COMPANIES HOUSE COPY

Registered number 3124721

CNC Speedwell Limited

Directors' report and financial statements

for the year ended 31 March 2011



CNC Speedwell Limited

Company Information

DIRECTORS	B J Cooke S J Mant M A Lewis
COMPANY SECRETARY	S J Mant
COMPANY NUMBER	3124721
REGISTERED OFFICE	c/o Castings Plc Lichfield Road Brownhills West Midlands WS8 6JZ
AUDITORS	BDO LLP 125 Colmore Row Birmingham B3 3SD

CNC Speedwell Limited

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The following pages do not form part of the statutory financial statements

Directors' report
for the year ended 31 March 2011

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,599,676 *(2010 - loss £557,856)*

No dividends will be distributed for the year ended 31 March 2011 or 31 March 2010

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of a machinist operation

BUSINESS REVIEW

Turnover has increased from £10 7m to £19 9m which has resulted in an operating profit of £3 6m compared to a loss in the prior year of £0 7m

The performance represents a record year for the company which is very satisfying and justifies the considerable investment in capital expenditure during the year The result has been achieved by obtaining new customers, machining third party castings and an improvement in traditional business

Looking forward, the company will continue to invest when opportunities arise to ensure it is well placed to maximise any future growth

There have been no events since the balance sheet date which materially effect the position of the company

PRINCIPAL RISKS AND UNCERTAINTIES

In common with all trading business, the company is exposed to a variety of risks in the conduct of its normal business operations The company maintains a range of insurance policies against major identified insurable risks, including (but not limited to) those related to business interruption, damage to property and equipment, products and employment

Whilst it is not possible to either completely record or to quantify every material risk that the company faces, below is a summary of those risks that the directors believe are most significant to the company's business and could have a material impact on future performance, causing it to differ materially from expected or historic achieved results

Foreign exchange risk
Foreign exchange rate risk is sometimes partially mitigated using forward foreign exchange contracts Translational risk arises as a consequence of applying different exchange rates to net assets denominated in currencies other than sterling and, not being an exposure that results in an actual cash flow, is not hedged

Operational and commercial risks
The company's revenues are principally derived from commercial vehicle and automotive markets Both markets, and hence, therefore company revenues can be subject to variations in patterns of demand Commercial vehicle sales are linked to technological factors (e g emission legislations) and economic growth Passenger vehicle sales are influenced, inter alia, by consumer preferences, incentives and the availability of consumer credit

Market competition
Automotive and commercial vehicle markets are, by their nature, highly competitive, which has historically led

to deflationary pressure on selling prices This pressure is most pronounced in cycles of lower demand A number of the company's customers are also adopting global sourcing models with the aim to reduce bought out costs Whilst there can be no guarantee that business will not be lost on price, we are confident that we can remain competitive

Customer concentration, programme dependencies and relationships
The loss of, or deterioration in any single customer relationship could have a material impact on the company's results

Equipment
The company operates a number of specialist pieces of milling machinery, which, due to manufacturing lead times would be difficult to replace sufficiently quickly to prevent major interruption and possible loss of business in the event of unforeseen failure Whilst this risk cannot be entirely mitigated without uneconomic duplication of all key equipment, all key equipment is maintained to the highest possible standards and inventories of strategic equipment spares maintained

Suppliers
Although the company takes care to ensure alternative sources of supply remain available for materials or services on which the company's businesses are critically dependant, this is not always possible to guarantee without risk of short term business disruption, additional costs and potentially, damage to relationships with key customers

Information technology and systems reliability
The company is dependant on its information technology ("IT") systems to operate its business efficiently, without failure or interruption Whilst data within key systems is regularly backed-up and systems subject to virus protection, any failure of back-up systems or other major IT interruption could have a disruptive effect on the company's business

Product quality and liability
The company's businesses expose it to certain product liability risks, which, in the event of failure could give rise to material financial liabilities Whilst it is a policy of the company to limit its financial liability by contract in all long term agreements ("LTAs") it is not always possible to secure such limitations in the absence of LTAs The company's customers do require the maintenance of demanding quality systems to safeguard against quality-related risks and the company maintains appropriate external quality accreditations The company maintains insurance for public liability-related claims but does not insure against the risk of product warranty or recall

Environmental risk
The company's businesses are subject to compliance with many different laws and requirements in the UK and Europe Great care is made to act responsibly towards the environment to achieve compliance with all relevant laws and to establish a standard above the minimum level required Whilst the company's manufacturing processes are not generally considered to provide a high risk of harm to the environment, a major control failure leading to environmental harm could give rise to a material financial liability as well as significant harm to the reputation of our business

DIRECTORS

The directors who served during the year were

B J Cooke
S J Mant (appointed 18 October 2010)
M A Lewis
J C Roby (resigned 18 October 2010)

Directors' report
for the year ended 31 March 2011

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 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 judgments and 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

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 22 June 2011 and signed on its behalf



S J Mant
Director

Independent auditors' report to the members of CNC Speedwell Limited

We have audited the financial statements of CNC Speedwell Limited for the year ended 31 March 2011, set out on pages 6 to 15 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 Auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's 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 Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 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

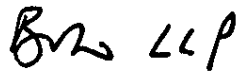
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of CNC Speedwell 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



Stephen Ward (Senior statutory auditor)

for and on behalf of
BDO LLP, Statutory auditor

125 Colmore Row
Birmingham
B3 3SD

22 June 2011

Profit and loss account
for the year ended 31 March 2011

	Note	2011 £	2010 £
TURNOVER	2	**19,905,513**	*7,931,171*
Cost of sales		**(14,780,843)**	*(7,054,725)*
GROSS PROFIT		**5,124,670**	*876,446*
Administrative expenses		**(1,714,238)**	*(1,319,523)*
Exceptional administrative expenses		**156,246**	*(210,140)*
Total administrative expenses		**(1,557,992)**	*(1,529,663)*
OPERATING PROFIT/(LOSS)	3	**3,566,678**	*(653,217)*
Interest receivable and similar income		**29**	*985*
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**3,566,707**	*(652,232)*
Tax on profit/(loss) on ordinary activities	8	**(967,031)**	*94,376*
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	15	**2,599,676**	*(557,856)*

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 8 to 15 form part of these financial statements

CNC Speedwell Limited
Registered number 3124721

Balance sheet
as at 31 March 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	9		**17,234,593**		*13,470,514*
CURRENT ASSETS					
Stocks	10	**791,101**		*451,919*	
Debtors	11	**2,724,211**		*3,134,187*	
Cash at bank		**31,307**		*306,217*	
		3,546,619		*3,892,323*	
CREDITORS amounts falling due within one year	12	**(8,555,762)**		*(7,804,094)*	
NET CURRENT LIABILITIES			**(5,009,143)**		*(3,911,771)*
TOTAL ASSETS LESS CURRENT LIABILITIES			**12,225,450**		*9,558,743*
PROVISIONS FOR LIABILITIES					
Deferred tax	13		**(997,745)**		*(930,714)*
NET ASSETS			**11,227,705**		*8,628,029*
CAPITAL AND RESERVES					
Called up share capital	14		**2**		*2*
Capital contribution	15		**840,119**		*840,119*
Profit and loss account	15		**10,387,584**		*7,787,908*
SHAREHOLDERS' FUNDS	16		**11,227,705**		*8,628,029*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 June 2011

B J Cooke
Director

S J Mant
Director

The notes on pages 8 to 15 form part of these financial statements

Notes to the financial statements
for the year ended 31 March 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The directors have prepared these financial statements on a going concern basis, notwithstanding the net current liabilities position of £5,009,143 (2010 - £3,911,771)

The directors have prepared cash flow and profit and loss forecasts which support the company's ability to continue as a going concern for at least the next 12 months After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing these financial statements

1 3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

Turnover is recognised when goods are despatched

1 5 Land and buildings

The company has taken advantage of the transitional arrangements under FRS 15 which allow the carrying value of those acquired assets which had been revalued prior to the adoption of FRS 15, to be retained All additions to fixed assets since this date are stated at cost Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer made from the revaluation reserve to the profit and loss account

1 6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Building Improvements	-	10%
Plant & machinery	-	10% - 33%
Motor vehicles	-	25%
Fixtures & fittings	-	25%
Tooling	-	20%

1 Accounting policies (continued)

1 7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

1 8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1 9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.10 Pensions

The company operates a money purchase scheme, whereby contributions are invested through individual accounts under an insurance policy administered by Trustees The assets of the scheme are held separately from those of the company in an independently administered fund

In addition the company previously participated in the Castings Plc Staff Pension Scheme, whereby benefits are provided based on final pensionable pay The scheme was closed to future accruals from 6 April 2009 and therefore no normal contributions have been paid in the current year and the relevant employees are now deferred members The assets of the scheme are independent of the finances of the company and are administered by Trustees It is not possible to identify the company's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis Therefore in accordance with the FRS 17 multi-employer exemption, the scheme is accounted for as if it were a defined contribution scheme Full disclosure of the assets, liabilities and assumptions of the scheme are given in the parent company's financial statements

Notes to the financial statements
for the year ended 31 March 2011

2. Turnover

An analysis of turnover by geographical area is as follows

	2011 £	2010 £
United Kingdom	**18,674,084**	*7,571,846*
Rest of Europe	**1,231,429**	*359,325*
	19,905,513	*7,931,171*

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	**2,723,559**	*2,285,336*
Exceptional administrative expenses (see below)	**(156,246)**	*210,140*

4. Exceptional items

	2011 £	2010 £
Industrial tribunal and redundancy write-back/(costs)	**156,246**	*(210,140)*

5. Auditors' remuneration

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	**8,100**	*8,100*
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	**1,900**	*1,900*

6. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011 £	*2010* *£*
Wages and salaries	**5,397,900**	*2,669,223*
Social security costs	**552,073**	*265,460*
Other pension costs	**60,461**	*54,357*
	6,010,434	*2,989,040*

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

	2011 No	*2010* *No*
Production	**199**	*100*
Management and administration	**22**	*14*
	221	*114*

7. Directors' remuneration

	2011 £	*2010* *£*
Emoluments	**225,223**	*146,857*

During the year retirement benefits were accruing to 2 directors *(2010 - 1)* in respect of defined contribution pension schemes

During the year retirement benefits were accruing to 2 directors *(2010 - 3)* in respect of defined benefit pension schemes

The highest paid director received remuneration of £225,223 *(2010 - £146,857)*

8. Taxation

	2011 £	*2010* *£*
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge on profit/loss for the year	**900,000**	-
Adjustments in respect of prior periods	**-**	*(249,872)*
Total current tax	**900,000**	*(249,872)*
Deferred tax		
Origination and reversal of timing differences	**105,236**	*140,113*
Effect of reduced tax rate on opening liability	**(68,654)**	-
Adjustment in respect of previous year	**30,449**	*15,383*
Total deferred tax (see note 13)	**67,031**	*155,496*
Tax on profit/loss on ordinary activities	**967,031**	*(94,376)*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2010 - higher than)* the standard rate of corporation tax in the UK of 28% *(2010 - 28%)* The differences are explained below

	2011 £	*2010* *£*
Profit/loss on ordinary activities before tax	**3,566,707**	*(652,232)*
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% *(2010 - 28%)*	**998,678**	*(182,625)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**14,653**	*120*
Capital allowances for year in excess of depreciation	**(127,485)**	*(157,499)*
Adjustments to tax charge in respect of prior periods	**-**	*(249,872)*
Short term timing difference leading to a increase in taxation	**14,154**	*17,385*
Group relief surrendered	**-**	*322,619*
Current tax charge/(credit) for the year (see note above)	**900,000**	*(249,872)*

9 Tangible fixed assets

	Building improvements £	Plant & machinery £	Total £
Cost			
At 1 April 2010	**676,386**	**25,079,035**	**25,755,421**
Additions	**199,643**	**6,287,995**	**6,487,638**
Disposals	**-**	**(1,023,799)**	**(1,023,799)**
At 31 March 2011	**876,029**	**30,343,231**	**31,219,260**
Depreciation			
At 1 April 2010	**276,786**	**12,008,121**	**12,284,907**
Charge for the year	**87,603**	**2,635,956**	**2,723,559**
On disposals	**-**	**(1,023,799)**	**(1,023,799)**
At 31 March 2011	**364,389**	**13,620,278**	**13,984,667**
Net book value			
At 31 March 2011	**511,640**	**16,722,953**	**17,234,593**
At 31 March 2010	*399,600*	*13,070,914*	*13,470,514*

10. Stocks

	2011 £	*2010 £*
Raw materials	**380,886**	*175,999*
Work in progress	**74,016**	*24,842*
Finished goods and goods for resale	**336,199**	*251,078*
	791,101	*451,919*

11. Debtors

	2011 £	*2010 £*
Trade debtors	**2,235,783**	*1,262,729*
Amounts owed by group undertakings	**188,162**	*1,046,522*
Corporation tax recoverable	**-**	*289,513*
Other debtors	**219**	*1,400*
Prepayments and accrued income	**300,047**	*534,023*
	2,724,211	*3,134,187*

12. Creditors.
Amounts falling due within one year

	2011 £	2010 £
Trade creditors	**1,499,441**	*1,295,567*
Amounts owed to group undertakings	**4,280,796**	*4,864,735*
Corporation tax	**283,693**	*103,018*
Social security and other taxes	**692,051**	*304,117*
Other creditors	**-**	*200,000*
Accruals and deferred income	**1,799,781**	*1,036,657*
	8,555,762	*7,804,094*

13. Deferred taxation

	2011 £	2010 £
At beginning of year	**930,714**	*930,714*
Charge for year	**67,031**	-
At end of year	**997,745**	*930,714*

The provision for deferred taxation is made up as follows

	2011 £	2010 £
Accelerated capital allowances	**1,036,758**	*978,264*
Sundry timing differences	**(39,013)**	*(47,550)*
	997,745	*930,714*

14. Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
2 Ordinary shares shares of £1 each	**2**	*2*

15. Reserves

	Other reserves £	Profit and loss account £
At 1 April 2010	**840,119**	**7,787,908**
Profit for the year	**-**	**2,599,676**
At 31 March 2011	**840,119**	**10,387,584**

The other reserve relates to a capital introduction from the parent company which has no fixed repayment terms and on which no interest is payable

16. Reconciliation of movement in shareholders' funds

	2011 £	*2010 £*
Opening shareholders' funds	**8,628,029**	*9,185,885*
Profit/(loss) for the year	**2,599,676**	*(557,856)*
Closing shareholders' funds	**11,227,705**	*8,628,029*

17. Capital commitments

At 31 March 2011 the company had capital commitments as follows

	2011 £	*2010 £*
Contracted for but not provided in these financial statements	**-**	*598,380*

18 Pension commitments

The pension costs incurred by the company are set out in note 6 There were no outstanding or prepaid contributions at either the beginning or end of the financial year in respect of any pension schemes

19 Ultimate parent undertaking and controlling party

The immediate and ultimate holding company is Castings plc, a company incorporated in Great Britain Copies of the consolidated financial statements are available from Companies House

The significant shareholdings in Castings plc are shown in that company's financial statements

The company has taken advantage of the exemption conferred by FRS 8 not to disclose transactions undertaken with other group companies