

# **Cramlington Precision Forge Limited**

(Incorporated in United Kingdom)

## **ANNUAL REPORT**

**for the year ended  
December 31, 2017**

**COMPANY INFORMATION**

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<b>Directors</b>	D Bartle N Balakrishnan S Rose
<b>Secretary</b>	Eversecretary Limited
<b>Company number</b>	04842214
<b>Registered office</b>	Eversheds Central Square South Orchard Street Newcastle upon Tyne NE1 3XX
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017.

**Principal activities**

The principal activity of the company continued to be that of the manufacturing of precision forgings.

**Directors**

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

D Bartle  
N Balakrishnan  
S Rose

**Auditor**

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

**Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small company exemption.

On behalf of the board

D Bartle  
**Director**

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## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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**Opinion**

We have audited the financial statements of Cramlington Precision Forge Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAMLINGTON PRECISION FORGE LIMITED (CONTINUED)

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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; or
- the company is entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Steven Cleugh FCCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St. James' Gate  
Newcastle upon Tyne  
NE1 4AD

10.4.18



**STATEMENT OF TOTAL COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Turnover	3	9,759,476	7,625,089
Cost of sales		(9,014,282)	(6,434,757)
<b>Gross profit</b>		<b>745,194</b>	<b>1,190,332</b>
Distribution costs		(407,362)	(46,592)
Administrative expenses		(1,029,536)	(925,831)
<b>Operating (loss)/profit</b>	<b>6</b>	<b>(691,704)</b>	<b>217,909</b>
Interest payable and similar expenses	7	(616)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(692,320)</b>	<b>217,909</b>
Taxation	8	147,517	(54,222)
<b>(Loss)/profit for the financial year</b>	<b>22</b>	<b>(544,803)</b>	<b>163,687</b>
<b>Total comprehensive income for the year</b>		<b>(544,803)</b>	<b>163,687</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	10		1,623		8,111
Tangible assets	11		2,396,051		1,643,174
			<u>2,397,674</u>		<u>1,651,285</u>
<b>Current assets</b>					
Stocks	12	764,986		465,550	
Debtors	13	2,639,798		1,363,193	
Cash at bank and in hand		935		421,871	
		<u>3,405,719</u>		<u>2,250,614</u>	
<b>Creditors: amounts falling due within one year</b>	14	(2,793,769)		(979,740)	
<b>Net current assets</b>			<u>611,950</u>		<u>1,270,874</u>
<b>Total assets less current liabilities</b>			<u>3,009,624</u>		<u>2,922,159</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(750,000)		-
<b>Provisions for liabilities</b>	17		(94,349)		(207,081)
<b>Net assets</b>			<u><u>2,165,275</u></u>		<u><u>2,715,078</u></u>
<b>Capital and reserves</b>					
Called up share capital	18	1,400,000		1,400,000	
Profit and loss reserves	22	765,275		1,315,078	
<b>Total equity</b>		<u><u>2,165,275</u></u>		<u><u>2,715,078</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 10/4/18 and are signed on its behalf by:

D Bartle  
Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2016</b>		1,400,000	1,276,391	2,676,391
<b>Year ended 31 December 2016:</b>				
Profit and total comprehensive income for the year		-	163,687	163,687
Dividends	9	-	(125,000)	(125,000)
<b>Balance at 31 December 2016</b>		1,400,000	1,315,078	2,715,078
<b>Year ended 31 December 2017:</b>				
Loss and total comprehensive income for the year		-	(544,803)	(544,803)
Dividends	9	-	(5,000)	(5,000)
<b>Balance at 31 December 2017</b>		1,400,000	765,275	2,165,275

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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### Company information

Cramlington Precision Forge Limited is a private company limited by shares incorporated in England and Wales. The registered office is Eversheds Central Square South, Orchard Street, Newcastle upon Tyne, NE1 3XX.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Sundram Fasteners Limited. These consolidated financial statements are available from its registered office, 98A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai 600 004.

##### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from the sale of goods is recognised when goods are shipped and the title has passed.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies (Continued)**

**Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33.33% straight line
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**Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	5% straight line
Plant and machinery	3.33% - 10% straight line
Fixtures, fittings and equipment	10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**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.

**Cash and cash equivalents**

Cash and cash equivalents are comprised of cash in hand and deposits held at call with banks.

**Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

##### ***Classification of financial liabilities***

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 company after deducting all of its liabilities.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

##### ***Employee benefits***

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### ***Retirement benefits***

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.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1 Accounting policies (Continued)**

**Foreign exchange**

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.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Manufacture of precision forgings	9,759,476	7,625,089
	<u>9,759,476</u>	<u>7,625,089</u>
<b>Turnover analysed by geographical market</b>		
	2017 £	2016 £
United Kingdom	131,802	57,951
Overseas	9,627,674	7,567,138
	<u>9,759,476</u>	<u>7,625,089</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**4 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Direct	49	50
Management and administration	12	12
	<u>61</u>	<u>62</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,411,667	1,815,115
Social security costs	181,580	168,028
Pension costs	132,849	112,860
	<u>2,726,096</u>	<u>2,096,003</u>

**5 Directors' remuneration**

	2017 £	2016 £
Remuneration for qualifying services	<u>90,006</u>	<u>87,482</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

**6 Operating (loss)/profit**

	2017 £	2016 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	6,568	5,504
Fees payable to the company's auditors for the audit of the company's financial statements	16,000	16,000
Depreciation of owned tangible fixed assets	249,062	202,015
Amortisation of intangible assets	6,488	6,705
Cost of stocks recognised as an expense	<u>6,592,143</u>	<u>4,662,344</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**7 Interest payable and similar expenses**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other interest	616	-
	<u>616</u>	<u>-</u>

**8 Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	43,029
Adjustments in respect of prior periods	(34,785)	31,986
Total current tax	<u>(34,785)</u>	<u>75,015</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(112,732)</u>	<u>(20,793)</u>
Total tax (credit)/charge	<u>(147,517)</u>	<u>54,222</u>

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
(Loss)/profit before taxation	<u>(692,320)</u>	<u>217,909</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(133,272)	43,582
Tax effect of expenses that are not deductible in determining taxable profit	954	2,361
Gains not taxable	-	(335)
Adjustments in respect of prior years	(34,785)	31,986
Group relief	-	(2,788)
Permanent capital allowances in excess of depreciation	-	209
Depreciation on assets not qualifying for tax allowances	3,182	(9,085)
Deferred tax adjustments in respect of prior years	1,330	(11,708)
Adjustments to deferred tax in respect of tax rates	15,074	-
Taxation (credit)/charge for the year	<u>(147,517)</u>	<u>54,222</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**9 Dividends**

	2017 £	2016 £
Interim paid	5,000	125,000

During the year, an interim dividend of 0.36p (2016: 9p) per share was paid to shareholders.

**10 Intangible fixed assets**

	Software £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	88,882
<b>Amortisation and impairment</b>	
At 1 January 2017	80,771
Amortisation charged for the year	6,488
At 31 December 2017	87,259
<b>Carrying amount</b>	
At 31 December 2017	1,623
At 31 December 2016	8,111

**11 Tangible fixed assets**

	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 January 2017	175,291	3,083,786	93,438	3,352,515
Additions	-	882,760	119,179	1,001,939
At 31 December 2017	175,291	3,966,546	212,617	4,354,454
<b>Depreciation and impairment</b>				
At 1 January 2017	86,591	1,535,540	87,210	1,709,341
Depreciation charged in the year	10,045	219,830	19,187	249,062
At 31 December 2017	96,636	1,755,370	106,397	1,958,403
<b>Carrying amount</b>				
At 31 December 2017	78,655	2,211,176	106,220	2,396,051
At 31 December 2016	88,700	1,548,246	6,228	1,643,174

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11 Tangible fixed assets (Continued)**

At 31 December 2017, the company had contractual obligations to purchase machinery for £232,515 (2016: £nil).

**12 Stocks**

	2017 £	2016 £
Raw materials and consumables	247,542	135,819
Work in progress	422,928	240,492
Finished goods and goods for resale	94,516	89,239
	<u>764,986</u>	<u>465,550</u>

**13 Debtors**

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,057,898	1,204,140
Amounts owed by group undertakings	-	975
Other debtors	408,529	79,865
Prepayments and accrued income	173,371	78,213
	<u>2,639,798</u>	<u>1,363,193</u>

**14 Creditors: amounts falling due within one year**

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	906,290	-
Trade creditors		1,638,330	744,038
Corporation tax		-	76,249
Other taxation and social security		53,695	53,814
Other creditors		14,116	13,216
Accruals and deferred income		181,338	92,423
		<u>2,793,769</u>	<u>979,740</u>

**15 Creditors: amounts falling due after more than one year**

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	750,000	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**16 Borrowings**

	2017 £	2016 £
Bank loans	1,000,000	-
Bank overdrafts	656,290	-
	<u>1,656,290</u>	<u>-</u>
Payable within one year	906,290	-
Payable after one year	<u>750,000</u>	<u>-</u>

Bank loans and overdrafts include a bank loan from HSBC Bank Plc of £1,000,000, accruing interest at LIBOR plus 1.75%, payable in half yearly instalments. The borrowed capital is repayable in 8 instalments of £125,000, starting 6 September 2018 and every three months after this date until the loan is fully repaid on 6 September 2020.

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are rates linked to LIBOR and are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

The agreement contains a negative pledge preventing the company from creating or allowing to subsist and security over any of its assets. The company is also prevented from entering into any sale and leaseback or debt factoring arrangements as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

There is additional security in the form of fixed charges over all freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both at the time of the agreement and in the future. There are also floating charges over all assets and undertakings at the time of the agreement and in the future.

**17 Provisions for liabilities**

	Notes	2017 £	2016 £
Deferred tax liabilities	19	94,349	207,081
		<u>94,349</u>	<u>207,081</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**18 Share capital**

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,400,000 Ordinary shares of £1 each	1,400,000	1,400,000

*Ordinary share rights*

The shares have attached to the full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights on redemption.

**19 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	235,806	207,081
Tax losses	(141,457)	-
	<u>94,349</u>	<u>207,081</u>
<b>Movements in the year:</b>		2017 £
Liability at 1 January 2017		207,081
Credit to profit or loss		(112,732)
Liability at 31 December 2017		<u>94,349</u>

**20 Retirement benefit schemes**

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	132,849	112,860

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £14,116 (2016: £13,216) were payable to the fund at the year end and are included in other creditors due within one year.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**21 Operating lease commitments**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	168,443	137,144
Between one and five years	547,338	500,153
In over five years	450,863	540,000
	<u>1,166,644</u>	<u>1,177,297</u>

**22 Reserves**

**Profit and loss reserves**

Cumulative profit and loss net of distributions to owners.

**23 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	<u>232,515</u>	<u>-</u>

**24 Controlling party**

Sundram International Limited is the immediate parent.

Sundram Fasteners Limited, a company incorporated in India, is the ultimate parent undertaking, and is the smallest and largest group for which consolidated accounts including Cramlington Precision Forge Limited are prepared. The consolidated accounts are available from its registered office, 98A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai, 600 004.

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**THE FOLLOWING PAGES DO NOT FORM PART OF THE FINANCIAL STATEMENTS**

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017		2016
	£	£	£	£
<b>Turnover</b>				
Sales of goods		9,759,476		7,625,089
<b>Cost of sales</b>				
Opening stock and work in progress	465,550		550,341	
Finished goods purchases	5,087,605		3,203,838	
Direct costs	1,803,974		1,373,715	
Closing stock and work in progress	(764,986)		(465,550)	
Wages and salaries	2,080,525		1,392,173	
Social security costs	93,764		124,563	
Staff pension costs defined contribution	49,744		78,446	
Hire of equipment (not operating lease)	19,377		19,215	
Depreciation	178,729		158,016	
		(9,014,282)		(6,434,757)
<b>Gross profit</b>	7.64%	745,194	15.61%	1,190,332
<b>Distribution costs</b>	407,362		46,592	
<b>Administrative expenses</b>	1,029,536		925,831	
		(1,436,898)		(972,423)
<b>Operating (loss)/profit</b>		(691,704)		217,909
<b>Interest payable and similar expenses</b>				
Interest on overdue taxation - not financial liabilities		(616)		-
<b>(Loss)/profit before taxation</b>	7.09%	(692,320)	2.86%	217,909



**SCHEDULE OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Distribution costs</b>		
Distribution costs	407,362	46,592
	<u>407,362</u>	<u>46,592</u>
<b>Administrative expenses</b>		
Wages and salaries	241,136	344,415
Social security costs	87,816	43,465
Staff pension costs defined contribution	83,105	34,414
Directors' remuneration	85,206	73,727
Directors' fees	4,800	4,800
Rent re licences and other	121,499	101,209
Rates	62,502	52,061
Cleaning	35,203	22,659
Power, light and heat	15,724	12,777
Insurance	38,723	37,839
Computer running costs	3,824	7,275
Motor running expenses	30,263	22,458
Legal and professional fees	1,906	1,425
Audit fees	16,000	16,000
Bank charges	4,681	3,294
Bad and doubtful debts	-	(6,631)
Printing and stationery	10,705	9,838
Telecommunications	23,151	23,585
Other office expenses	40,878	29,833
Entertaining	5,865	12,771
Sundry expenses	33,160	22,409
Amortisation	6,488	6,705
Depreciation	70,333	43,999
Profit or loss on foreign exchange	6,568	5,504
	<u>1,029,536</u>	<u>925,831</u>

## TRANSLATED FINANCIAL STATEMENTS

### Balance Sheet as at 31 December 2017

Particulars	Note	As at 31 December 2017		As at 31 December 2016	
		GBP	₹	GBP	₹
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	2,387,111	205,840,624	1,628,185	135,986,051
Intangible assets	6	1,623	139,914	8,111	677,395
Other non-current assets	7	8,939	770,810	14,988	1,251,798
		2,397,673	206,751,348	1,651,284	137,915,244
<b>Current assets</b>					
Inventories	8	764,986	65,964,743	465,550	38,882,703
<u>Financial assets</u>					
- Trade receivables	9	2,083,400	179,651,582	1,205,115	100,651,180
- Cash and cash equivalents	10	2,103	181,342	421,871	35,234,665
Other current assets	7	581,900	50,177,237	158,078	13,202,635
		3,432,389	295,974,904	2,250,614	187,971,183
<b>Total assets</b>		5,830,062	502,726,252	3,901,898	325,886,427
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity Share capital	11	1,400,000	120,722,000	1,400,000	116,928,000
Other equity		765,274	65,989,582	1,315,078	109,835,265
<b>Total equity</b>		2,165,274	186,711,582	2,715,078	226,763,265
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
<u>Financial liabilities</u>					
- Borrowings	12	750,000	64,672,500	-	-
- Other financial liabilities	15	-	-	-	-
Deferred tax liabilities (Net)	13	94,349	8,135,715	207,081	17,295,405
		844,349	72,808,215	207,081	17,295,405
<b>Current liabilities</b>					
<u>Financial liabilities</u>					
- Borrowings	12	657,458	56,692,603	-	-
- Trade payables	14				
Dues to others		1,825,090	157,377,511	814,315	68,011,568
- Other financial liabilities	15	284,196	24,506,221	35,360	2,953,271
Other current liabilities	16	53,695	4,630,120	130,064	10,862,918
<b>Total current liabilities</b>		2,820,439	243,206,455	979,739	81,827,757
<b>Total equity and liabilities</b>		5,830,062	502,726,252	3,901,898	325,886,427

Notes 1 to 28 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

# Cramlington Precision Forge Limited, United Kingdom

## TRANSLATED FINANCIAL STATEMENTS

### Statement of Profit and Loss for the year ended 31 December 2017

	Note	Year ended 31 December 2017		Year ended 31 December 2016	
		GBP	₹	GBP	₹
Revenue from operations	17	9,759,476	821,747,879	7,625,089	690,146,807
Other income	19	-	-	6,631	600,172
<b>Total Income</b>		<b>9,759,476</b>	<b>821,747,879</b>	<b>7,631,720</b>	<b>690,746,980</b>
<b>Expenses</b>					
Cost of materials consumed	20	3,260,341	274,520,712	1,990,058	180,120,154
Changes in inventories of finished goods, stock-in-trade and work in progress	21	(187,713)	(15,805,428)	77,356	7,001,485
Employee benefits expense	22	2,655,587	223,600,425	2,124,717	192,308,097
Finance costs	23	-	-	-	-
Depreciation and amortization expense	24	249,501	21,007,985	202,672	18,343,837
Other expenses	25	4,474,080	376,717,536	3,019,009	273,250,571
<b>Total expenses</b>		<b>10,451,796</b>	<b>880,041,230</b>	<b>7,413,811</b>	<b>671,024,144</b>
<b>Profit before exceptional items and tax</b>		<b>(692,320)</b>	<b>(58,293,351)</b>	<b>217,909</b>	<b>19,722,836</b>
Exceptional item					
<b>Profit before tax</b>		<b>(692,320)</b>	<b>(58,293,351)</b>	<b>217,909</b>	<b>19,722,836</b>
<b>Tax expense</b>					
a) Current tax	26	-	-	75,015	6,789,608
b) Deferred tax		(112,732)	(9,492,034)	(20,793)	(1,881,975)
c) Adjustment of tax relating to earlier periods		(34,785)	(2,928,897)		
<b>Profit/(loss) for the period</b>		<b>(544,803)</b>	<b>(45,872,420)</b>	<b>163,687</b>	<b>14,815,203</b>
<b>Other comprehensive income</b>					
i) Items that will be reclassified to profit or loss					
- Income tax relating to items that will be reclassified to profit or loss		-	(845,751)	-	(255,487)
		-	(845,751)	-	(255,488)
<b>Total comprehensive income for the year</b>		<b>(544,803)</b>	<b>(46,718,171)</b>	<b>163,687</b>	<b>14,559,716</b>
<i>(Comprising Profit and Other Comprehensive Income for the year)</i>					
<b>Earnings per equity share</b>					
Basic (in ₹)		(0.39)	(33.37)	0.12	10.58
Diluted (in ₹)		(0.39)	(33.37)	0.12	10.58
No. of Shares		1,400,000	1,400,000	1,400,000	1,400,000

**Notes 1 to 28 form an integral part of these financial statements**

This is the statement of profit and loss referred to in our report of even date

## TRANSLATED FINANCIAL STATEMENTS

### Statements of Changes in Equity for the year ended 31 December 2017

#### A. Equity Share Capital

Particulars	Amount	
	GBP	₹
<b>Balance at 31 December 2015</b>	<b>1,400,000</b>	<b>137,200,000</b>
Foreign Currency Restatement of Opening Balance	-	(20,272,000)
<b>Balance at 31 December 2016</b>	<b>1,400,000</b>	<b>116,928,000</b>
Foreign Currency Restatement of Opening Balance	-	3,794,000
<b>Balance at 31 December 2017</b>	<b>1,400,000</b>	<b>120,722,000</b>

#### B. Other Equity

Particulars	Reserves and Surplus		Accumulated other comprehensive income		Total	
	Retained Earnings		Foreign currency translation reserve			
	GBP	₹	GBP	₹	GBP	₹
<b>Balances at 31 December 2015</b>	1,276,391	125,101,212	-	(14,894)	1,276,391	125,086,318
<b>Foreign currency translation difference on opening balance</b>	-	(18,497,019)	-	-	-	(18,497,019)
Profit for the year	163,687	14,815,203	-	-	163,687	14,815,203
Other comprehensive income	-	-	-	(255,487)	-	(255,487)
Transferred from Retained earnings to general reserves	-	-	-	-	-	-
Equity Dividend	(125,000)	(11,313,750)	-	-	(125,000)	(11,313,750)
<b>Balances at 31 December 2016</b>	<b>1,315,078</b>	<b>110,105,646</b>	<b>-</b>	<b>(270,381)</b>	<b>1,315,078</b>	<b>109,835,265</b>

Particulars	Reserves and Surplus		Accumulated other comprehensive income		Total	
	Retained Earnings		Foreign currency translation reserve			
	GBP	₹	GBP	₹	GBP	₹
<b>Balances at 31 December 2016</b>	<b>1,315,078</b>	<b>110,105,646</b>	<b>-</b>	<b>(270,381)</b>	<b>1,315,078</b>	<b>109,835,265</b>
<b>Foreign currency translation difference on opening balance</b>	<b>-</b>	<b>3,293,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,293,488</b>
Profit for the year	(544,803)	(45,872,420)	-	-	(544,803)	(45,872,420)
Other comprehensive income	-	-	-	(845,751)	-	(845,751)
Transferred from Retained earnings to general reserves	-	-	-	-	-	-
Equity Dividend	(5,000)	(421,000)	-	-	(5,000)	(421,000)
<b>Balances at 31 December 2017</b>	<b>765,274</b>	<b>67,105,714</b>	<b>-</b>	<b>(1,116,132)</b>	<b>765,274</b>	<b>65,989,582</b>

# Cramlington Precision Forge Limited, United Kingdom

## TRANSLATED FINANCIAL STATEMENTS

### Cash Flow statement for the year ended 31 December 2017

	Year ended 31 December 2017		Year ended 31 December 2016	
	GBP	₹	GBP	₹
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	(692,320)	(58,293,351)	217,909	19,722,836
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Depreciation and amortization	249,501	21,007,985	202,672	18,343,837
Amortisation of leasehold property	6,048	509,326	6,049	547,496
Rectification entry of historical liability balance	-	-	(6,631)	(600,172)
<b>Operating profit before working capital changes</b>	(436,771)	(36,776,040)	419,999	38,013,997
<b>Adjustments for:</b>				
(Decrease)/ increase in trade payables	1,010,775	85,107,276	(33,457)	(3,028,183)
(Decrease)/ increase in other current liabilities	207,253	17,450,726	(132,586)	(12,000,326)
Decrease/(Increase) in trade receivables	(1,302,108)	(109,637,475)	(37,089)	(3,356,945)
Decrease/(Increase) in inventories	(299,436)	(25,212,545)	84,791	7,674,470
<b>Cash from/ (used) in operating activities</b>	(820,287)	(69,068,058)	301,658	27,303,013
Direct taxes paid, net	-	-	(75,015)	(6,789,608)
<b>Net cash from/ (used) in operating activities before extraordinary item</b>	(820,287)	(69,068,058)	226,643	20,513,405
Proceeds from insurance company (flood loss)	-	-	-	-
<b>Net cash from/ (used) in operating activities</b>	(820,287)	(69,068,058)	226,643	20,513,405
<b>B. Cash flow from investing activities</b>				
Purchase of assets (including capital work-in-progress and capital advances)	(1,001,939)	(84,363,264)	(153,129)	(13,859,706)
<b>Net cash from/ (used) in investing activities</b>	(1,001,939)	(84,363,264)	(153,129)	(13,859,706)
<b>C. Cash flow from financing activities</b>				
Redemption of Preference Shares	-	-	(500,000)	(45,255,000)
Proceeds from long-term borrowings	750,000	64,672,500	-	-
Proceeds from Short-term borrowings	657,458	56,692,603	-	-
Dividend Paid	(5,000)	(421,000)	(125,000)	(11,313,750)
<b>Net cash generated from financing activities</b>	1,402,458	120,944,103	(625,000)	(56,568,750)
<b>D. Net cash flows during the year</b>	(419,768)	(32,487,219)	(551,486)	(49,915,051)
E. Foreign Currency Translation Reserve Impact on cash flows	-	(2,566,104)		(10,239,271)
F. Cash and cash equivalents at the beginning	421,871	35,234,665	973,357	95,388,987
<b>G. Cash and cash equivalents at the end</b>	2,103	181,342	421,871	35,234,665
<b>Cash and cash equivalents comprise of:</b>				
Cash on hand	935	80,625	1,330	111,082
Balances with banks in current accounts	1,168	100,717	420,541	35,123,583
<b>Cash and cash equivalents as per note 10</b>	2,103	181,342	421,871	35,234,665

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements for the year ended 31st December 2017

#### 1 Corporate Information

Cramlington Precision Forge Limited ("CPFL" or "the Company") was incorporated in UK.

The registered office of the Company is situated at Unit 8, Atley Way, North Nelson Ind. Estate, Cramlington, United Kingdom NE23 9WA.

CPFL is in the business of manufacture and sale of precision forged (warm) components for application in heavy vehicles for on-highway and off-highway applications.

#### 2 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015, provisions of the Companies Act 2013, to the extent notified, pronouncements of the Institute of Chartered Accountants of India.

The financial statements of the Company have been prepared in accordance United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Carrying value of Plant, Property and Equipment, Investment Property under the Previous GAAP has been considered as the deemed cost for the purpose of transition to Ind AS.

#### 3 Summary of accounting policies

##### 3.1 Overall considerations

The financial statements have been prepared applying the significant accounting policies and measurement bases summarized below.

##### 3.2 Foreign operations

In the Company's financial statements, all assets, liabilities and transactions in GBP are translated into INR. The functional currency (GBP) of the Company has remained unchanged during the reporting period.

Assets and liabilities have been translated into INR at the closing rate as at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to Other Comprehensive Income (OCI) and recognized in the currency translation reserve under equity.

##### 3.3 Revenue

###### (i) Sale of products

Income of the Company is derived from sale of products and is net of any sales returns, rebates, discounts and trade discounts. Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership, which normally takes place upon delivery of goods to customers.

###### (ii) Rental Income

The Company also earns rental income from operating leases of its investment properties. Rental income is recognised in accordance with terms of lease.

##### 3.4 Property, plant and equipment

As there is no change in the functional currency as at the date of transition, the Company has elected to adopt the carrying value of Plant property and equipment under the Previous GAAP as the deemed cost for the purpose of transition to Ind AS. Capital work in

### Notes to financial statements (Contd.)

progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

#### (i) Buildings and other equipment

Buildings and other equipment (comprising plant, fittings and furniture, vehicles etc.) are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be of use for company's business purposes. Buildings and other equipment are subsequently measured at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis, over the useful life of the buildings and other equipments. In respect of these assets, the useful life is detailed below:

Description	Depreciation rate
Buildings	5%
Plant & Equipment	3.33% to 10%
Furniture & Fixtures	10%

#### 3.5 Intangible assets

Intangible assets include Software which are initially recognised at acquisition cost and subsequently amortised over the useful life. Amortisation is recognised on straight line basis at a rate of 33.33%

#### 3.6 Leases

##### (a) Operating leases

All leases entered into are operating leases.

##### (b) Assets taken on lease

Where the Company is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### 3.7 Investment property

Investment properties are recognised initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation.

The Company has depreciated assets based on Straight line method as per Schedule II to the Companies Act 2013.

#### 3.8 Financial instruments

##### Recognition, initial measurement and derecognition

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Trade receivables are recognised at their transaction value as the same do not contain significant financing component.

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction value as the same do not contain significant financing component.

##### Classification and subsequent measurement of financial assets:

For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- Amortised cost
- Fair Value Through Other Comprehensive Income (FVTOCI) or
- Fair Value Through Profit or Loss (FVTPL)

# Cramlington Precision Forge Limited, United Kingdom

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

#### 3.9 Inventories

Inventories are valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is ascertained on weighted average basis in accordance with the method of valuation prescribed by the Institute of Chartered Accountants of India.

##### (a) Raw materials

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

##### (b) Work in process and Finished Goods

Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials.

#### 3.10 Income taxes

Tax expense is recognized in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in other comprehensive income are disclosed under the same.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future tax liability. This is assessed based on the Company's forecast of future earnings, excluding significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

#### 3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

#### 3.12 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and fully paid up.

Retained earnings includes all current and previous period retained profits.

All transactions with owners are recorded separately within equity.

Dividend paid to equity shareholders is deducted directly from equity component.

#### 3.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

### Notes to financial statements (Contd.)

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### Retirement benefits

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.

#### 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.

#### 3.14 Accounting for effect of change in foreign exchange rates

The Assets and Liabilities as at 31st December 2017 has been translated from GBP to Indian Rupees by applying the year end interbank exchange rate of GBP 1 = Rs. 86.23 (2016: GBP 1 = 83.52). The incomes and expenses for the year ended 31st December 2016 has been translated from GBP to Indian Rupees by applying Average interbank exchange rate GBP 1 = Rs. 84.2 (2016: GBP 1 = 90.51). Exchange differences arising out of the translation have been dealt with in accordance with Ind AS 21.

CPFL's Functional Currency is GBP. But these financial statements are presented in Indian Rupees in order to facilitate the preparation of consolidated financial statements by Sundram Fasteners Limited, which is the ultimate holding company of CPFL.

#### 3.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of 3 months or less, as applicable.

#### 3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to interest costs.

#### 4. Significant management judgment in applying accounting policies and estimation of uncertainty

While preparing the financial statements, management has made a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

##### 4.1 Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.



## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

#### 4.2 Estimation of uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### 4.3 Useful lives of depreciable assets

Management has reviewed its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including I.T assets.

### Notes to financial statements (Contd.)

#### 4.4 Inventories

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes.

#### 4.5 Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle.

## 5 a) PROPERTY, PLANT AND EQUIPMENT

Gross block	Buildings		Plant and Equipment		Furniture and fixtures		Total	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>As at 31 December 2015</b>	<b>68,812</b>	<b>6,743,576</b>	<b>1,761,630</b>	<b>172,639,740</b>	<b>25,298</b>	<b>2,479,204</b>	<b>1,855,740</b>	<b>181,862,520</b>
Additions	-	-	150,809	12,595,568	2,320	193,766	153,129	12,789,334
Disposal	-	-	-	-	-	-	-	-
Other Adjustments								
- Exchange variation (Op. Bal restated)	-	(996,398)	-	(25,508,402)	-	(366,316)	-	(26,871,116)
<b>As at 31 December 2016</b>	<b>68,812</b>	<b>5,747,178</b>	<b>1,912,439</b>	<b>159,726,906</b>	<b>27,618</b>	<b>2,306,654</b>	<b>2,008,869</b>	<b>167,780,738</b>
Additions	-	-	882,760	76,120,395	119,179	10,276,805	1,001,939	86,397,200
Disposal	-	-	-	-	-	-	-	-
Other Adjustments								
- Exchange variation (Op. Bal restated)	-	186,481	-	5,182,710	-	74,845	-	5,444,036
<b>As at 31 December 2017</b>	<b>68,812</b>	<b>5,933,659</b>	<b>2,795,199</b>	<b>241,030,011</b>	<b>146,797</b>	<b>12,658,304</b>	<b>3,010,808</b>	<b>259,621,974</b>
<b>Accumulated depreciation/ amortisation</b>								
<b>As at 31 December 2015</b>	<b>3,220</b>	<b>315,593</b>	<b>178,594</b>	<b>17,502,212</b>	<b>2,903</b>	<b>284,462</b>	<b>184,717</b>	<b>18,102,267</b>
For the year	3,279	296,739	185,599	16,798,565	7,089	641,624	195,967	17,736,928
Impairment for the year	-	-	-	-	-	-	-	-
Deduction on sale or discards	-	-	-	-	-	-	-	-
Other Adjustments								
- Exchange variation (Op. Bal restated)	-	(46,630)	-	(2,586,041)	-	(42,031)	-	(2,674,702)
- Restating to Closing rate - CY Depreciation	-	(22,917)	-	(1,297,337)	-	(49,552)	-	(1,369,806)
<b>As at 31 December 2016</b>	<b>6,499</b>	<b>542,785</b>	<b>364,193</b>	<b>30,417,399</b>	<b>9,992</b>	<b>834,503</b>	<b>380,684</b>	<b>31,794,687</b>
For the year	3,373	284,011	219,830	18,509,686	19,810	1,667,998	243,013	20,461,695
Impairment for the year	-	-	-	-	-	-	-	-
Deduction on sale or discards	-	-	-	-	-	-	-	-
Other Adjustments								
- Exchange variation (Op. Bal restated)	-	17,612	-	986,963	-	27,077	-	1,031,652
- Restating to Closing rate - CY Depreciation	-	6,847	-	446,255	-	40,214	-	493,316
<b>As at 31 December 2017</b>	<b>9,872</b>	<b>851,255</b>	<b>584,023</b>	<b>50,360,303</b>	<b>29,802</b>	<b>2,569,792</b>	<b>623,697</b>	<b>53,781,350</b>
<b>Net block</b>								
As at 31 December 2016	62,313	5,204,393	1,548,246	129,309,507	17,626	1,472,151	1,628,185	135,986,051
As at 31 December 2017	58,940	5,082,404	2,211,176	190,669,708	116,995	10,088,512	2,387,111	205,840,624

# Cramlington Precision Forge Limited, United Kingdom

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

#### 6 INTANGIBLE ASSETS

##### Gross block

##### Technical Know-How

GBP

₹

##### As at 31 December 2015

20,507

2,009,685

Additions

-

Disposal

-

-

Other Adjustments

- Exchange variation (Op. Bal restated)

-

(296,940)

##### As at 31 December 2016

20,507

1,712,745

Additions

-

Disposal

-

-

Other Adjustments

- Exchange variation (Op. Bal restated)

-

55,574

##### As at 31 December 2017

20,507

1,768,319

##### Accumulated depreciation / amortisation

##### As at 31 December 2015

5,691

557,718

For the year

6,705

606,909

Impairment for the year

-

-

Deduction on sale or discards

-

-

Other Adjustments

- Exchange variation (Op. Bal restated)

-

(82,406)

- Restating to Closing rate - CY Depreciation

-

(46,871)

##### As at 31 December 2016

12,396

1,035,350

For the year

6,488

546,290

Impairment for the year

-

-

Deduction on sale or discards

-

-

Other Adjustments

- Exchange variation (Op. Bal restated)

-

33,594

- Restating to Closing rate - CY Depreciation

-

13,171

##### As at 31 December 2017

18,884

1,628,405

##### Net block

##### As at 31 December 2016

8,111

677,395

##### As at 31 December 2017

1,623

139,914

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

	As at 31 December 2017				As at 31 December 2016			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>7 OTHER ASSETS</b>								
(Unsecured, considered good)								
Prepaid expenses	-	-	173,371	14,949,781	-	-	78,213	6,532,341
Others	-	-	408,529	35,227,456	-	-	79,865	6,670,294
Unamortised portion of leasehold land	8,939	770,810	-	-	14,988	1,251,798	-	-
	8,939	770,810	581,900	50,177,237	14,988	1,251,798	158,078	13,202,635

	As at 31 December 2017				As at 31 December 2016			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>8 INVENTORIES</b>								
Raw Materials and components	-	-	247,542	21,345,547	-	-	135,819	11,343,564
Work-in-process	-	-	422,928	36,469,081	-	-	240,492	20,085,907
Finished Goods	-	-	94,516	8,150,115	-	-	89,239	7,453,232
			-	-			-	-
	-	-	764,986	65,964,743	-	-	465,550	38,882,703

	As at 31 December 2017				As at 31 December 2016			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>9 TRADE RECEIVABLES</b>								
(Unsecured, considered good unless otherwise stated)								
Trade receivables	-	-	2,083,400	179,651,582	-	-	1,205,115	100,651,180
	-	-	2,083,400	179,651,582	-	-	1,205,115	100,651,180

	As at 31 December 2017				As at 31 December 2016			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>10 CASH AND BANK BALANCES</b>								
Cash and cash equivalents								
Cash on hand	-	-	935	80,625	-	-	1,330	111,082
Balances with banks in current accounts	-	-	1,168	100,717	-	-	420,541	35,123,583
<b>Total</b>	-	-	2,103	181,342	-	-	421,871	35,234,665

# Cramlington Precision Forge Limited, United Kingdom

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

	As at 31 December 2017			As at 31 December 2016		
	Number	GBP	₹	Number	GBP	₹
<b>11 SHARE CAPITAL</b>						
<b>Issued, subscribed and fully paid up</b>						
1,400,000 Common shares of GBP 1 each	1,400,000	1,400,000	120,722,000	1,400,000	1,400,000	116,928,000
	1,400,000	1,400,000	120,722,000	1,400,000	1,400,000	116,928,000

a) There were no movement in the share capital during the current and previous year.

b) Shareholders holding more than 5% of the aggregate shares in the Company

	Nos.	% holding	Nos.	% holding
Sundram International Limited, UK (Previously Held by Sundram Fasteners Limited, Chennai)	1,400,000	100.00%	1,400,000	100.00%
	1,400,000	100%	1,400,000	100%

c) Rights, preferences, restrictions

#### Equity shares

The Company has only one class of equity shares having a par value of GBP 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in GBP. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Dividends

#### Interim dividend declared and paid (for 31 December 2017/2016)

	As at 31 December 2017		As at 31 December 2016	
	GBP	₹	GBP	₹
GBP 0.36 per share (31 December 2016: GBP 0.90 per share)	5,000	421,000	125,000	11,313,750
Dividend distribution tax	-	-	-	-
	5,000	421,000	125,000	11,313,750

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

12 BORROWINGS	As at 31 December 2017				As at 31 December 2016			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
a) Secured								
Term loan from banks	1,000,000	86,230,000	-	-	-	-	-	-
Bank Overdrafts			657,458	56,692,603				
	1,000,000	86,230,000	657,458	56,692,603	-	-	-	-
Less: Current maturities of long term borrowings	250,000	21,557,500						
<b>Total</b>	<b>750,000</b>	<b>64,672,500</b>	<b>657,458</b>	<b>56,692,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

13 Deferred tax liability, net	As at 31 December 2017				As at 31 December 2016			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
The breakup of net deferred tax liability is as follows:								
Deferred tax liability arising on account of :								
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	94,349	7,574,525	-	-	207,081	20,595,021	-	-
Foreign exchange fluctuation -Restatement of Opening balance	-	561,190	-	-	-	(3,299,616)	-	-
<b>A</b>	<b>94,349</b>	<b>8,135,715</b>	<b>-</b>	<b>-</b>	<b>207,081</b>	<b>17,295,405</b>	<b>-</b>	<b>-</b>
Less: Deferred tax asset arising on account of :								
Minimum Alternate Tax Credit Entitlement	-	-	-	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>B</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax liability (A-B)</b>	<b>94,349</b>	<b>8,135,715</b>	<b>-</b>	<b>-</b>	<b>207,081</b>	<b>17,295,405</b>	<b>-</b>	<b>-</b>

### Amount recognised in

	01 January 2017		Recognised in Other comprehensive Income		Recognised in Statement of Profit and loss		31 December 2017	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Deferred tax liability arising on account of :								
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	207,081	17,295,405	-	-	(112,732)	(9,720,880)	94,349	7,574,525
Gain on fair valuation of investments	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Foreign exchange fluctuation -Restatement of Opening balance	-	-	-	-		561,190	-	561,190
Less: Deferred tax asset arising on account of :								
Provision for employee benefits	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>Total</b>	<b>207,081</b>	<b>17,295,405</b>	<b>-</b>	<b>-</b>	<b>(112,732)</b>	<b>(9,159,690)</b>	<b>94,349</b>	<b>8,135,715</b>

# Cramlington Precision Forge Limited, United Kingdom

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

	01 January 2016		Recognised in Other comprehensive Income		Recognised in Statement of Profit and loss		31 December 2016	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Deferred tax liability arising on account of :								
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	227,874	22,331,652	-	-	(20,793)	(1,736,631)	207,081	20,595,021
Gain on fair valuation of investments	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Foreign exchange fluctuation -Restatement of Opening balance	-	-	-	-		(3,299,616)	-	(3,299,616)
Less: Deferred tax asset arising on account of :								
Provision for employee benefits	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>Total</b>	<b>227,874</b>	<b>22,331,652</b>	<b>-</b>	<b>-</b>	<b>(20,793)</b>	<b>(5,036,247)</b>	<b>207,081</b>	<b>17,295,405</b>

  

	As at 31 December 2017				As at 31 December 2016			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>14 TRADE PAYABLES</b>								
Dues to others	-	-	1,825,090	157,377,511	-	-	814,315	68,011,568
	-	-	1,825,090	157,377,511	-	-	814,315	68,011,568

  

	As at 31 December 2017				As at 31 December 2016			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>15 OTHER FINANCIAL LIABILITIES</b>								
<b>Others</b>								
Current maturities of term loans from banks (Secured)	-	-	250,000	21,557,500	-	-	-	-
Non statutory dues	-	-	34,196	2,948,721	-	-	35,360	2,953,271
Outstanding liabilities	-	-	-	-	-	-	-	-
	-	-	284,196	24,506,221	-	-	35,360	2,953,271

  

<b>16 OTHER CURRENT LIABILITIES</b>								
Statutory dues	-	-	53,695	4,630,120	-	-	130,064	10,862,918
	-	-	53,695	4,630,120	-	-	130,064	10,862,918

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

	Year ended 31 December 2017		Year ended 31 December 2016	
	GBP	₹	GBP	₹
<b>17 REVENUE FROM OPERATIONS</b>				
<b>Sales of Products</b>				
Domestic Sales	35,486	2,987,921	17,165	1,553,604
Export Sales	9,614,049	809,502,926	7,562,443	684,476,741
	<b>9,649,535</b>	<b>812,490,847</b>	<b>7,579,608</b>	<b>686,030,345</b>
<b>Other Operating Revenue (Refer Note 18)</b>	<b>109,941</b>	<b>9,257,032</b>	<b>45,481</b>	<b>4,116,462</b>
<b>Revenue from operations (Net)</b>	<b>9,759,476</b>	<b>821,747,879</b>	<b>7,625,089</b>	<b>690,146,807</b>
<b>18 OTHER OPERATING REVENUE</b>				
Scrap Sales	109,941	9,257,032	45,481	4,116,462
Others (Amortization of Govt. grants)	-	-	-	-
	<b>109,941</b>	<b>9,257,032</b>	<b>45,481</b>	<b>4,116,462</b>
<b>19 OTHER INCOME</b>				
Miscellaneous Income	-	-	6,631	600,172
	<b>-</b>	<b>-</b>	<b>6,631</b>	<b>600,172</b>
<b>20 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>				
Opening stock of raw materials and components	135,819	11,343,564	143,254	14,038,892
Add : Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	92,357	-	(1,072,972)
Add : Purchases during the year	3,372,064	283,927,828	1,982,623	179,447,169
Less : Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	(502,510)	-	949,372
Less: Closing stock of raw materials and components	247,542	21,345,547	135,819	11,343,564
	<b>3,260,341</b>	<b>274,520,712</b>	<b>1,990,058</b>	<b>180,120,154</b>
<b>21 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>				
<b>Finished goods</b>				
Opening stock	89,239	7,453,232	108,626	10,645,348
Less: Closing stock	94,516	8,150,115	89,239	7,453,232
Add / (Less) : Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	252,551	-	(1,437,389)
	<b>(5,277)</b>	<b>(444,332)</b>	<b>19,387</b>	<b>1,754,727</b>
<b>Work in progress</b>				
Opening stock	240,492	20,085,907	298,461	29,249,178
Less: Closing stock	422,928	36,469,081	240,492	20,085,907
Add / (Less) : Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	1,022,079	-	(3,916,513)
	<b>(182,436)</b>	<b>(15,361,096)</b>	<b>57,969</b>	<b>5,246,758</b>
<b>Net decrease in inventories</b>	<b>(187,713)</b>	<b>(15,805,428)</b>	<b>77,356</b>	<b>7,001,485</b>



# Cramlington Precision Forge Limited, United Kingdom

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

	Year ended 31 December 2017		Year ended 31 December 2016	
	GBP	₹	GBP	₹
<b>22 EMPLOYEE BENEFITS EXPENSE</b>				
Salaries and wages	2,321,661	195,483,856	1,807,420	163,589,560
Contribution to provident and other funds	314,429	26,474,922	280,888	25,423,189
Staff welfare expenses	19,497	1,641,647	36,409	3,295,348
	<b>2,655,587</b>	<b>223,600,425</b>	<b>2,124,717</b>	<b>192,308,097</b>
<b>23 FINANCE COSTS</b>				
Interest expenses	-	-	-	-
	-	-	-	-
<b>24 DEPRECIATION AND AMORTIZATION EXPENSE</b>				
Depreciation of tangible assets	243,013	20,461,695	195,967	17,736,928
Amortization of intangible assets	6,488	546,290	6,705	606,909
	<b>249,501</b>	<b>21,007,985</b>	<b>202,672</b>	<b>18,343,837</b>
<b>25 OTHER EXPENSES</b>				
Stores and tools consumed	918,042	77,299,136	547,269	49,533,291
Power & fuel	437,008	36,796,074	341,577	30,916,111
Rent	186,582	15,710,204	131,303	11,884,206
Rates & taxes [excluding taxes on Income]	62,502	5,262,668	52,061	4,711,996
Insurance	105,745	8,903,729	145,684	13,185,862
Repairs and maintenance				
- Building	36,913	3,108,075	24,165	2,187,179
- Plant & Equipment	330,203	27,803,093	315,853	28,587,893
Sub-contract expenses	1,715,541	144,448,552	1,221,214	110,532,047
Audit fee	16,000	1,347,200	16,000	1,448,160
Net Foreign exchange loss(net off gain)	6,568	553,026	5,504	498,197
Miscellaneous expenses (Under this head there is no expenditure which is in excess of 1% of Revenue from Operations or Rs. 10 lakhs whichever is higher)	658,976	55,485,779	218,379	19,765,629
	<b>4,474,080</b>	<b>376,717,536</b>	<b>3,019,009</b>	<b>273,250,571</b>

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

	Year ended 31 December 2017		Year ended 31 December 2016	
	GBP	₹	GBP	₹
<b>26 INCOME TAX</b>				
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of Cramlington Precision Forge Limited at 19.25% and the reported tax expense in profit or loss are as follows:				
<b>Profit or loss section</b>				
Accounting profit before tax	(692,320)	(58,293,351)	217,909	19,722,836
<b>Accounting profit before income tax</b>				
i) At UK's statutory income tax rate of 19.25% (31 December 2016: 20%)	(138,464)	(11,658,670)	43,582	3,944,567
Other adjustments	(9,053)	(762,261)	10,640	963,066
	(147,517)	(12,420,931)	54,222	4,907,633
<b>Tax expense comprises of:</b>				
<b>Current income tax:</b>				
Current income tax charge (net of Minimum alternate tax)	-	-	75,015	6,789,608
Adjustments in respect of current income tax of previous year	(34,785)	(2,928,897)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(112,732)	(9,492,034)	(20,793)	(1,881,975)
<b>Income tax expense</b>	(147,517)	(12,420,931)	54,222	4,907,633

### Summary of significant accounting policies and other explanatory information

#### 27 Related party disclosures

##### Related Parties :

##### (I) Where Control exists:

##### (A) Ultimate Holding Company

Sundram Fasteners Ltd

##### (B) Holding Company

Sundram International Limited, UK

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

##### (A) Fellow Subsidiaries

Sundram Fasteners (Zhejiang) Limited, Republic Of China

Sundram International Inc., Michigan, USA

TVS Upasana Limited, Chennai

Sundram Non Conventional Energy Systems Limited, Chennai

Sundram Precision Components Limited, Chennai

Sundram Fasteners Investments Limited, Chennai.

TVS Infotech Limited, Chennai

TVS Infotech Inc., Michigan, USA

The Next Private Limited, Chennai

# Cramlington Precision Forge Limited, United Kingdom

## TRANSLATED FINANCIAL STATEMENTS

### Notes to financial statements (Contd.)

#### (III) Transactions with related parties referred in (I) and (II) above, in ordinary course of business:

Nature of transaction	Ultimate Holding Company		Holding Company		Fellow Subsidiary Companies	
	GBP	INR	GBP	INR	GBP	INR
<b>Sales</b>						
Goods and Materials	13,625	1,147,225	-	-	-	-
	(5,850)	(529,494)	-	-	-	-
Shares	-	-	-	-	-	-
(Redemption of Preference shares)	(500,000)	(47,495,000)	-	-	-	-
Dividend Paid / Payable						
-Equity	-	-	5,000	421,000	-	-
	(125,000)	(11,313,750)	-	-	-	-
-Preference	-	-	-	-	-	-
	(30,000)	(2,941,800)	-	-	-	-
<b>Outstanding balances</b>						
Due to the Company	8,000	689,840	-	-	-	-
	(975)	(81,442)	-	-	-	-

(Previous year figures are in brackets)

## Notes to financial statements (Contd.)

28 - DISCLOSURE ON FINANCIAL INSTRUMENT																	
Particulars		31-Dec-17						31-Dec-16									
		FVTPL		FVOCI		Amortised Cost		Total		FVTPL		FVOCI		Amortised Cost		Total	
		GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Financial Assets																	
Current assets																	
Trade receivables		-	-	-	-	2,083,400	179,651,582	2,083,400	179,651,582	-	-	-	-	1,205,115	100,651,180	1,205,115	100,651,180
Cash and Cash equivalents		-	-	-	-	2,103	181,342	2,103	181,342	-	-	-	-	421,871	35,234,665	421,871	35,234,665
Total Financial Assets		-	-	-	-	2,085,503	179,832,924	2,085,503	179,832,924	-	-	-	-	1,626,986	135,885,845	1,626,986	135,885,845
Financial Liabilities																	
Non-current liabilities																	
Borrowings		-	-	-	-	750,000	64,672,500	750,000	64,672,500	-	-	-	-	-	-	-	-
Current liabilities																	
Borrowings		-	-	-	-	657,458	56,692,603	657,458	56,692,603	-	-	-	-	-	-	-	-
Trade payables		-	-	-	-	1,825,090	157,377,511	1,825,090	157,377,511	-	-	-	-	814,315	68,011,568	814,315	68,011,568
Other financial liabilities		-	-	-	-	284,196	24,506,221	284,196	24,506,221	-	-	-	-	35,360	2,953,271	35,360	2,953,271
Total Financial Liabilities		-	-	-	-	3,516,744	303,248,835	3,516,744	303,248,835	-	-	-	-	849,675	70,964,839	849,675	70,964,839