

Registered No. 3047921

REGISTRAR

Gnutti Powertrain Limited

Report and Financial Statements

31 December 2012

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COMPANIES HOUSE

Directors

P C Gnutti

M Gnutti

P Groff (appointed 13 June 2011)

S P Shaw (appointed 1 January 2012)

Auditors

Ernst & Young LLP

24 Marina Court

Castle Street

Hull

HU1 1TJ

Registered Office

33 West Street

Alford

Lincolnshire

LN13 9DQ

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year was £1,524,319 (2011 – profit of £1,059,000) The directors do not recommend the payment of a dividend (2011 – £nil)

Principal activity and review of the business

The company is engaged in general engineering principally for the valve actuation heavy duty diesel engine sector

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

	2012 £000	2011 £000	Change %
Turnover	6,579	6,797	(3.2%)
Operating profit/loss	889	1,197	(25.7%)
Profit/loss after tax	1,524	1,059	43.9%

The company operates in an international market place producing and distributing engineered parts for the heavy duty diesel engine industry

As part of a group wide review of global manufacturing facilities, the company announced on 8 September 2009 that its manufacturing operation in Alford would close in February 2010. In early 2012 the decision was made to keep the facility open, continuing the assembly element of current product to its UK customers, with the eventual relocation of all manufacturing operations to other companies within the group.

Turnover for 2012 remained in line with the prior year. The company has established a cost base and level of profitability consistent with the rationalization of its operation, while continuing to direct resources towards customer development, cost savings and improved sources of supply.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the company's management.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The board will reconsider the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Directors' report (continued)

Principal risks and uncertainties (continued)

Liquidity risk

The company retains sufficient cash to ensure it has available funds for operations and capital expenditure. The company also has access to longer term funding from its ultimate parent undertaking if required.

Interest rate cash flow risk

The company does not have interest bearing assets, but has interest bearing liabilities with its parent company at fixed rates which ensures certainty of future interest cash flows. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will reconsider the appropriateness of this policy should the company's operations change in size or nature.

Going concern

At the balance sheet date the company has net liabilities of £709,000 (2011 - £2,009,000). Having made a profit in 2012, this trend should continue and in future years the company is anticipated to make profits and generate cash. However, currently the company remains dependent on its parent Gnutti Powertrain Holding AB which has confirmed that it will provide financial support to the company to meet its liabilities as and when they fall due. Based on the above, the directors consider that it is appropriate to draw up these financial statements on a going concern basis.

Directors

The directors who served the company during the year were as follows:

P C Gnutti

M Gnutti

P Groff (appointed on 13 June 2011)

S Shaw (appointed on 1 January 2012)

Disclosure of information to the auditors

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

Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



S P Shaw
Director

22 May 2013

Independent auditors' report (continued)

to the members of Gnutti Powertrain Limited

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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Gnutti Powertrain Limited

We have audited the financial statements of Gnutti Powertrain Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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

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 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 the 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 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.

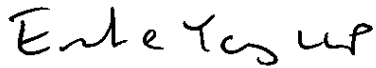
Independent auditors' report (continued)

to the members of Gnutti Powertrain Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Richard Frostick (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Hull

24 May 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Turnover	2	6,579	6,797
Cost of sales		(5,173)	(5,131)
Gross profit		1,406	1,666
Distribution costs		(48)	(90)
Administrative expenses		(469)	(379)
Operating profit	3	889	1,197
Interest payable and similar charges	6	(110)	(132)
Other finance costs	17	–	(6)
Profit on ordinary activities before taxation		779	1,059
Tax	7	745	–
Profit for the financial year	15	1,524	1,059

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

	2012 £000	2011 £000
Profit for the financial year	1,524	1,059
Actuarial gain/(loss) on pension scheme (note 17)	(198)	874
Movement on deferred tax relating to pension scheme	(26)	26
Total recognised gain relating to the year	1,300	1,959

Balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Tangible assets	8	439	478
Investments	9	1	1
		<u>440</u>	<u>479</u>
Current assets			
Stocks	10	1,609	934
Debtors	11	3,361	1,357
Cash at bank and in hand		343	220
		<u>5,313</u>	<u>2,511</u>
Creditors amounts falling due within one year	12	(3,678)	(2,139)
		<u>1,635</u>	<u>372</u>
Net current assets			
		<u>2,075</u>	<u>851</u>
Total assets less current liabilities			
Creditors amounts falling after more than one year	13	(2,784)	(2,784)
		<u>(709)</u>	<u>(1,933)</u>
Net liabilities excluding pension liability			
Pension liability	17	-	(76)
		<u>(709)</u>	<u>(2,009)</u>
Net liabilities including pension liability			
Capital and reserves			
Called up share capital	14	619	619
Share premium account	15	3,281	3,281
Other reserves	15	1,500	1,500
Profit and loss account	15	(6,109)	(7,409)
		<u>(709)</u>	<u>(2,009)</u>
Shareholders' deficit	16	(709)	(2,009)

Approved by the board and signed of its behalf by



S P Shaw

22 May 2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are material to the company's financial statements

Basis of preparation

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

Going concern

The company's parent Gnutti Powertrain AB has confirmed that it will provide financial support to the company to meet its liabilities as and when they fall due. The directors therefore consider that it is appropriate to draw up these financial statements on a going concern basis

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. All revenue is recognised at the date of supply

Statement of cash flows

The company is a wholly owned subsidiary of a parent whose financial statements are publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a statement of cash flows

Tangible fixed assets

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows

Freehold buildings	—	20 years
Plant and machinery	—	4 to 10 years
Fixtures and fittings	—	3 to 10 years

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

Investments

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

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first-in first out method is used. 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

Deferred taxation

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

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

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 date and the gains or losses on translation are included in the profit and loss account.

Leasing and hire purchase commitments

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. Leasing and hire purchase agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the commitment is shown as obligations under finance leases and hire purchase agreements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Pension costs

The company contributes to the individual personal pension schemes of its employees. The cost of these contributions is recognised in the year in which payments are made.

The company operates a defined benefit pension scheme which is now closed to new members and future accruals covering the majority of its employees up to 31 October 2006. The assets of the scheme are held independently of the company.

The regular service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. The full cost of providing amendments to benefits in respect of past service is also charged to operating profit in the year.

Income representing the expected return on assets of the fund during the year is included within other finance income. This is based on the market value of the assets of the fund at the start of the financial year. A cost representing the interest on the liabilities of the fund during the year is also included within other finance income. This arises from the liabilities of the fund being one year closer to payment.

Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions underlying the present value of scheme liabilities and experience gains and losses arising on scheme liabilities.

2. Turnover

Turnover by destination for the year was as follows

	2012	2011
	£000	£000
United Kingdom	5,555	6,061
Other EU	23	97
Rest of the world	1,001	639
	<u>6,579</u>	<u>6,797</u>

Notes to the financial statements

at 31 December 2012

3. Operating profit

This is stated after charging

	2012 £000	2011 £000
Auditors' remuneration		
Audit work	20	28
Non audit work – tax compliance	7	8
Depreciation of tangible fixed assets – owned assets	113	183
Rentals payable under operating leases	20	41
(Profit)/Loss on disposal of assets	(100)	–
	<u> </u>	<u> </u>

4. Directors' remuneration

The total amounts for directors' remuneration were as follows

	2012 £000	2011 £000
Aggregate remuneration	58	–
Company contributions to defined contribution pension scheme	4	–
	<u> </u>	<u> </u>
	62	–
	<u> </u>	<u> </u>

Certain directors are remunerated for services to the Gnutti group and this company by the ultimate parent company with no separate charge being made to the company

5. Staff costs

The aggregate payroll costs of these persons, including directors, were as follows

	2012 £000	2011 £000
Wages and salaries	794	708
Social security costs	17	39
Other pension costs	42	46
	<u> </u>	<u> </u>
	853	793
	<u> </u>	<u> </u>

The average monthly number of employees during the year was made up as follows

	2012 No	2011 No
Management and administration	5	5
Production and distribution	22	33
	<u> </u>	<u> </u>
	27	38
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2012

6. Interest payable and similar charges

	2012 £000	2011 £000
Interest payable to group undertaking	110	132
	<u>110</u>	<u>132</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012 £000	2011 £000
<i>Current tax</i>		
UK corporation tax on profit for the year	–	–
Total current tax (note 7(b))	<u>–</u>	<u>–</u>

Deferred tax

Current year	745	–
Total deferred tax (note 7(d))	<u>745</u>	<u>–</u>
Tax on profit on ordinary activities	<u>745</u>	<u>–</u>

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	779	1,059
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	191	281
<i>Effects of</i>		
Expenses not deductible for tax purposes	2	2
Excess capital allowances	(45)	(38)
Unrelieved tax losses carried forward	(75)	(167)
Pension cost relief in excess of pension cost charge	(73)	(78)
Current year corporation tax (note 7(a))	<u>–</u>	<u>–</u>

Notes to the financial statements

at 31 December 2012

7. Tax (continued)

(c) Factors affecting future years tax charge

Deferred tax assets totalling £745k have been recognised in the year (2011 - £nil) on the following timing differences: capital allowances of £104k (2011 - £nil), tax losses of £597k (2011 - £nil), and other short term timing differences £44k (2011 - £nil). These have been recognised as it is considered more likely than not that there will be suitable taxable profits in the future from which any reversal of the underlying timing differences can be deducted.

There are no unprovided deferred tax balances at the Balance Sheet date (2011 - £950k on the following timing differences: capital allowances £117k, tax losses £782k, and other short term timing differences £51k).

Deferred tax is calculated at 23% (2011 - 25%), the rate enacted at the Balance Sheet date. Since that date, further reductions in the UK corporation tax rate have been announced, but not enacted. It is anticipated that by 2015 the UK rate will have reduced to 20%. Such rate changes would reduce the deferred tax asset provided by approximately £97k.

(d) Deferred tax

The deferred tax included in the balance sheet is as follows

	2012 £000	2011 £000
Included in debtors	745	-
Included in defined benefit pension liability	-	26
	<u>745</u>	<u>26</u>
Decelerated capital allowance	104	-
Tax losses carried forward	97	-
Other timing differences	44	-
Pension costs	-	26
	<u>745</u>	<u>26</u>
		2012 £000
At 1 January		26
Deferred tax credit to profit and loss account		745
Amount charged to statement of total recognised gains and losses		(26)
At 31 December – deferred tax asset		<u>745</u>

Unrecognised tax losses in the prior year have been recognised in the current year as management now believe these amounts to be recoverable in full.

Notes to the financial statements

at 31 December 2012

8. Tangible fixed assets

	<i>Freehold land and building £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Cost				
At 1 January 2012	1,682	2,813	1,280	5,775
Additions	0	74	29	103
Disposals	0	(1,000)	(11)	(1,011)
At 31 December 2012	1,682	1,887	1,298	4,867
Depreciation				
At 1 January 2012	1,249	2,785	1,263	5,297
Charge for the year	84	22	7	113
Disposals	0	(971)	(11)	(982)
At 31 December 2012	1,333	1,836	1,259	4,428
Net book value				
At 31 December 2012	349	51	39	439
At 1 January 2012	433	28	17	478

9. Investments

	<i>£000</i>
Cost	
At 1 January 2012 and 31 December 2012	1

The company holds a debenture issued by Kennick Park Conference Centre

Notes to the financial statements

at 31 December 2012

10. Stocks

	2012 £000	2011 £000
Raw materials and consumables	261	368
Work in progress	1,120	161
Finished goods and goods for resale	228	405
	<u>1,609</u>	<u>934</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

11. Debtors

	2012 £000	2011 £000
Trade debtors	1,524	1,226
Amounts due from group undertakings	961	94
Other debtors	59	1
Prepayments	72	36
Deferred tax	745	-
	<u>3,361</u>	<u>1,357</u>

12. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	590	664
Amounts owed to group undertakings	2,140	620
Taxation and social security	12	23
Other creditors	801	704
Accruals and deferred income	135	128
	<u>3,678</u>	<u>2,139</u>

13. Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed to group undertakings	2,784	2,784

Notes to the financial statements

at 31 December 2012

14. Issued share capital

		2012		2011
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£000</i>	<i>No</i>	<i>£000</i>
Ordinary shares of £1 each	619,150	619	619,150	619

15. Movements on reserves

	<i>Share premium account £000</i>	<i>Other reserves £000</i>	<i>Profit and loss account £000</i>
At 1 January 2012	3,281	1,500	(7,409)
Profit for the year	=	=	1,524
Actuarial gain/(loss) on pension scheme	=	=	(198)
Movement on deferred tax relating to pension scheme	=	=	(26)
At 31 December 2012	3,281	1,500	(6,109)

Other reserves consist of a capital contribution received from Gnutt Powertrain Components AB, the company's immediate parent undertaking

16. Reconciliation of shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	(2009)	(3,968)
Profit for the year	1,524	1,059
Actuarial gain/(loss) on pension scheme	(198)	874
Movement on deferred tax relating to pension scheme	(26)	26
Closing shareholders' funds	(709)	(2,009)

Notes to the financial statements

at 31 December 2012

17. Pension commitments

The most recent actuarial valuation of the company pension scheme was at 1 July 2010. The scheme closed to new members and future accruals as at 31 October 2006. The valuation of the scheme used the projected unit method and was carried out by independent, professionally qualified actuaries.

An actuarial estimate performed by independent qualified actuaries, based on the last full valuation as at 1 July 2010 updated to 31 December 2012 has been undertaken to provide the information required for FRS 17. The major assumptions used by the actuaries to calculate the Scheme liabilities under FRS17 are as follows:

	2012	2011
Rate of increase in pension payment	2.20%	2.30%
Discount rate	4.50%	4.70%
Retail price inflation assumption	2.90%	3.00%
Consumer price inflation assumption	2.20%	2.30%
Expected return on assets	4.60%	4.70%
Life expectancy of a male age 65	21.5	21.4
Life expectancy at age 65 of a male aged 45	23.4	23.3
Life expectancy of a female age 65	24.1	24.0
Life expectancy at age 65 of a female aged 45	25.9	25.9

On 8 July 2010, the Government announced its intention to change the measure of price inflation for private sector schemes from the Retail Prices Index ('RPI') to the Consumer Prices Index ('CPI'). In light of this, the statutory revaluation orders published in January 2011 were based on CPI for the first time and the statutory minimum requirement for pension increases in payment has been linked to CPI rather than RPI.

Scheme assets are stated at their market value at the respective balance sheet dates. The market value applied is based on the current bid price as per the FRS 17 amendment which was subject to first year adoption for the year ended 31 December 2008. The assets in the scheme and the expected rate of return were:

	Market related long term rate of return expected at		Gnutti Pension and Life Assurance scheme value at	
	2012	2011	2012	2011
			£000	£000
Equities	6.80%	6.80%	3,904	3,481
Bonds	3.40%	3.60%	6,829	6,569
Other	0.50%	0.50%	56	55
Total			10,789	10,105

Notes to the financial statements

at 31 December 2012

17. Pension commitments (continued)

The following amounts at the year end were measured in accordance with the requirements of FRS 17

<i>Gnutt Pension and Life Assurance Scheme</i>		
	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Total market value of assets	10,789	10,105
Present value of scheme liabilities	(10,612)	(10,207)
Surplus / (Deficit) in scheme	177	(102)
Asset restriction	(177)	–
Related deferred tax asset	–	26
Net pension asset/(liability)	–	(76)
Analysis of amount (credited)/charged to operating profit:		
	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Current service cost	–	–
Total operating (credit)/charge	–	–
Analysis of amount (charged)/credited to other finance income		
	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Expected return on pension Scheme assets	475	550
Interest on pension Scheme liabilities	(473)	(556)
Asset Restriction	(2)	–
Net charge	–	(6)
Analysis of statement of total recognised gains and losses (STRGL)		
	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Actual return less expected return on pension scheme assets	203	341
Changes in assumptions underlying the present value of the Scheme liabilities	(226)	533
Asset restriction	(175)	–
Actuarial gain recognised in STRGL	(198)	874

Notes to the financial statements

at 31 December 2012

17. Pension commitments (continued)

Changes in the fair value of plan assets and analysed as follows

	2012 £000	2011 £000
At 1 January	10,105	9,130
Expected return on plan assets	475	550
Actuarial gain arising on plan assets	203	341
Contribution by employer	300	300
Benefits paid	(294)	(216)
At 31 December	10,789	10,105

Changes in the present value of the defined benefit obligations are analysed as follows

	2012 £000	2011 £000
At 1 January	10,207	10,400
Interest cost	473	556
Actuarial (gain) / loss arising on plan liabilities	226	(533)
Benefits Paid	(294)	(216)
At 31 December	10,612	10,207

The Company expects to contribute £300,000 to the scheme during the year ending 31 December 2013

History of scheme movements

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Scheme liabilities	(10,612)	(10,207)	(10,400)	(9,923)	(7,019)
Scheme assets	10,789	10,105	9,130	8,267	7,363
Surplus/(deficit) in the scheme	177	(102)	(1,270)	(1,659)	344
Change in scheme liabilities	—	—	171	—	(1)
Change in scheme assets	203	341	393	384	(1,488)

The trustees of the scheme have powers under the trust deed to set the contribution rate payable by the company to the Scheme. They also have powers under certain circumstances to trigger a wind up of the Scheme and to transfer the pension obligations on a buy out basis to an insurer.

Notes to the financial statements

at 31 December 2012

18. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases for plant and machinery as set out below

	2012 £000	2011 £000
Operating leases which expire		
Within one year	17	18
In two to five years	22	8
	<u>39</u>	<u>26</u>

19. Related party transactions

Under FRS 8 the company is exempt from the requirement to disclose details of transactions with its ultimate parent and group undertakings

20. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Gnutti Powertrain AB, incorporated in Sweden

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Gnutti Powertrain AB, which is incorporated in Sweden. Copies of the group financial statements are available from Lasarettgatan 3, Box 103, S-331 21 Varnamo, Sweden

The parent undertaking and controlling party of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Gnutti Carlo SPA, a company incorporated in Italy. Copies of the group financial statements are available from Via Artigiani 2 – 25030, Macclodio (BS), Italy