the end of the financial year.

The company operates under a group cash pooling arrangement but has effectively grown its cash position by £0.5m in the year as the demands to fund the JLR L538 projects diminished in 2012.

Directors' report for the year ended 30 September 2012 (continued)

Key Performance Indicators

	2012	2011
Order Intake	£13.64m	£13.33m
Sales	£8.87m	£12.60m
EBIT	£0.40m	£0.46m
% EBIT Return on Sales	4.51%	3.70%
Net Cash Pool Credit	£2.50m	£2.04m

KPI's Explained -

Orders - Represents orders received from customer during the financial year

Sales - Represents the revenue reported through the Profit and Loss Account. This includes revenue recognition on projects over £1m, reported on a percentage of completion basis.

EBIT - Represents profits before interest paid/received and before corporation tax payments.

% Return on Sales - Represents the proportion of Earnings generated from Sales in the financial year.

Net Cash Pool Credit - Represents the ThyssenKrupp Systems Engineering Limited moneys held in ThyssenKrupp AG Germany bank accounts at the end of the financial year. This is held under a group wide cash pooling arrangement.

Segmental Analysis

Engine Assembly

The year ending 30 September 2012 marked a significant change for the TKSE Ltd's Assembly and In Line businesses having secured major equipment orders. The company booked orders in excess of £9.3m with demand spread across key customers. The company were awarded a £4m contract to provide a new assembly line to BMW at Hams Hall, which will generate income in 2013. In addition, the company won orders totalling £2m for Ford Motor Company (FMC) in Dagenham and £0.9m to FMC at Craiova in Romania. Negotiations with JLR to provide equipment to its new engine plant at Wolverhampton were also successful with letter of intent to purchase Assembly equipment in 2013.

Sales increased by 10% in 2012, driven by the completion of a number of key projects at FMC Bridgend, combined with strong demand from FMC Dagenham as the plant evolves under European Union emissions directives.

Directors' report for the year ended 30 September 2012 (continued)

Car Body Assembly

This business division is driven by the timing of JLR car model projects at its three UK sites and both orders and sales reflect this. The completion of the Range Rover Evoque L538 project in 2011 resulted in a reduction in activity for the company in 2012.

Order intake fell to £1.9m (2011 £4.0m) and sales to £1.0m (2011 £5.6m). The order intake, though lower, was significant as it reflected the successful bidding for the L550, X760 and X260 projects at JLR. The order intake included phase one of these projects, the 'simultaneous engineering' stage, in which design concepts are clarified. Significant orders will follow when the 'build' processes commence, forecast towards the end of 2013.

Die Maintenance

The success of JLR in the UK has ensured a strong demand for Body Panel Die Press maintenance. With JLR moving to 24 hour site Halewood site operation the demand for Die Maintenance has increased. This has been partially offset by a reduction in Die Maintenance at JLR's Solihull operation. Overall order intake has been consistent at £2.4m over the past two years but due to the timing of contract changes sales have increased from £1.8 to £2.1m.

New Business

The company has focussed all efforts on securing core automotive business orders in 2012. With JLR building its first engine plant in the UK, the confirmed commitment to purchase from TKSE Ltd provides an important new business opportunity for the company. In addition, new business has arisen overseas from FMC in Romania and Spain, as well as a first opportunity to sell to the publicly funded Manufacturing Technology Centre. With the advent of battery cell technology the company has supported TKSE GmbH in delivering this into Nissan at Sunderland.

Future Prospects

The automotive industry continues to strengthen in the UK and has seen significant investment from TKSE's major customers. With the move to a larger manufacturing facility in West Sussex the company is well positioned to take advantage of this. However, its future profitability depends on the economic and competitive factors specific to that industry.

The order book exceeds £12m (2011 £7m) with prospects for further significant orders in 2013 and business growth in all divisions in the short term.

Directors' report for the year ended 30 September 2012 (continued)

Directors

The directors who held the office during the year and up to the date of signing the financial statements were as follows

J Goergen
B Becker
G Harper
U Anders
P McClennon (Resigned 09/07/2012)

Summary of principle risks and uncertainties

The customer base is largely within the UK automotive industry and as such is impacted by changes in industry market conditions. Current levels of investment are high within the UK but predicting market strength beyond three years is extremely difficult. This provides an element of uncertainty as to the business strength in the medium term.

Due to the customer base being small, there remains an inherent risk that key customers could change suppliers. However the business has been built on long standing business relationships both from UK perspective and within the broader ThyssenKrupp Group.

As the business expands and the proportion of bespoke equipment manufacture increases, so the level of risk associated equipment malfunction and warranty claims also increases. Key management provide significant automotive engineering design and manufacturing experience that mitigate such risks.

Financial risk management

The company's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects of its financial performance. The policies set by the directors are implemented by the company's management team.

Foreign exchange risk

The company is exposed to currency risk when it has binding commercial or financial obligations in a currency other than its functional currency and the related cash inflows and outflows are not equal in amounts and timing. Foreign exchange exposures/risks are classified into three categories:

- transaction exposure/risks
- translation exposure/risks (accounting, balance sheet)
- economic exposure risks

Activities are focused on transactional cash flows which arise from receivables, payables, loans, cash balances, orders received, purchase orders etc. The primary responsibility to identify and hedge exposures lies with the company.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the management of the company.

Liquidity risk

The company regularly reviews its debt finance requirements which are designed to ensure the company has sufficient available funds for its operations and planned expansions.

Directors' report for the year ended 30 September 2012 (continued)

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 prepared 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,
- 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.

Dividends

The company paid dividends of 23.1 pence per share during the financial year ending 30 September 2012 (2011: Nil).

Donations

During the year the company made no political donations (2011: £nil). Donations to UK charities amounted to £1,160 (2011: £1,871).

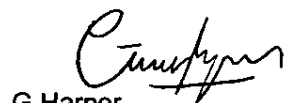
Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the board



G Harper
Managing Director
ThyssenKrupp System Engineering Limited
Registered number 01294792
12th December 2012

Independent auditors' report to the members of ThyssenKrupp System Engineering Limited

We have audited the financial statements of ThyssenKrupp System Engineering Limited for the year ended 30 September 2012 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 September 2012 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 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 ThyssenKrupp System 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



Christopher Maidment (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick, 13 December 2012

Profit and loss account for the year ended 30 September 2012

		Year ended 30 September 2012	Year ended 30 September 2011
	Note	£	£
Turnover	2	8,867,443	12,595,968
Cost of sales		(6,363,271)	(10,300,948)
Gross profit		2,504,172	2,295,020
Administrative expenses		(2,165,054)	(2,027,759)
Other operating income		57,659	201,132
Operating Profit		396,777	468,393
Interest receivable and similar income	3	27,415	16,975
Interest payable and similar charges	4	(2,280)	(43,290)
Profit on ordinary activities before taxation	5	421,912	442,077
Tax on profit on ordinary activities	8	(83,680)	(75,814)
Profit for the financial year	17	338,232	366,264

The company's results are derived from continuing operations

The company has no recognised gains and losses other than those disclosed in the profit and loss above and therefore no separate statement of total recognised gains and losses has been presented

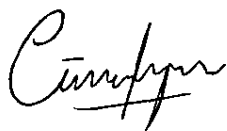
There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

ThyssenKrupp System Engineering Limited

Balance Sheet as at 30 September 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	10	99,939	83,832
Current assets			
Stocks	11	1,371,249	1,178,752
Debtors	12	5,598,749	5,113,609
Cash at bank and in hand		667	1,111
		6,970,665	6,293,472
Creditors: amounts falling due within one year	13	(3,700,805)	(2,986,324)
Net current assets		3,269,860	3,307,148
Total assets less current liabilities		3,369,799	3,390,980
Creditors: amounts falling due after more than one year		-	-
Provision for liabilities and charges	14	(141,825)	(471,238)
Net assets		3,227,974	2,919,742
Capital and reserves			
Called up share capital	16	130,000	130,000
Profit and loss account	17	337,974	29,742
Capital contribution	18	2,760,000	2,760,000
Total shareholders' funds	19	3,227,974	2,919,742

The financial statements on pages 9 to 20 were approved by the board of directors on 12th December 2012 and were signed on its behalf by



G Harper
Managing Director
ThyssenKrupp System Engineering Limited
Registered number 01294792

Notes to the financial statement for the year ended 30 September 2012

1. Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

Under FRS 1 'Cash Flow Statements' (revised 1996), the company is exempt from requirement to prepare cash flow statements on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly-owned subsidiary of ThyssenKrupp AG, the company has taken the advantage of the exemption in FRS 8 'Related Party Disclosures' and has, therefore, not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ThyssenKrupp AG, within which this company is included, can be obtained from the address given in note 24.

Other operating income

The other operating income shown in the profit and loss account represents amounts (excluding Value Added Tax) invoiced for commissions during the year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the purchase price of the asset plus costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives i.e. on a straight line basis.

Leasehold improvements	-	over 5 years
Plant and Machinery	-	between 3 and 15 years
Motor vehicles	-	over 5 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Notes to the financial statement for the year ended 30 September 2012 (continued)

1. Accounting policies (continued)

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independent administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stock and long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profit, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors (including value added tax) and represent turnover recognised in excess of payments on account.

Accrued Income

Income is accrued on large ongoing contracts where related revenue is recognised in line with the percentage completion policy noted in Note 2, however the amounts are not yet billed.

Deferred taxation

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, 'Deferred Tax'.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event. It is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable obligation estimate can be made. The company provides specifically for customer warranty claims, an onerous property lease, losses anticipated on customer contracts and estimated building dilapidation costs. The calculations are individual to each specific provision (see financial statements note 15).

Notes to the financial statements for the year ended 30 September 2012 (continued)

2. Turnover

The turnover shown in the profit and loss account represents amounts (excluding Value Added Tax) invoiced for the provision of goods and services to customers during the year

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

All turnover originates in the United Kingdom

3. Interest receivable and similar income

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Interest receivable from the group	27,415	16,975

4. Interest payable and similar charges

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Interest payable to the group	2,280	43,290

5. Profit on ordinary activities before taxation

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Profit on ordinary activities before taxation is stated after charging		
Depreciation		
- Owned fixed assets	56,361	47,833
- Fixed assets under hire purchase agreements	4,907	4,899
Auditors' remuneration		
- Audit Fees	15,140	14,420
Operating lease rentals		
- Plant and Machinery	53,134	25,923
- Other	196,491	178,876

Notes to the financial statements for the year ended 30 September 2012 (continued)

6. Staff numbers and costs

The average monthly number of employees (including directors) during the year was as follows

By activity	2012 Number	2011 Number
Administration and marketing	7	7
Direct production	55	51
	62	58

The aggregate payroll costs for these persons were as follows

	2012 £	2011 £
Wages and salaries	2,761,559	2,712,309
Social security costs	292,551	281,559
Other pension costs	177,804	190,349
	3,231,914	3,184,217

7. Remuneration of directors

	2012 £	2011 £
Aggregate emoluments of directors	143,123	148,097
Company contributions to money purchase pension scheme	13,680	12,880
	156,803	160,977

Retirement benefits are accruing to the following number of directors under

	2012 Number	2011 Number
Money purchase scheme	1	2
Defined benefit scheme	0	1

Notes to the financial statements for the year ended 30 September 2012 (continued)

8. Tax on profit on ordinary activities

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 25% and will be taxed at 24% in the future. Further decreases are expected to be enacted in future Finance Bills.

Analysis of charge for the year:

	2012	2011
	£	£
Current tax		
UK corporation tax on income for the year	-	4,078
Adjustments in respect of prior years	-	168,017
Total current tax charge	-	172,095
Deferred tax		
Origination and reversal of timing differences	14,370	134,644
Adjustment in respect of previous years	69,310	(230,925)
Total Deferred Tax	83,680	(96,281)
Tax on profit on ordinary activities	83,680	75,814

Factor affecting the tax charge for the current year:

The tax assessed for the year is lower (2011: higher) than the standard rate of corporation tax in the UK of 25% (2011: 27%). The differences are explained below:

Current year tax reconciliation	2012	2011
	£	£
Profit on ordinary activities before taxation	421,912	442,077
Profit on ordinary activities at standard rate of corporation tax in the UK of 25% (2011: 27%)	105,478	119,361
Effects of:		
Expenses not deductible	11,318	5,608
Depreciation on ineligible less IBAs	4,711	-
Difference between capital allowances and depreciation	13,351	(6,758)
Utilisation of Tax Losses carried forward	(3,720)	(83,071)
Short term timing differences	(16,328)	(31,062)
Group relief received	(114,810)	-
Adjustment in respect of prior years	-	168,017
Total current tax charge for the year	-	172,095

As the year end is after substantive enactment date of the Finance Act 2011 and after the substantive enactment dates (26 March 2012 & 3 July 2012) of the March 2012 UK Budget Statement changes, these financial statements should account for the change in tax rate from 26% to 24% with effect from 1 April 2012 and the change in tax rate from 24% to 23% with effect from 1 April 2013 and therefore the rate at which deferred tax is calculated should change. Deferred tax should be provided at 24% or a blended rate of 24%/23% depending on when the deferred tax is expected to unwind.

Notes to the financial statements for the year ended 30 September 2012 (continued)

9. Dividends

	2012	2011
	£	£
Interim paid 27 1p (2011 0p) per share	30,000	-
No final dividends are proposed to be paid as at 30 September 2012 (2011 nil)		

10. Tangible assets

	Short leasehold improvements	Plant and machinery	Motor vehicles	Total £
Cost				
As at 1 October 2011	94,752	183,605	3,854	282,211
Additions	65,000	28,774	-	93,774
Disposals	(71,423)	(6,940)	(3,854)	(82,217)
As at 30 September 2012	88,329	205,439	-	293,768
Accumulated depreciation				
As at 1 October 2011	50,428	144,097	3,854	198,379
Charge for the year	31,715	29,553	-	61,268
Disposals	(56,012)	(5,952)	(3,854)	(65,818)
As at 30 September 2012	26,131	167,698	-	193,829
Net book amount				
As at 30 September 2012	62,198	37,741	-	99,939
As at 30 September 2011	44,324	39,508	-	83,832

Hire Purchase Agreements

Included in the net book value of £99,939 (2011 £83,832) is £4,090 (2011 £8,997) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £4,907 (2011 £4,899).

11. Stocks

Long term contract balances

	2012	2011
	£	£
Work in progress	3,374,556	2,448,507
Payment on account	(2,003,307)	(1,269,755)
Total of long term contract balances	1,371,249	1,178,752

Amounts recoverable on contracts is equivalent to the above less the provision for contract losses in Note 14

Notes to the financial statements for the year ended 30 September 2012 (continued)

12. Debtors

	2012	2011
	£	£
Trade debtors	2,435,033	2,275,946
Amounts owed by group undertakings	2,786,357	2,339,511
Other debtors	17,891	14,110
Deferred tax asset (see note 15)	88,240	171,920
Prepayments and accrued income	271,228	312,122
	5,598,749	5,113,609

13. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	1,038,545	853,518
Payments received on account	1,123,331	362,117
Amounts owed to group undertakings	416,790	139,161
Taxation and social security	437,035	999,107
Hire purchase	-	4,332
Other creditors	206,997	84,092
Accruals	478,107	543,997
	3,700,805	2,986,324

Intercompany creditors are not interest-bearing, no security is attached and are payable on demand

14. Provisions for liabilities and charges

	Warranty provisions on completed contracts £	Provision for onerous lease £	Provision for contract losses £	Other provisions £	Total £
As at 1 October 2011	103,189	162,518	135,523	70,008	471,238
Charged to the profit and loss account		66,500	-	-	66,500
Utilisation	(83,907)	(126,483)	(135,523)	(50,000)	(395,913)
As at 30 September 2012	19,282	102,535	-	20,008	141,825

Notes to the financial statements for the year ended 30 September 2012 (continued)

Warranty provisions

The warranty provision relates to warranties given to customers. The directors have provided for claims that are expected to arise between the balance sheet date and the expiry of warranty. It is expected that this expenditure will be incurred within one year of the balance sheet date.

Onerous leases

The provision relates to future rentals payable on vacant properties net of future receivable under the sub-letting arrangements. These costs will be incurred within one year of the balance sheet date.

Provision for contract losses

The provision for contract losses reflects the expected losses, based on total costs to complete compared to sales value, to arise on any customer contract at the balance sheet date.

Other provisions

Other provisions relate to expected dilapidation costs of returning a leasehold property to the state of condition required by the lease at its termination. These costs will be incurred within ten years of the balance sheet date.

15. Deferred tax asset

	2012	2011
	£	£
At the beginning of the year	171,920	75,639
Movement on deferred tax asset due to change in tax rate (1%)	(13,754)	(8,104)
Charge on Deferred Tax Asset in the year	(69,926)	-
Credit on Deferred tax asset in the year	-	104,385
At the end of the year	88,240	171,920

The elements of deferred taxation are as follows

	2012	2011
	£	£
Difference between accumulated depreciation and capital allowances	78,787	54,895
Short term timing differences	9,453	64,542
Tax from trading losses carried forward	-	52,483
	88,240	171,920

ThyssenKrupp System Engineering Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

16. Called up share capital

	2012 £	2011 £
Authorised:		
130,000 Ordinary shares of £1 each	130,000	130,000
Allotted and fully paid:		
130,000 Ordinary shares of £1 each	130,000	130,000

17. Profit and loss account

	Profit and loss account £
As at 1 October 2011	29,742
Profit for the financial year	338,232
Dividends declared and paid	(30,000)
As at 30 September 2012	337,974

18. Capital contribution reserve

	Capital contribution reserve £
As at 1 October 2011 and at 30 September 2012	2,760,000

19. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	338,232	366,264
Dividends paid	(30,000)	-
Net increase in shareholders' funds	308,232	366,264
Opening shareholders' funds	2,919,742	2,553,478
Closing shareholders' funds	3,227,974	2,919,742

Notes to the financial statements for the year ended 30 September 2012 (continued)

20. Commitments

At 30 September 2012, the company had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	273,542	6,753	146,444	6,821
In second to fifth year inclusive	188,380	28,268	273,542	17,457
After more than five years	-	-	-	-
	461,922	35,021	419,986	24,278

21. Retirement benefit obligations

The company operates a defined contribution scheme. The total pension cost for the company for this scheme was £177,804 (2011: £190,349). The amount of pension contributions owed by the company to the pension scheme at the balance sheet date was £20,508 (2011: £20,641).

22. Ultimate parent company and immediate parent undertakings

The company's ultimate controlling parent company is ThyssenKrupp AG, a company incorporated in Germany. The company's immediate parent undertaking is ThyssenKrupp UK plc.

The largest and smallest group in which the results of the company are consolidated is that headed by ThyssenKrupp AG. The consolidated financial statements of ThyssenKrupp AG are available to the public and may be obtained from ThyssenKrupp AG, Postfach 10 10 10, D-40001 Düsseldorf, Germany.