

CNC Speedwell Limited

Directors' report and financial statements

for the year ended 31 March 2012

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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 2012**

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,068,702 (2011 - £2,599,676)

No dividends will be distributed for the year ended 31 March 2012 or 31 March 2011

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Turnover has increased to £20.5m from £19.9m which has resulted in an operating profit of £4.0m compared to £3.6m in the prior year

The performance represents another record year for the company which is very satisfying and justifies the considerable investment in capital expenditure over the last two years

Looking forward, the company will continue to invest when opportunities arise to ensure it is well placed to maximise any future growth both with new customers and traditional business

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 legislation) 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

**Directors' report
for the year ended 31 March 2012**

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
M A Lewis

**Directors' report
for the year ended 31 March 2012**

DIRECTORS' RESPONSIBILITIES STATEMENT

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

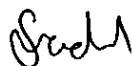
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- 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 20 June 2012 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 2012, 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 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.

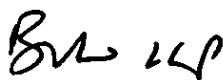
CNC Speedwell Limited

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

125 Colmore Row

Birmingham

B3 3SD

20 June 2012

CNC Speedwell Limited

**Profit and loss account
for the year ended 31 March 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	20,517,503	19,905,513
Cost of sales		<u>(14,941,999)</u>	<u>(14,780,843)</u>
GROSS PROFIT		5,575,504	5,124,670
Administrative expenses		(1,558,180)	(1,714,238)
Exceptional administrative expenses	4	-	156,246
Total administrative expenses		<u>(1,558,180)</u>	<u>(1,557,992)</u>
OPERATING PROFIT	3	4,017,324	3,566,678
Interest receivable and similar income		-	29
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,017,324	3,566,707
Tax on profit on ordinary activities	8	<u>(948,622)</u>	<u>(967,031)</u>
PROFIT FOR THE FINANCIAL YEAR	15	<u>3,068,702</u>	<u>2,599,676</u>

All amounts relate to continuing operations

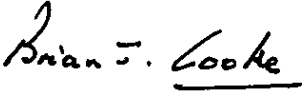
There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

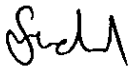
The notes on pages 8 to 15 form part of these financial statements

Balance sheet
as at 31 March 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	9		19,382,476		17,234,593
CURRENT ASSETS					
Stocks	10	468,801		791,101	
Debtors	11	2,888,213		2,724,211	
Cash at bank		15,242		31,307	
			3,372,256		3,546,619
CREDITORS: amounts falling due within one year	12	(7,472,129)		(8,555,762)	
NET CURRENT LIABILITIES			(4,099,873)		(5,009,143)
TOTAL ASSETS LESS CURRENT LIABILITIES			15,282,603		12,225,450
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(986,196)		(997,745)
NET ASSETS			14,296,407		11,227,705
CAPITAL AND RESERVES					
Called up share capital	14		2		2
Capital contribution	15		840,119		840,119
Profit and loss account	15		13,456,286		10,387,584
SHAREHOLDERS' FUNDS	16		14,296,407		11,227,705

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2012


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 2012**

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 £4,099,873 (2011 - £5,009,143)

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 during the year, 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%

**Notes to the financial statements
for the year ended 31 March 2012**

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 2012**

2. Turnover

A geographical analysis of turnover is as follows

	2012 £	2011 £
United Kingdom	17,036,023	18,674,084
Rest of Europe	3,369,193	1,231,429
Rest of World	112,287	-
	<u>20,517,503</u>	<u>19,905,513</u>

3. Operating profit

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets - owned by the company	<u>3,141,775</u>	<u>2,723,559</u>

4 Exceptional items

	2012 £	2011 £
Industrial tribunal and redundancy write-back	<u>-</u>	<u>156,246</u>

5 Auditors' remuneration

	2012 £	2011 £
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	<u>1,900</u>	<u>1,900</u>

**Notes to the financial statements
for the year ended 31 March 2012**

6. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	5,859,510	5,397,900
Social security costs	597,352	552,073
Other pension costs	73,737	60,461
	<u>6,530,599</u>	<u>6,010,434</u>

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

	2012	2011
	No	No
Production	207	199
Management and administration	28	22
	<u>235</u>	<u>221</u>

7. Directors' remuneration

	2012	2011
	£	£
Emoluments	<u>304,322</u>	<u>225,223</u>
Company pension contributions to defined contribution pension schemes	<u>9,202</u>	<u>9,264</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

During the year retirement benefits were accruing to 1 director (2011 - 2) in respect of defined benefit pension schemes

The highest paid director received remuneration of £304,322 (2011 - £225,223)

Notes to the financial statements
for the year ended 31 March 2012

8. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,000,000	900,000
Adjustments in respect of prior periods	(39,829)	-
Total current tax	960,171	900,000
Deferred tax		
Origination and reversal of timing differences	71,277	105,236
Effect of reduced tax rate on opening liability	(76,243)	(68,654)
Adjustment in respect of previous year	(6,583)	30,449
Total deferred tax (see note 13)	(11,549)	67,031
Tax on profit on ordinary activities	948,622	967,031

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	4,017,324	3,566,707
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	1,044,504	998,678
Effects of.		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	32,712	14,653
Capital allowances for year in excess of depreciation	(77,216)	(127,485)
Adjustments to tax charge in respect of prior periods	(39,829)	-
Short term timing difference leading to a increase in taxation	-	14,154
Current tax charge for the year (see note above)	960,171	900,000

Notes to the financial statements
for the year ended 31 March 2012

9 Tangible fixed assets

	Building improvements £	Plant & machinery £	Total £
Cost			
At 1 April 2011	876,029	30,343,231	31,219,260
Additions	781,095	4,575,031	5,356,126
Disposals	-	(1,289,852)	(1,289,852)
At 31 March 2012	1,657,124	33,628,410	35,285,534
Depreciation			
At 1 April 2011	364,389	13,620,278	13,984,667
Charge for the year	160,490	2,981,285	3,141,775
On disposals	-	(1,223,384)	(1,223,384)
At 31 March 2012	524,879	15,378,179	15,903,058
Net book value			
At 31 March 2012	1,132,245	18,250,231	19,382,476
At 31 March 2011	511,640	16,722,953	17,234,593

10. Stocks

	2012 £	2011 £
Raw materials	139,117	380,886
Work in progress	3,179	74,016
Finished goods and goods for resale	326,505	336,199
	468,801	791,101

11. Debtors

	2012 £	2011 £
Trade debtors	2,038,459	2,235,783
Amounts owed by group undertakings	240,785	188,162
Other debtors	371	219
Prepayments and accrued income	608,598	300,047
	2,888,213	2,724,211

CNC Speedwell Limited

**Notes to the financial statements
for the year ended 31 March 2012**

**12. Creditors:
Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	1,720,362	1,499,441
Amounts owed to group undertakings	3,966,939	4,280,796
Corporation tax	383,429	283,693
Social security and other taxes	390,895	692,051
Accruals and deferred income	1,010,504	1,799,781
	<u>7,472,129</u>	<u>8,555,762</u>

13 Deferred taxation

	2012 £	2011 £
At beginning of year	997,745	930,714
(Credit)/charge for year	(11,549)	67,031
At end of year	<u>986,196</u>	<u>997,745</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	996,637	1,036,758
Sundry timing differences	(10,441)	(39,013)
	<u>986,196</u>	<u>997,745</u>

14. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
2 Ordinary shares shares of £1 each	<u>2</u>	<u>2</u>

**Notes to the financial statements
for the year ended 31 March 2012**

15. Reserves

	Other reserves £	Profit and loss account £
At 1 April 2011	840,119	10,387,584
Profit for the year	-	3,068,702
At 31 March 2012	<u>840,119</u>	<u>13,456,286</u>

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

	2012 £	2011 £
Opening shareholders' funds	11,227,705	8,628,029
Profit for the year	<u>3,068,702</u>	<u>2,599,676</u>
Closing shareholders' funds	<u>14,296,407</u>	<u>11,227,705</u>

17. Capital commitments

At 31 March 2012 the company had capital commitments as follows

	2012 £	2011 £
Contracted for but not provided in these financial statements	<u>257,049</u>	<u>-</u>

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.