

Cramlington Precision Forge Limited

(Incorporated in United Kingdom)

ANNUAL REPORT

**for the year ended
31st December 2014**

DIRECTORS

S Rose
N Balakrishnan
D Bartle

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

BANKERS

HSBC Bank plc
110 Grey Street
Newcastle upon Tyne
NE1 6JG

BUSINESS REVIEW AND MATTERS OF STRATEGIC IMPORTANCE

Market fluctuations and uncertainties within the Eurozone continue, leading to a decrease in sales compared to the prior year. However, costs have been closely monitored to ensure that the company continues to be profit making.

Growth with current customers and new product ranges, have enabled strong sales in an uncertain environment. Cash flow continues to be much improved as tighter business controls prove to be successful.

On behalf of the board

D Bartle
Director

The directors submit their report and financial statements of Cramlington Precision Forge Limited for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the manufacture of precision forgings.

RESULTS AND DIVIDENDS

The profit for the year after taxation, amounted to £560,965 (2013: £825,824). Particulars of dividends paid are detailed in note 8 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Like all businesses the company faces a number of operating risks and uncertainties.

Economic climate

Political unrest and economic uncertainties throughout the world and more particularly in areas of the Eurozone and Brazil have had a dramatic effect on global stability, growth and business confidence. The company with its leaner business model is prepared to cope for these eventualities.

Health and safety

Health and safety regulations are taken very seriously by the company and the risk of non-compliance is minimised through regular training and monitoring of policies and procedures to maintain standards. Sufficient public and employer's liability insurance cover is taken in order to minimise any financial claim.

Product obsolescence

The company is subject to the risks associated with product obsolescence as the company and its competitors strive for a greater market share. The company continues to develop new quality product lines through constant communication with its major customers. The business continues to hold all of its accreditations with TS16949 - ISO 14001 and OHSAS 18001.

Customer base

The customer base continues to be strong and the development of new customers continues. As we see Northern Europe with stability, Southern Europe and the Brazilian economy have struggled and had an impact on sales.

YEAR END POSITION

Weaker markets have impacted sales within the organisation through 2014 but improvements within the business show greater control moving forward. New business discussions continue with current new and existing customers.

Diversification into different market sectors is a key objective for the business moving forward and the directors are confident that opportunities in the market continue to be available.

The above actions and outcomes will enable the business to stride forward as a key player in the marketplace of precision forging. The directors are confident that the business is prepared for the opportunities that lie ahead.

DIRECTORS

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

S Rose
N Balakrishnan
D Bartle

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the board

D Bartle
Director

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CRAMLINGTON PRECISION FORGE LIMITED**

We have audited the financial statements on pages 7 to 19. 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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

STEVEN CLEUGH (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

1 St. James' Gate

Newcastle upon Tyne

NE1 4AD

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	<i>Notes</i>	2014 £	2013 £
TURNOVER	1	9,485,511	10,179,555
Cost of sales		(7,922,382)	(8,099,831)
Gross profit		1,563,129	2,079,724
Distribution costs		(73,542)	(212,383)
Administrative expenses		(828,100)	(787,398)
Other operating income	2	37,900	37,900
OPERATING PROFIT	3	699,387	1,117,843
Interest payable and similar charges	6	(30,772)	(34,627)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		668,615	1,083,216
Taxation	7	(107,650)	(257,392)
PROFIT FOR THE FINANCIAL YEAR	20	560,965	825,824

The profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

**Cramlington Precision Forge Limited,
United Kingdom**

BALANCE SHEET

31 December 2014

	<i>Notes</i>	2014 £	2013 £
FIXED ASSETS			
Tangible assets	9	<u>1,816,746</u>	<u>1,949,771</u>
CURRENT ASSETS			
Stocks	10	719,032	619,009
Debtors	11	1,297,401	1,575,923
Cash at bank and in hand		<u>526,530</u>	<u>831,719</u>
		<u>2,542,963</u>	<u>3,026,651</u>
CREDITORS			
Amounts falling due within one year	12	<u>(1,189,678)</u>	<u>(1,769,175)</u>
NET CURRENT ASSETS		<u>1,353,285</u>	<u>1,257,476</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,170,031</u>	<u>3,207,247</u>
CREDITORS			
Amounts falling due after more than one year	13	(500,000)	(500,000)
PROVISIONS FOR LIABILITIES	15	(241,150)	(298,873)
Government grants	16	<u>—</u>	<u>(8,458)</u>
		<u>2,428,881</u>	<u>2,399,916</u>
CAPITAL AND RESERVES			
Called up share capital	19	1,400,000	1,400,000
Profit and loss account	20	<u>1,028,881</u>	<u>999,916</u>
SHAREHOLDERS' FUNDS	21	<u>2,428,881</u>	<u>2,399,916</u>

The financial statements on pages 7 to 19 were approved by the board of directors and authorised for issue on ~~17 April 2015~~ and are signed on their behalf by:

D Bartle
Director

CASH FLOW STATEMENT

for the year ended 31 December 2014

		2014	2013
	<i>Notes</i>	£	£
Net cash flow from operating activities	22(a)	608,673	1,775,865
Returns on investments and servicing of finance	22(b)	(30,772)	(34,627)
Taxation	22(b)	(237,096)	(189,306)
Capital expenditure and financial investment	22(b)	(93,888)	(118,685)
Equity dividends paid		(532,000)	(700,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(285,083)</u>	<u>733,247</u>
Financing	22(b)	(20,106)	(53,404)
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u><u>(305,189)</u></u>	<u><u>679,843</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2014	2013
		£	£
(Decrease)/increase in cash in the period		(305,189)	679,843
Cash outflow in respect of finance leases		<u>20,106</u>	<u>53,404</u>
Change in net funds	22(c)	<u>(285,083)</u>	<u>733,247</u>
Net funds at the beginning of the year	22(c)	<u>811,613</u>	<u>78,366</u>
Net funds at the end of the year	22(c)	<u><u>526,530</u></u>	<u><u>811,613</u></u>

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

GOING CONCERN

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

TURNOVER

Turnover is recognised at the fair value of the consideration receivable for sale of goods and services in the ordinary nature of business. Turnover is shown net of Value Added Tax, of goods and services provided to customers

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of a tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	- 5% straight line
Plant & machinery	- 3.33% - 10% straight line
Fixtures & fittings	- 10% straight line

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

FINANCE LEASE AGREEMENTS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

ACCOUNTING POLICIES

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which 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 a non-discounted basis.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

DEFERRED GOVERNMENT GRANTS

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

PENSION COSTS

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

Cramlington Precision Forge Limited, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2014	2013
	£	£
United Kingdom	141,957	138,768
Rest of the world	9,343,554	10,040,787
	<u>9,485,511</u>	<u>10,179,555</u>

2 OTHER OPERATING INCOME

	2014	2013
	£	£
Grants released	<u>37,900</u>	<u>37,900</u>

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation of government grants	(37,900)	(37,900)
Depreciation of owned fixed assets	226,913	197,116
Depreciation of assets held under finance lease agreements	—	15,257
Auditor's remuneration		
- as auditor	9,000	8,000
- for other services	750	750
Operating lease costs:		
- Land and buildings	87,565	87,565
- Other	30,565	17,411
Net loss on foreign currency translation	<u>8,782</u>	<u>9,009</u>

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year was:

	2014	2013
	No	No
Number of production staff	54	55
Number of administrative staff	12	11
	<u>66</u>	<u>66</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	2,024,232	1,979,895
Social security costs	36,439	38,798
Other pension costs	131,433	91,202
	<u>2,192,104</u>	<u>2,109,895</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

5 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	85,530	42,502
Value of company pension contributions to money purchase schemes	7,633	4,077
	<u>93,163</u>	<u>46,579</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2014	2013
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
On finance leases	772	4,627
On shares classed as financial liabilities	30,000	30,000
	<u>30,772</u>	<u>34,627</u>

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014	2013
	£	£
Current tax:		
UK corporation tax	170,619	239,413
(Over)/under provision in prior year	(5,246)	5,206
Total current tax	<u>165,373</u>	<u>244,619</u>
Deferred tax:		
Origination and reversal of timing differences	(57,723)	12,773
Tax on profit on ordinary activities	<u>107,650</u>	<u>257,392</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

7 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed for the year is lower than the rate of corporation tax in the UK of 21.5% (2013 – 23.25%), as explained below

	2014	2013
	£	£
Profit on ordinary activities before taxation	668,615	1,083,216
Profit on ordinary activities by rate of tax	143,752	251,848
Effects of:		
Expenses not deductible for tax purposes	7,651	973
Fixed asset differences	2,129	-
Capital allowances for period more than/(in excess) of depreciation	13,162	(8,064)
Income not taxable	-	(8,812)
Tax credits	(53)	-
Other	3,978	3,468
Adjustments to tax charge in respect of previous periods	(5,246)	5,206
Total current tax (note 7(a))	165,373	244,619

8 DIVIDENDS

Equity dividends

	2014	2013
	£	£
Dividends on equity shares £0.38 (2013: £0.50)	532,000	700,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

9 TANGIBLE FIXED ASSETS

	Leasehold property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1 January 2014	93,972	2,935,007	153,127	3,182,106
Additions	68,913	22,501	2,474	93,888
At 31 December 2014	<u>162,885</u>	<u>2,957,508</u>	<u>155,601</u>	<u>3,275,994</u>
Depreciation				
At 1 January 2014	60,837	1,040,210	131,288	1,232,335
Charge for the year	6,150	205,450	15,313	226,913
At 31 December 2014	<u>66,987</u>	<u>1,245,660</u>	<u>146,601</u>	<u>1,459,248</u>
Net book value				
At 31 December 2014	<u>95,898</u>	<u>1,711,848</u>	<u>9,000</u>	<u>1,816,746</u>
At 31 December 2013	<u>33,135</u>	<u>1,894,797</u>	<u>21,839</u>	<u>1,949,771</u>

Finance lease agreements

Included within the net book value of £1,816,746 is £Nil (2013 - £101,245) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2013 - £15,257).

10 STOCKS

	2014 £	2013 £
Raw materials	243,549	205,682
Work in progress	359,777	303,108
Finished goods	115,706	110,219
	<u>719,032</u>	<u>619,009</u>

11 DEBTORS

	2014 £	2013 £
Trade debtors	1,210,045	1,424,459
VAT recoverable	59,718	106,417
Prepayments and accrued income	27,638	45,047
	<u>1,297,401</u>	<u>1,575,923</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

12 CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	794,773	1,209,438
Amounts owed to group undertakings	15,455	92,899
Corporation tax	167,690	239,413
PAYE and social security	46,126	43,276
Obligations under finance lease agreements	–	20,106
Other creditors	27,859	12,167
Accruals and deferred income	137,775	151,876
	<u>1,189,678</u>	<u>1,769,175</u>

The company has provided a guarantee dated 31 May 2005 in favour of HM Revenue and Customs for £100,000.

13 CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Redeemable preference shares of £1 each	<u>500,000</u>	<u>500,000</u>

The redeemable preference shares are entitled to a fixed cumulative preferential net cash dividend of 6% of the subscription price of £1 each. These shares carry no voting rights and have no fixed redemption date. There is no premium payable on redemption.

14 COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2014	2013
	£	£
Finance lease agreements are analysed as follows:		
Current obligations	<u>–</u>	<u>20,106</u>

15 PROVISIONS FOR LIABILITIES

	Deferred taxation
	£
Balance brought forward	298,873
Profit and loss account movement arising during the year	<u>(57,723)</u>
Balance carried forward	<u>241,150</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Accelerated capital allowances	<u>241,150</u>	<u>298,873</u>
	<u>241,150</u>	<u>298,873</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

16 GOVERNMENT GRANTS

	2014 £	2013 £
Received and receivable:		
At 1 January 2014	379,000	379,000
At 31 December 2014	<u>379,000</u>	<u>379,000</u>
Amortisation:		
At 1 January 2014	332,642	294,742
Credit to profit and loss account	37,900	37,900
At 31 December 2014	<u>370,542</u>	<u>332,642</u>
Net balance at 31 December 2014	8,458	46,358
Less accruals and deferred income due within one year	(8,458)	(37,900)
Net balance at 31 December 2014	<u>-</u>	<u>8,458</u>

17 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within 1 year	-	-	-	2,607
Within 2 to 5 years	87,565	30,565	87,565	14,136
After more than 5 years	-	-	-	2,671
	<u>87,565</u>	<u>30,565</u>	<u>87,565</u>	<u>19,414</u>

18 RELATED PARTY TRANSACTIONS

During the year under review the company has traded on normal commercial terms with Sundram Fasteners Limited, the company's parent undertaking.

Included within turnover are sales of £22,973 (2013: £41,492) made to the parent undertaking.

Included within interest payable and similar charges is £30,000 (2013: £30,000) for shares classed as financial liabilities paid to Sundram Fasteners Limited.

At the year end the company owed £15,455 to Sundram Fasteners Limited (2013: £92,899).

Dividends of £532,000 (2013: £700,000) were paid to Sundram Fasteners Limited.

Cramlington Precision Forge Limited, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

19 SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid:		
1,400,000 Ordinary shares of £1 each	1,400,000	1,400,000
500,000 Preference shares of £1 each	500,000	500,000
	<u>1,900,000</u>	<u>1,900,000</u>

	2014 £	2013 £
Amounts presented in equity:		
1,400,000 Ordinary shares of £1 each	<u>1,400,000</u>	<u>1,400,000</u>

	2014 £	2013 £
Amounts presented in liabilities:		
500,000 Preference shares of £1 each	<u>500,000</u>	<u>500,000</u>

20 PROFIT AND LOSS ACCOUNT

	2014 £	2013 £
At the beginning of the year	999,916	874,092
Profit for the financial year	560,965	825,824
Dividends	(532,000)	(700,000)
At the end of the year	<u>1,028,881</u>	<u>999,916</u>

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Profit for the financial year	560,965	825,824
Dividends	(532,000)	(700,000)
Net addition to shareholders' funds	28,965	125,824
Opening shareholders' funds	2,399,916	2,274,092
Closing shareholders' funds	<u>2,428,881</u>	<u>2,399,916</u>

22 CASH FLOWS

22(a) Reconciliation of operating profit to net cash inflow from operating activities

	2014 £	2013 £
Operating profit	699,387	1,117,843
Depreciation	226,913	212,373
Amortisation of government grants	(37,900)	(37,900)
(Increase)/decrease in stocks	(100,023)	250,590
Decrease/(increase) in debtors	278,522	(290,525)
(Decrease)/increase in creditors	(458,226)	523,484
Net cash inflow from operating activities	<u>608,673</u>	<u>1,775,865</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

22 CASH FLOWS *(continued)*

22(b) Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance	2014 £	2013 £
Interest element of finance leases	(772)	(4,627)
Dividends on shares classed as financial liabilities	(30,000)	(30,000)
Net cash outflow from returns on investments and servicing of finance	<u>(30,772)</u>	<u>(34,627)</u>
Taxation	2014 £	2013 £
Taxation	<u>(237,096)</u>	<u>(189,306)</u>
Capital expenditure	2014 £	2013 £
Payments to acquire tangible fixed assets	<u>(93,888)</u>	<u>(118,685)</u>
Net cash outflow from capital expenditure	<u>(93,888)</u>	<u>(118,685)</u>
Financing	2014 £	2013 £
Capital element of finance leases	<u>(20,106)</u>	<u>(53,404)</u>
Net cash outflow from financing	<u>(20,106)</u>	<u>(53,404)</u>

22(c) Analysis of net funds

	At 1 Jan 2014 £	Cash flows £	At 31 Dec 2014 £
Cash in hand and at bank	831,719	(305,189)	526,530
Finance lease agreements	<u>(20,106)</u>	<u>20,106</u>	<u>—</u>
	<u>(20,106)</u>	<u>20,106</u>	<u>-</u>
Total	<u>811,613</u>	<u>(285,083)</u>	<u>526,530</u>

23 ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking and controlling party is Sundram Fasteners Limited, a company registered in India.

The directors consider that the company's ultimate parent undertaking and controlling party is TV Sundram Iyengar & Sons Limited, a company registered in India. TV Sundram Iyengar & Sons Limited is the parent company of the TVS Group and is the smallest and largest group for which consolidated accounts including Cramlington Precision Forge Limited are prepared.

MANAGEMENT INFORMATION
for the year ended 31 December 2014

The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on page 6.

DETAILED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2014

	2014	2013
	£	£
TURNOVER	9,485,511	10,179,555
COST OF SALES		
Opening stock and work-in-progress	619,009	869,599
Purchases	4,478,444	4,392,754
Direct wages	1,703,845	1,658,667
Pension contributions	103,468	55,983
Other direct costs	1,506,664	1,526,677
Hire of plant and machinery	18,384	16,584
Depreciation of plant and machinery	211,600	198,576
	<u>8,641,414</u>	<u>8,718,840</u>
Closing stock and work-in-progress	(719,032)	(619,009)
	<u>(7,922,382)</u>	<u>(8,099,831)</u>
Gross profit	1,563,129	2,079,724
OVERHEADS		
Distribution costs	73,542	212,383
Administrative expenses	828,100	787,398
	<u>901,642</u>	<u>999,781</u>
	661,487	1,079,943
OTHER OPERATING INCOME		
Grants released	37,900	37,900
OPERATING PROFIT	<u>699,387</u>	<u>1,117,843</u>
Interest payable and similar charges	30,772	34,627
PROFIT ON ORDINARY ACTIVITIES	<u>668,615</u>	<u>1,083,216</u>

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	2014 £	2013 £
ADMINISTRATIVE EXPENSES		
Personnel costs		
Directors salaries	66,412	-
Directors fees	4,800	4,800
Wages and salaries	249,175	316,428
Employers national insurance contributions	36,439	38,798
Staff pension contributions	27,965	35,219
	<u>384,791</u>	<u>395,245</u>
Establishment expenses		
Rent	87,565	106,670
Rates and water	48,260	49,114
Light and heat	15,943	13,882
Insurance	38,234	38,479
	<u>190,002</u>	<u>208,145</u>
General expenses		
Motor expenses	29,292	22,259
Telephone	30,201	18,400
Office expenses	28,862	30,064
Printing, stationery and postage	9,084	8,714
Staff training	-	1,975
Sundry expenses	68,390	45,398
Cleaning	22,166	15,306
Computer costs	14,037	30,346
Entertaining	5,588	4,339
Legal and professional fees	6,693	2,939
Auditors remuneration	9,850	8,450
Depreciation	15,313	13,797
	<u>239,476</u>	<u>201,987</u>
Financial costs		
Bad debts written off	436	(31,262)
Bank charges	4,613	4,274
Foreign currency losses	8,782	9,009
	<u>13,831</u>	<u>(17,979)</u>
	<u>828,100</u>	<u>787,398</u>
INTEREST PAYABLE AND SIMILAR CHARGES		
Hire purchase and finance lease charges	772	4,627
Finance charges on shares classed as financial liabilities	30,000	30,000
	<u>30,772</u>	<u>34,627</u>

TRANSLATED FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31ST DECEMBER 2014

No.	Note	GBP As at	₹ As at	GBP As at	₹ As at
		31-12-2014	31-12-2014	31-12-2013	31-12-2013
I EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	1	1,900,000	186,998,000	1,900,000	194,408,000
(b) Reserves and Surplus	2	1,028,881	2,928,881	101,262,452	288,260,452
				999,916	2,899,916
				102,311,374	296,719,374
2. Non-current Liabilities					
(a) Deferred Tax Liabilities (Net)	3	241,150	23,733,983	298,873	30,580,685
(b) Other Long-term Liabilities	5	—	241,150	—	23,733,983
				8,458	307,331
				865,423	31,446,108
3. Current Liabilities					
(a) Short-term borrowings	4	—	—	20,106	2,057,245
(b) Trade payables	6	794,773	78,221,559	1,209,438	123,749,696
(c) Other current liabilities	5	394,905	1,189,678	38,866,510	117,088,069
				539,631	1,769,175
				55,215,067	181,022,009
Total		4,359,709	429,082,504	4,976,422	509,187,491
II ASSETS					
1. Non-current Assets					
Fixed Assets					
Tangible Assets					
	7	1,816,746	1,816,746	178,804,141	178,804,141
				1,949,771	1,949,771
				199,500,569	199,500,569
2. Current Assets					
(a) Inventories	8	719,032	70,767,129	619,009	63,337,028
(b) Trade receivables	9	1,210,045	119,092,629	1,424,459	145,750,645
(c) Cash and Cash equivalents	10	526,530	51,821,027	831,719	85,101,480
(d) Other Current Assets	11	87,356	2,542,963	8,597,578	250,278,363
				151,464	3,026,651
				15,497,769	309,686,921
Total		4,359,709	429,082,504	4,976,422	509,187,491

**Cramlington Precision Forge Limited,
United Kingdom**

TRANSLATED FINANCIAL STATEMENTS

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st DECEMBER 2014

	Note	GBP Year Ended 31-12-2014	₹ Year Ended 31-12-2014	GBP Year Ended 31-12-2013	₹ Year Ended 31-12-2013
INCOME					
I Revenue From Operations	12	9,503,913	954,858,123	10,217,456	943,071,168
II Other Income	13	19,498	1,958,964	–	–
III Total Revenue		<u>9,523,411</u>	<u>956,817,087</u>	<u>10,217,456</u>	<u>943,071,168</u>
IV EXPENSES					
Cost of Materials & components Consumed	14	3,287,429	330,365,601	3,242,985	300,686,338
(Increase) / Decrease in inventories of Finished Goods & Work in Process	15	(62,156)	(6,117,386)	114,977	11,764,438
Employee benefit expense	16	2,230,413	224,089,609	2,143,947	197,886,295
Finance Costs	17	9,554	959,852	13,636	1,258,629
Depreciation and amortization expenses		226,913	22,797,949	212,373	19,602,028
Other Expenses	18	3,132,643	314,736,685	3,376,323	311,634,592
Total Expenses		<u>8,824,796</u>	<u>886,832,311</u>	<u>9,104,241</u>	<u>842,832,320</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		698,615	69,984,776	1,113,215	100,238,848
VI Tax expense :					
UK Corporation Tax		165,373	16,276,011	244,619	25,029,373
Deferred Tax		(57,723)	(5,681,098)	12,773	1,306,933
VII Profit (Loss) for the period (V-VI)		<u>590,965</u>	<u>59,389,863</u>	<u>855,824</u>	<u>73,902,542</u>

TRANSLATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 2014

	(In GBP)	(In GBP)	(In ₹)	(In ₹)	(In GBP)	(In GBP)	(In ₹)	(In ₹)
	Year ended 31-12-2014	Year ended 31-12-2014	Year ended 31-12-2014	Year ended 31-12-2014	Year ended 31-12-2013	Year ended 31-12-2013	Year ended 31-12-2013	Year ended 31-12-2013
A. CASH FLOW FROM OPERATING ACTIVITIES:								
Net Profit before Tax		698,615		69,984,776		1,113,215		100,238,848
Adjustments For:								
Depreciation	226,913		22,797,949		212,373		19,602,028	
Exchange variation - Depreciation			(465,172)				2,127,978	
Exchange variation on application of AS 11			(74,974)				6,350,725	
Interest expense (Net)	772		77,525		4,627		427,086	
Unrealised Exchange loss / (gain)	8,782		882,327		9,009		831,543	
Amortisation of Government Grant	(8,458)	228,009	(832,436)	22,385,219	(37,900)	188,109	(3,877,928)	25,461,432
Operating Profit before Extraordinary items & Working Capital changes:		926,624		92,369,995		1,301,324		125,700,279
Adjustments For Changes in Working Capital:								
(Increase) / Decrease in Inventories	(100,023)		(9,844,237)		250,590		25,640,393	
(Increase) / Decrease in trade and other receivables	278,522		27,412,109		(290,525)		(29,726,511)	
Increase /(Decrease) in Trade Payables and Provisions	(414,665)		(40,811,329)		436,567		44,669,535	
Increase / (Decrease) in other liabilities	(312,417)	(548,583)	(30,748,045)	(53,991,502)	(97,182)	299,450	(9,943,711)	30,639,706
Cash Generated From Operations		378,041		38,378,493		1,600,774		156,339,985
Tax Paid		2,317		228,039		(5,206)		(532,635)
NET CASH FROM OPERATING ACTIVITIES		<u>380,358</u>		<u>38,606,532</u>		<u>1,595,568</u>		<u>155,807,350</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:								
Purchase of Fixed Assets		(93,888)		(9,240,457)		(118,685)		(12,143,849)
NET CASH USED IN INVESTING ACTIVITIES		<u>(93,888)</u>		<u>(9,240,457)</u>		<u>(118,685)</u>		<u>(12,143,849)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:								
Proceeds From Term Loans (Secured)		(20,106)		(1,978,832)		(53,404)		(5,464,297)
Unrealised Exchange loss / (gain)		(8,782)		(882,327)		(9,009)		(831,543)
Interest expense		(772)		(77,525)		(4,627)		(427,086)
Dividend Paid		(562,000)		(56,464,140)		(730,000)		(67,379,000)
NET CASH USED IN FINANCING ACTIVITIES		<u>(591,660)</u>		<u>(59,402,824)</u>		<u>(797,040)</u>		<u>(74,101,926)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(305,189)		(30,036,749)		679,843		69,561,575
CASH AND CASH EQUIVALENTS - Opening Balance		831,719		81,857,776		151,876		15,539,905
CASH AND CASH EQUIVALENTS - Closing Balance		526,530		51,821,027		831,719		85,101,480
Notes:								
CASH AND CASH EQUIVALENTS include:								
a) Cash and Cheques on hand		891		87,718		642		65,724
b) With Scheduled Banks:								
HSBC (GBP)		521,964		51,371,652		826,344		84,551,477
HSBC (Euro)		3,675		361,657		4,733		484,279
		<u>526,530</u>		<u>51,821,027</u>		<u>831,719</u>		<u>85,101,480</u>

Cramlington Precision Forge Limited,

United Kingdom

TRANSLATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

	GBP As at 31-12-2014	₹ As at 31-12-2014	GBP As at 31-12-2013	₹ As at 31-12-2013
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1 SHARE CAPITAL

a. Capital Subscribed

Share Capital	1,900,000	186,998,000	1,900,000	194,408,000
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b. Reconciliation of number of shares

	As at 31-12-2014			As at 31-12-2013		
	No. of Shares	Value in GBP	Value in ₹	No. of Shares	Value in GBP	Value in ₹
Equity Shares	1,400,000	1,400,000	137,788,000	1,400,000	1,400,000	143,248,000
Preference Shares	500,000	500,000	49,210,000	500,000	500,000	51,160,000
Balance as at the end of the year	1,900,000	1,900,000	186,998,000	1,900,000	1,900,000	194,408,000

c. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at 31-12-2014			As at 31-12-2013		
	No. of Shares	Shares as % of Total No. of Shares		No. of Shares	Shares as % of Total No. of Shares	
1. Sundram Fasteners Limited, Chennai	1,900,000	100.00		19,00,000	100.00	
2. Total No. of Shares of the Company	1,900,000	100.00		19,00,000	100.00	

d. Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended December 31, 2014 :

(i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil

(ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil

(iii) Aggregate number of equity shares bought back : Nil

	GBP As at 31-12-2014	₹ As at 31-12-2014	GBP As at 31-12-2013	₹ As at 31-12-2013
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2. RESERVES & SURPLUS

a. Surplus in Statement of Profit and Loss

1. Balance as at the beginning of the year	999,916	98,411,702	874,092	89,437,108
2. Profit / (Loss) for the year	590,965	59,389,863	855,824	73,902,542
3. Balance available for appropriation (1 + 2)	1,590,881	157,801,565	1,729,916	163,339,650

Appropriations :

4. Dividend Paid

Ordinary Shares	532,000	53,450,040	700,000	64,610,000
Preference Shares	30,000	3,014,100	30,000	2,769,000
Amount appropriated during the year	562,000	56,464,140	730,000	67,379,000

5. Balance as at the end of the year (3 + 4)	1,028,881	101,337,425	999,916	95,960,650
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b. Foreign Exchange Translation Reserve / (Asset)

Foreign exchange reserve / (Asset) arising on account of application of Indian Accounting Standard - 11

Opening Balance as on 01-01-2014	-	6,350,725	-	3,160,412
Current year foreign exchange gain / (loss)	-	(6,425,698)	-	3,190,313
Closing balance as on 31.12.2014	-	(74,973)	-	6,350,725
Total Reserves and Surplus (a + b)	1,028,881	101,262,452	999,916	102,311,374

TRANSLATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31-12-2014		As at 31-12-2013		As at 31-12-2014		As at 31-12-2013	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
3. DEFERRED TAX LIABILITIES / (ASSETS)								
Deferred Tax Liability	298,873	29,415,081	286,100	29,273,752	-	-	-	-
Transferred from Statement of Profit & Loss	(57,723)	(5,681,098)	12,773	1,306,933	-	-	-	-
Net Tax Liabilities	<u>241,150</u>	<u>23,733,983</u>	<u>298,873</u>	<u>30,580,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Long-term / Non Current				Short-term Current			
	As at 31-12-2014		As at 31-12-2013		As at 31-12-2014		As at 31-12-2013	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
4. BORROWINGS								
Secured								
Term Loans								
Hire purchase agreement	-	-	-	-	-	-	20,106	2,057,245
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,106</u>	<u>2,057,245</u>

5. OTHER LIABILITIES								
1 Government Grants	-	-	8,458	865,423	-	-	-	-
2 Notes payable	-	-	-	-	100,298	9,871,329	83,426	8,536,185
3 Government grants due within one year	-	-	-	-	8,458	832,436	37,900	3,877,928
4 Accrued payroll	-	-	-	-	29,019	2,856,050	30,550	3,125,839
5 Pension creditors	-	-	-	-	27,859	2,741,883	12,167	1,244,943
6 Corporation Tax	-	-	-	-	167,690	16,504,050	239,413	24,496,738
7 Liabilities to Group companies	-	-	-	-	15,455	1,521,042	92,899	9,505,426
8 Taxes payable	-	-	-	-	46,126	4,539,721	43,276	4,428,009
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,905</u>	<u>38,866,510</u>	<u>539,631</u>	<u>55,215,067</u>

6. TRADE PAYABLES								
Raw Materials	-	-	-	-	794,773	78,221,559	1,209,438	123,749,696
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>794,773</u>	<u>78,221,559</u>	<u>1,209,438</u>	<u>123,749,696</u>

Cramlington Precision Forge Limited, United Kingdom

TRANSLATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

7. FIXED ASSETS SCHEDULE

	Tangible							
	Lease hold Property		Plant and Machinery		Fixtures, Fittings and office Equipments		Total	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
A Cost of Assets								
As at 31-12-2013	93,972	9,615,215	2,935,007	300,309,916	153,127	15,667,955	3,182,106	325,593,086
Additions	68,913	6,782,417	22,501	2,214,548	2,474	243,491	93,888	9,240,457
- Exchange difference		(366,491)		(11,446,527)		(597,195)	-	(12,410,213)
As at 31-12-2014	162,885	16,031,142	2,957,508	291,077,937	155,601	15,314,250	3,275,994	322,423,329
B Depreciation/Amortization								
As at 31-12-2013	60,837	6,224,842	1,040,210	106,434,287	131,288	13,433,388	1,232,335	126,092,517
Charges for the year	6,150	617,891	205,450	20,641,562	15,313	1,538,497	226,913	22,797,949
Exchange variation (op bal restated)		(237,264)		(4,056,819)		(512,023)	-	(4,806,106)
Restating to Closing Rate - CY Depn		(12,608)		(421,172)		(31,392)	-	(465,172)
As at 31-12-2014	66,987	6,592,861	1,245,660	122,597,857	146,601	14,428,470	1,459,248	143,619,188
C Written Down Value								
As at 31-12-2014	95,898	9,438,281	1,711,848	168,480,080	9,000	885,780	1,816,746	178,804,141
As at 31-12-2013	33,135	3,390,373	1,894,797	193,875,629	21,839	2,234,566	1,949,771	199,500,569

8. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

	As at 31-12-2014		As at 31-12-2013	
	GBP	₹	GBP	₹
a Raw Materials and components	243,549	23,970,093	205,682	21,045,402
b Work-in-process	359,777	35,409,252	303,108	31,014,051
c Finished Goods	115,706	11,387,785	110,219	11,277,575
Total	719,032	70,767,129	619,009	63,337,028

9. TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)

	As at 31-12-2014		Current As at 31-12-2013	
	GBP	₹	GBP	₹
Trade Receivables				
Unsecured, Considered Good unless stated otherwise				
Outstanding for a period more than six months from the date they are due for payment	1,210,045	119,092,629	1,424,459	145,750,645
Total	1,210,045	119,092,629	1,424,459	145,750,645

NOTES TO FINANCIAL STATEMENTS (Contd.)

10. CASH AND BANK BALANCES

	As at 31-12-2014		Current		As at 31-12-2013	
	GBP	₹	GBP	₹	GBP	₹
Cash and Cash Equivalents						
a. Balances with Bank						
HSBC (GBP)	521,964	51,371,652	826,344		84,551,477	
HSBC (Euro)	3,675	361,657	4,733		484,279	
b. Cheques / drafts on hand						
c. Cash On hand	891	87,718	642		65,724	
Total	526,530	51,821,027	831,719		85,101,480	

11. OTHER ASSETS

VAT Debtor	59,718	5,877,446	106,418		10,888,640	
Prepaid Expenses						
a. Business rent	–	–	7,418		758,984	
b. Insurance	–	–	4,499		460,379	
c. Factory rent	27,638	2,720,132	21,891		2,239,913	
d. Subscriptions	–	–	5,771		590,448	
e. Deferred income	–	–	5,467		559,406	
Total	87,356	8,597,578	151,464		15,497,769	

	Year ended 31-12-2014		Year ended 31-12-2013	
	GBP	₹	GBP	₹
12. REVENUE FROM OPERATIONS				
a) Sale of Products				
Domestic Sales	45,944	4,615,944	10,671	984,887
Export Sales	9,301,083	934,479,843	10,040,788	926,764,719
Sub Total	9,347,027	939,095,787	10,051,459	927,749,606
b) Other Operating Revenues (Refer Note 12B)	156,886	15,762,336	165,997	15,321,562
Sub Total	156,886	15,762,336	165,997	15,321,562
Total (a + b)	9,503,913	954,858,123	10,217,456	943,071,168

12A. DETAILS OF PRODUCT SOLD

Clutch	3,068,421	308,284,275	3,363,234	310,426,506
Differential gears and pinions	4,693,036	471,509,373	4,585,577	423,248,754
Drive gear	1,137,513	114,285,978	1,604,302	148,077,087
Shafted gear	68,131	6,845,118	62,083	5,730,279
Hydraulic & cylinder barrel	379,925	38,171,043	398,302	36,763,228
Total	9,347,027	939,095,787	10,013,498	924,245,854

12B. OTHER OPERATING REVENUES

Amortisation of Government Grants	37,900	3,807,813	37,900	3,498,170
Scrap Sales	118,986	11,954,523	128,097	11,823,392
Total	156,886	15,762,336	165,997	15,321,562

13. OTHER INCOME

Miscellaneous Income	19,498	1,958,964	–	–
Total	19,498	1,958,964	–	–

14. RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED

Opening Stock of Raw Material	205,682	20,243,241	341,295	34,921,304
Add : Purchase of materials	3,325,296	334,092,452	3,107,372	286,810,436
Less : Closing Stock of Raw Material	243,549	23,970,092	205,682	21,045,402
Total	3,287,429	330,365,601	3,242,985	300,686,338

15. (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS

(A) Inventories at the beginning of the year				
Work-in-process	303,108	29,831,929	448,566	45,897,273
Finished Goods	110,219	10,847,722	79,738	8,158,792
Sub Total	413,327	40,679,651	528,304	54,056,065
(B) Inventories at the end of the year				
Work-in-process	359,777	35,409,252	303,108	31,014,051
Finished Goods	115,706	11,387,785	110,219	11,277,575
Sub Total	475,483	46,797,037	413,327	42,291,627
Total (A – B)	(62,156)	(6,117,386)	114,977	11,764,438

Cramlington Precision Forge Limited, United Kingdom

NOTES TO FINANCIAL STATEMENTS (Contd.)

	Year ended 31-12-2014		Year ended 31-12-2013	
	GBP	₹	GBP	₹
16. EMPLOYEE BENEFIT EXPENSES				
a) Salaries, Wages, Bonus and Allowances	2,019,432	202,892,333	1,975,095	182,301,243
b) Employees' Provident and Other Funds	167,872	16,866,100	130,000	11,998,989
c) Staff & Labour welfare expenses	43,109	4,331,176	38,852	3,586,064
Total	<u>2,230,413</u>	<u>224,089,609</u>	<u>2,143,947</u>	<u>197,886,295</u>
17. FINANCE COST				
a) Interest expense	772	77,525	4,627	427,086
b) Other borrowing costs				
- Commission charges	-	-	-	-
- Bank handling Charges	-	-	-	-
c) Applicable net gain/loss on foreign currency transactions and translation including borrowing cost	8,782	882,327	9,009	831,543
Total	<u>9,554</u>	<u>959,852</u>	<u>13,636</u>	<u>1,258,629</u>
18. OTHER EXPENSES				
a) Stores and Tools consumed	736,142	73,960,162	779,158	71,916,325
b) Power & Fuel	403,844	40,574,167	389,898	35,987,626
c) Rent	110,963	11,148,434	124,549	11,495,829
d) Sub-Contract expenses	1,153,148	115,856,817	1,285,382	118,640,799
e) Rates & Taxes	48,260	4,848,682	49,114	4,533,199
f) Auditors Fee	9,850	989,630	8,450	779,931
g) Insurance	155,972	15,670,531	120,402	11,113,105
h) Freight and Cartage	73,542	7,388,750	212,383	19,602,943
i) Communication Expenses	30,201	3,034,327	18,401	1,698,396
j) Travel Expenses	29,292	2,942,937	27,449	2,533,548
k) Loss on sale of assets	-	-	-	-
l) Repairs & Maintenance - Building	24,815	2,493,172	17,523	1,617,352
m) Repairs & Maintenance - Machinery	273,521	27,480,706	263,790	24,347,778
n) Bad debts written off	436	43,854	(31,262)	(2,885,483)
o) Miscellaneous Expenses (Refer Note 19)	82,657	8,304,518	111,086	10,253,243
Total	<u>3,132,643</u>	<u>314,736,685</u>	<u>3,376,323</u>	<u>311,634,592</u>
19. MISCELLANEOUS EXPENSES				
a) Marketing expense	5,657	568,353	3,793	350,072
b) Consultancy expenses	6,693	672,450	2,939	271,273
c) Stationery	9,084	912,680	8,715	804,363
d) PC consumables/Computer Costs	14,037	1,410,305	30,346	2,800,911
e) Bank charges	4,613	463,461	4,274	394,454
f) Directors fee	4,800	482,256	4,800	443,040
g) Subscriptions	28,862	2,899,748	30,064	2,774,913
h) Recruitment and training	-	-	1,975	182,253
i) Outside services	8,911	895,265	24,182	2,231,964
Total	<u>82,657</u>	<u>8,304,518</u>	<u>111,086</u>	<u>10,253,243</u>

NOTES TO FINANCIAL STATEMENTS (Contd.)

20. NOTES ON ACCOUNTS

1. AS – 3 Cash Flow Statements

Cash Flow statement has been attached to the Balance Sheet and Statement of Profit and Loss.

2. AS – 11 Accounting for effects in foreign exchange rates

The Balance Sheet as at 31st December 2014 has been translated from GBP to Indian Rupees by applying the year end interbank exchange rate of GBP 1 = ₹ 98.42 (previous year GBP 1 = ₹ 102.32). The financial statements have been compiled so as to have them properly drawn up in accordance with the requirements of the Indian Companies Act, 2013 in the manner so required.

Assets and Liabilities

The assets and liabilities, both monetary and non-monetary, have been translated at the rate prevailing at the date of the balance sheet.

Income and Expenditure

Income and expense items have been translated at average exchange rates prevailing during the year GBP 1 = ₹ 100.47; previous period (GBP 1 = ₹ 92.30).

Exchange differences arising out of the translation have been dealt with in accordance with AS 11.

3. AS – 12 Accounting for Government grants

Grants received are credited to deferred revenue. Grants towards capital expenditure are credited to the Statement of Profit and loss over the expected useful life of the assets. Grant towards revenue expenditure are credited to the Statement of Profit and loss as and when related expenditure is incurred.

PARTICULARS OF GOVERNMENT GRANTS	2014		2013	
	GBP	₹	GBP	₹
At the beginning of the year	46,358	4,657,588	84258	7,777,013
Increase in the year	-	-	-	-
	46,358	4,657,588	84258	7,777,013
Released in the year	(37,900)	(3,807,813)	(37,900)	(3,498,170)
At the end of the year	8,458	849,775	46,358	4,278,843
Less: Due within one year to accruals and deferred income	(8,458)	(849,775)	(37,900)	(3,498,170)
	-	-	8,458	780,673

The company has received grant from ONE, North East towards purchase of precision forging and associated machinery.

4. AS - 15 : Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held by independent managers.

5. AS-18: Related Party Transactions

Related Parties:

(I) Where Control exists:

Holding Company

Sundram Fasteners Limited, Chennai

(II) Other Related Parties with whom transactions have been entered into during the year:

Fellow Subsidiaries

Sundram Fasteners (Zhejiang) Limited, People's Republic Of China

Sundram RBI Sdn. Bhd., Pandan Indah, Malaysia

Upasana Engineering Limited, Chennai

Sundram Non Conventional Energy Systems Limited, Chennai

Sundram International Inc., Michigan, USA

Sundram Bleistahl Limited, Chennai

Peiner Umformtechnik GmbH, Peine, Germany

PUT Grundstücks GmbH, Peine, Germany

TVS Peiner Services GmbH, Peine, Germany

Sundram Fasteners Investments Limited, Chennai.

TVS Infotech Limited, Chennai

TVS Infotech Inc., Michigan, USA

(III) Transactions with related parties

Particulars	GBP	₹	GBP	₹
	Year ended 31-12-2014	Year ended 31-12-2014	Year ended 31-12-2013	Year ended 31-12-2013
A) Sale of goods:				
– Holding Company	22,973	2,308,097	41,492	3,829,712
– Fellow Subsidiaries	-	-	-	-
B) Receivables:				
– Holding Company	77,444	7,622,038	77,101	7,888,974
– Fellow Subsidiaries	-	-	-	-
C) Dividend Payable by the Company				
– Holding Company				
Equity Dividend	532,000	52,359,440	700,000	71,624,000
Pref. Dividend	30,000	2,952,600	30,000	3,069,600
– Fellow Subsidiaries	-	-	-	-

6. AS - 19 : Leases

The Company has entered into renting and leasing contracts, which are in the nature of operating leases as defined in the Accounting Standard – AS 19 in respect of leases, prescribed by the Institute of Chartered Accountants of India.

a) Future minimum lease payments under non-cancellable operating leases in respect of lease agreements entered into :

Operation leases which expire	GBP	₹
	31-12-2014	31-12-2014
Within 1 year	-	-
Within 2 to 5 years	118,130	11,868,521
More than 5 years	-	-

b) Lease payments recognized in the statement of Profit and Loss Account, in respect of operating lease agreements entered into :

Particulars	GBP	₹
	31-12-2014	31-12-2014
Lease Rent	110,962	11,148,352

7. Sales includes export sales of GBP 9,301,083 (₹ 934,479,843); previous period GBP 10,040,788 (₹ 926,764,719).

8. For other significant accounting policies refer to the audited financial statements of Cramlington Precision Forge Limited.