

# **Precision Disc Castings Limited**

Report and Financial Statements

Year Ended

31 March 2011

Company Number 2687523

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# **Precision Disc Castings Limited**

**Report and financial statements  
for the year ended 31 March 2011**

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## **Directors**

J G Krosnar  
H Krosnar  
T Krosnar  
S J Humphrey

## **Company number**

2687523

## **Secretary and registered office**

P A Cochrane

Mannings Heath Road, Poole, Dorset, BH12 4NJ

## **Auditors**

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

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# Precision Disc Castings Limited

## Report of the directors for the year ended 31 March 2011

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The directors present their report together with the audited financial statements for the year ended 31 March 2011

### **Business review and principal activities**

The principal activity of the company is the manufacture and distribution of cast metal components for the motor industry, in particular, brake discs and drums

### **Profits and dividend**

The profit for the year after taxation amounted to £1,985,000 (2010 £1,530,000)

The directors proposed and paid a dividend for the year of £Nil (2010 £1,000,000) The retained profit for the financial year of £1,985,000 (2010 £530,000) has been transferred to reserves

### **Future outlook**

Gross profit has continued to recover as the business benefited from a strong demand from the automotive aftermarket during 2010

During the year the business has seen a sharp increase in steel scrap prices and in order to protect its margins it is very important that these increases are passed on to customers in the form of steel scrap surcharges

The automotive sector in general is continuing to show signs of recovery, with particularly good growth in the aftermarket which is responsible for the majority of the company's sales

The company intends to continue to improve on its environmental impact and to reduce the volume of waste disposed of in landfill sites

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks are associated with the rising prices of metal and escalating energy costs which are not always possible to be passed on through higher sales prices

A significant proportion of the company's revenues are denominated in euros and it is therefore exposed to the movement in the euro to pound exchange rate These foreign exchange risks are managed through forward exchange contracts which are described below

The company does not have significant levels of external debt and does not therefore face any significant interest rate exposure

# Precision Disc Castings Limited

Report of the directors  
for the year ended 31 March 2011 (*continued*)

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## Key performance indicators 2011

|                          |        |
|--------------------------|--------|
| Gross profit % sales     | 22.00% |
| Operating profit % sales | 8.17%  |
| Debtor days              | 63     |
| Stock turnover           | 21     |

## Health and Safety

The company places particular emphasis on Health and Safety and is working towards zero accidents through the introduction of new policies and an improving safety culture

## Quality standards

Precision Disc Castings Limited is accredited to ISO 14001 2004, ISO 9001 2000, ISO/TS 16949 2002 and is an Investors in People accredited organisation

## Financial instruments

As almost 80% of the revenue of the group is euro based the group's financial risk management objective is to reduce fluctuations in profitability arising from the movement in sterling and euro exchange rates. The policy of the group is to provide a natural hedge where possible by matching the currencies of purchases and sales in euros, to enter into forward exchange contracts for periods up to 48 months ahead. The company also sells a proportion of currency at the spot rate prevailing at the time of the transaction.

## Directors

The directors who served during the year were

J G Krosnar  
H Krosnar  
T Krosnar  
S J Humphrey

# Precision Disc Castings Limited

## Report of the directors for the year ended 31 March 2011 (*continued*)

### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### By order of the Board



P A Cochrane  
Secretary

Date 12th July 2011

# **Precision Disc Castings Limited**

## **Independent auditor's report**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRECISION DISC CASTINGS LIMITED**

We have audited the financial statements of Precision Disc Castings Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

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

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

## Precision Disc Castings Limited

### Independent auditor's report (*continued*)

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#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRECISION DISC CASTINGS LIMITED (*continued*)

##### 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



Christopher Driver (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Southampton

Date 14<sup>th</sup> July 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Precision Disc Castings Limited

## Profit and loss account for the year ended 31 March 2011

|  | Note  | 2011<br>£'000 | Restated<br>2010<br>£'000 |
|--|-------|---------------|---------------------------|
| Turnover   | 1,2   | 34,005        | 30,010                    |
| Cost of sales  |       | (26,524)      | (21,925)                  |
| <b>Gross profit</b>                                  |       | <b>7,481</b>  | <b>8,085</b>              |
| Distribution costs                                   |       | (1,061)       | (1,018)                   |
| Administrative expenses                              |       | (3,643)       | (4,989)                   |
| <b>Operating profit</b>                              | 3     | <b>2,777</b>  | <b>2,078</b>              |
| Net interest payable                                 | 4     | (9)           | (11)                      |
| <b>Profit on ordinary activities before taxation</b> |       | <b>2,768</b>  | <b>2,067</b>              |
| Taxation on profit from ordinary activities          | 7     | (783)         | (537)                     |
| <b>Profit on ordinary activities after taxation</b>  | 17,18 | <b>1,985</b>  | <b>1,530</b>              |

The company has no recognised gains or losses other than those reported above and therefore no separate statement of total recognised gains and losses has been prepared

Turnover and operating profit is derived exclusively from continuing activities

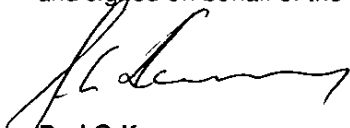
The notes on pages 8 to 18 form part of these financial statements

# Precision Disc Castings Limited

## Balance sheet at 31 March 2011

| <b>Company number 2687523</b>                                  | <b>Note</b> | <b>2011<br/>£'000</b> | <b>2011<br/>£'000</b> | <b>2010<br/>£'000</b> | <b>2010<br/>£'000</b> |
|--|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Fixed assets</b>  |             |                       |                       |                       |                       |
| Tangible assets  | 9           |                       | 4,005                 |                       | 4,327                 |
| <b>Current assets</b>  |             |                       |                       |                       |                       |
| Stocks   | 10          | 1,398                 |                       | 1,069                 |                       |
| Debtors  | 11          | 10,526                |                       | 4,886                 |                       |
| Cash at bank and in hand                                       |             | 1,118                 |                       | 3,188                 |                       |
|  |             | <u>13,042</u>         |                       | <u>9,143</u>          |                       |
| <b>Creditors: amounts falling due within one year</b>          | 12          | (6,941)               |                       | (5,285)               |                       |
|  |             | <u></u>               |                       | <u></u>               |                       |
| <b>Net current assets</b>                                      |             |                       | 6,101                 |                       | 3,858                 |
| <b>Total assets less current liabilities</b>                   |             |                       | <u>10,106</u>         |                       | <u>8,185</u>          |
| <b>Creditors: amounts falling due after more than one year</b> | 13          |                       | (47)                  |                       | -                     |
| <b>Provisions for liabilities</b>                              | 15          |                       | (89)                  |                       | (200)                 |
|  |             |                       | <u></u>               |                       | <u></u>               |
| <b>Net assets</b>  |             |                       | <u>9,970</u>          |                       | <u>7,985</u>          |
| <b>Capital and reserves</b>                                    |             |                       |                       |                       |                       |
| Called up share capital  | 16          |                       | 3,650                 |                       | 3,650                 |
| Share premium  | 17          |                       | 417                   |                       | 417                   |
| Profit and loss account  | 17          |                       | 5,903                 |                       | 3,918                 |
|  |             |                       | <u></u>               |                       | <u></u>               |
| <b>Shareholders' funds</b>                                     | 17          |                       | <u>9,970</u>          |                       | <u>7,985</u>          |

The financial statements were approved by the Board of Directors and authorised for issue on 14/7/11 and signed on behalf of the board by

  
Dr J G Krosnar  
Director

The notes on pages 8 to 18 form part of these financial statements

# Precision Disc Castings Limited

## Notes forming part of the financial statements for the year ended 31 March 2011

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the Companies Act 2006. The principal accounting policies which the directors have adopted are set out below.

#### *Turnover*

Turnover is based on sales of goods and services at invoice value, excluding value added tax and trade discounts. Revenue is recognised when title passes to the customer, which is either on despatch or on receipt by the customer.

#### *Depreciation*

Depreciation is calculated on a straight line basis so as to write off the cost (original purchase cost plus attributable costs to bring it to its present location) of fixed assets over the period of their expected useful lives. The principal rates used for these purposes are:

|                      |   |                    |
|----------------------|---|--------------------|
| Freehold buildings   | - | 5% - 10% per annum |
| Plant and equipment  | - | 5% - 33% per annum |
| Patterns and tooling | - | 20% per annum      |

No provision for depreciation is made against freehold land.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolescent, slow moving and defective stock.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred tax is recognised on all timing differences, on a non-discounted basis, where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

# Precision Disc Castings Limited

## Notes forming part of the financial statements for the year ended 31 March 2011 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Plant hire and leasing transactions*

Assets acquired under finance leases or similar agreements are capitalised as fixed assets and depreciation is charged at the appropriate rates. The liabilities relevant to these assets are included in "obligations under finance leases". The rentals payable are apportioned between interest, which is charged to the profit and loss account, and capital which reduces the outstanding obligation.

All lease, rental and hire charges for other assets are written off against trading profits in the period in which they are incurred.

#### *Foreign currencies*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover contracts have been arranged, at the contracted rate. Monetary assets and liabilities denoted in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date or at the contractual rate if applicable, and any exchange differences arising are taken to the profit and loss account.

#### *Pension costs*

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

The company is also a member of the defined benefits section of European Automotive Components Group Pension and Life Assurance Scheme. Pension contributions for the group scheme are based on pension costs for the group as a whole. Consequently, the company is not able to identify its share of the underlying assets and liabilities of the group scheme and charges the contributions to the profit and loss account in the period they relate as though the scheme was a defined contribution scheme.

#### *Cash flow*

As permitted by Financial Reporting Standard Number 1 (Revised 1996) issued by the United Kingdom Accounting Standards Board a cash flow statement has not been prepared as a consolidated cash flow statement is included in the group accounts of EURAC Holdings Limited.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

## 2 Turnover

The geographical analysis of turnover is detailed below

|                    | 2011<br>£'000 | Restated<br>2010<br>£'000 |
|--------------------|---------------|---------------------------|
| United Kingdom     | 3,041         | 2,961                     |
| Other EU countries | 13,470        | 12,422                    |
| Rest of the world  | 1             | -                         |
| Group companies    | 17,493        | 14,627                    |
|                    | <b>34,005</b> | <b>30,010</b>             |

The directors believe there is only one class of business which is the manufacture and distribution of cast metal components for the motor industry, in particular, brake discs and drums

The prior year comparative for turnover has been restated to include customer surcharges. These had previously been included within cost of sales, however it is considered more appropriate to include them in turnover. The impact of this change is to increase both turnover and cost of sales by £660,000. There is no impact on gross margin.

## 3 Operating profit

|   | 2011<br>£'000 | 2010<br>£'000 |
|---|---------------|---------------|
| Operating profit is stated after charging/(crediting) |               |               |
| Depreciation of owned assets                          | 896           | 973           |
| Exchange gain   | (278)         | (396)         |
| Operating lease rentals                               |               |               |
| - other assets  | 2             | 2             |
| - plant and machinery                                 | 25            | 28            |
| Auditors' remuneration                                |               |               |
| Statutory audit of the company's financial statements | 15            | 15            |
| Tax services  | 2             | 2             |
|   | <b>918</b>    | <b>604</b>    |

## 4 Net interest payable

|   | 2011<br>£'000 | 2010<br>£'000 |
|---|---------------|---------------|
| Debt factoring charges (see note 12)          | 9             | 10            |
| Interest payable on bank loans and overdrafts | -             | 1             |
|   | <b>9</b>      | <b>11</b>     |

# Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

## 5 Directors' emoluments

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Aggregate emoluments   | 82            | 67            |
| Amounts recharged by the immediate parent company<br>for directors' services | 394           | 337           |
| Company contributions to money purchase pension schemes                      | 3             | 2             |
|  | <u>479</u>    | <u>406</u>    |

No director (2010: 1) had benefits accruing under the defined benefit pension scheme and 1 director (2010: 2) had benefits accruing under money purchase pension schemes

*Highest paid director*

|                         |           |           |
|-------------------------|-----------|-----------|
| <i>Total emoluments</i> | <u>82</u> | <u>67</u> |
|-------------------------|-----------|-----------|

The amounts recharged by the immediate parent company are in respect of the services of Miss H Krosnar and Mr T Krosnar. The emoluments of Dr J Krosnar are paid by the immediate parent company. Dr Krosnar's services to this and other fellow group undertakings are of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to the parent company. Accordingly, the above details include no emoluments in respect of Dr J Krosnar.

## 6 Employee information

The average number of persons employed by the company including executive directors during the year was

|                                 | 2011<br>Number | 2010<br>Number |
|---------------------------------|----------------|----------------|
| Production                      | 175            | 172            |
| Administration and distribution | 8              | 8              |
|                                 | <u>183</u>     | <u>180</u>     |

# Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

## 6 Employee information (continued)

The costs incurred in respect of these employees were

|                               | 2011<br>£'000 | 2010<br>£'000 |
|-------------------------------|---------------|---------------|
| Wages and salaries            | 5,441         | 5,165         |
| Social security costs         | 552           | 522           |
| Other pension costs (note 20) | 173           | 185           |
|                               | <u>6,166</u>  | <u>5,872</u>  |

EURAC Limited, the company's immediate parent undertaking, made contributions of £872,897 (2010 £851,844) to the group defined benefit scheme. These contributions were recharged to the company as part of the management fee.

## 7 Taxation on profit from ordinary activities

The tax charge represents UK corporation tax and is based on the result for the year and comprises

|   | 2011<br>£'000 | 2011<br>£'000 | 2010<br>£'000 | 2010<br>£'000 |
|---|---------------|---------------|---------------|---------------|
| <i>Current tax</i>  |               |               |               |               |
| UK corporation tax at 28%<br>(2010 28%)                   | 894           |               | 761           |               |
| Adjustment in respect of prior years –<br>corporation tax | -             |               | (52)          |               |
|   | <u></u>       |               | <u></u>       |               |
| Total current tax   |               | 894           |               | 709           |
| <i>Deferred tax (note 15)</i>                             |               |               |               |               |
| Deferred taxation   |               |               |               |               |
| Origination and reversal of timing<br>differences         | (108)         |               | (172)         |               |
| Changes in tax rate                                       | (3)           |               | -             |               |
|   | <u></u>       |               | <u></u>       |               |
|   |               | (111)         |               | (172)         |
| Tax charge on profit on ordinary<br>activities            |               | <u>783</u>    |               | <u>537</u>    |

# Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

## 7 Taxation on profit from ordinary activities (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

|   | 2011<br>£'000 | 2010<br>£'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax  | 2,768         | 2,067         |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 - 28%) | 775           | 579           |
| Fixed asset timing differences  | 108           | 133           |
| Other timing differences  | -             | 38            |
| Expenses not deductible for tax purposes  | 11            | 11            |
| Over provision in respect of previous years   | -             | (52)          |
| <b>Current tax charge for year</b>  | <b>894</b>    | <b>709</b>    |

## 8 Dividends

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Equity - Ordinary  |               |               |
| Interim dividend - nil pence per share (2010 27.4 pence) | -             | 1,000         |

## Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

### 9 Tangible assets

|                          | Freehold<br>land and<br>buildings<br>£'000 | Plant<br>and<br>equipment<br>£'000 | Total<br>£'000 |
|--------------------------|--|------------------------------------|----------------|
| <i>Cost or valuation</i> |  |                                    |                |
| At 1 April 2010          | 2,989                                      | 14,501                             | 17,490         |
| Additions                | -  | 574                                | 574            |
| Disposals                | -  | (242)                              | (242)          |
| <b>At 31 March 2011</b>  | <b>2,989</b>                               | <b>14,833</b>                      | <b>17,822</b>  |
| <i>Depreciation</i>      |  |                                    |                |
| At 1 April 2010          | 885  | 12,278                             | 13,163         |
| Charge for the year      | 42   | 854                                | 896            |
| Disposals                | -  | (242)                              | (242)          |
| <b>At 31 March 2011</b>  | <b>927</b>                                 | <b>12,890</b>                      | <b>13,817</b>  |
| <i>Net book value</i>    |  |                                    |                |
| <b>At 31 March 2011</b>  | <b>2,062</b>                               | <b>1,943</b>                       | <b>4,005</b>   |
| At 31 March 2010         | 2,104                                      | 2,223                              | 4,327          |

Plant and equipment includes office equipment and patterns and tooling assets

### 10 Stock

|                                 | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------------|---------------|---------------|
| Consignment stock               | 95            | 73            |
| Raw materials and sundry stocks | 707           | 428           |
| Finished goods                  | 596           | 568           |
|                                 | <b>1,398</b>  | <b>1,069</b>  |

In accordance with the provisions of FRS 5, included in stock is £94,575 (2010 £73,390) in relation to raw materials held by the company under consignment. This stock remains under the legal title of the supplier. No deposit is paid on the consignment stock and payment is made with usage. An equivalent liability is also included within trade creditors.

## Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

### 11 Debtors: Amounts falling due within one year

|                                     | 2011<br>£'000 | 2010<br>£'000 |
|-------------------------------------|---------------|---------------|
| Trade debtors *                     | 2,596         | 1,834         |
| Amounts due from group undertakings | 7,466         | 2,770         |
| Other debtors                       | 2             | 17            |
| Other taxes recoverable             | 462           | 265           |
|                                     | <u>10,526</u> | <u>4,886</u>  |

\* Trade debtors includes £72,692 (2010 £147,844) of factored debt (see note 12)

Amounts due from group undertakings are unsecured, interest free and repayable on demand

### 12 Creditors amounts falling due within one year

|   | 2011<br>£'000 | 2010<br>£'000 |
|---|---------------|---------------|
| Amounts due in respect of factored receivables* | 73            | 148           |
| Loans   | 40            | 8             |
| Trade creditors                                 | 4,365         | 2,948         |
| Amounts due to group undertakings               | 37            | 66            |
| Other creditors                                 | 491           | 547           |
| Accruals and deferred income                    | 1,041         | 859           |
| Corporation tax                                 | 894           | 709           |
|   | <u>6,941</u>  | <u>5,285</u>  |

\* Amounts due in respect of factored receivables represent the cash drawn down under the invoice discounting agreement with Lloyds TSB Bank plc, and is repayable after the 6 months notice period has expired. The debt is secured by way of a cross guarantee between High Precision Machining Limited, Precision Disc Castings Limited and EURAC Limited.

Included within other creditors is an amount of £384,730 (2010 £389,651) in respect of taxation and social security.

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Lloyds TSB Bank plc has a legal charge over certain land and buildings owned by the company, in respect of group borrowing facilities (see note 19).

# Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

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

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Loans  | 47            | -             |
|  | <u>47</u>     | <u>-</u>      |
| Loans  |               |               |
| Within one year                                      | 40            | -             |
| In more than one year, but not more than two years   | 30            | -             |
| In more than two years, but not more than five years | 17            | -             |
|  | <u>87</u>     | <u>-</u>      |

## 14 Financial commitments

At 31 March 2011 the company had annual commitments on assets other than land and buildings under non-cancellable operating leases as follows

|                            | 2011<br>£'000 | 2010<br>£'000 |
|----------------------------|---------------|---------------|
| Expiry date                |               |               |
| Within one year            | 7             | -             |
| Between two and five years | 20            | 30            |
|                            | <u>27</u>     | <u>30</u>     |

## 15 Provisions for liabilities

|                               | Deferred<br>taxation<br>£'000 |
|-------------------------------|-------------------------------|
| At 1 April 2010               | 200                           |
| Movement in the year (note 7) | (111)                         |
|                               | <u>89</u>                     |
| Balance at 31 March 2011      | <u>89</u>                     |

The analysis of deferred taxation is as follows

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Capital allowances in excess of depreciation | 149           | 262           |
| Short term timing differences                | (60)          | (62)          |
|  | <u>89</u>     | <u>200</u>    |

# Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

## 16 Called up share capital

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Allotted, issued, called up and fully paid |               |               |
| Equity                                     |               |               |
| 3,650,000 ordinary shares of £1 each       | 3,650         | 3,650         |

## 17 Reserves

|                               | Share<br>premium<br>£'000 | Profit<br>and loss<br>reserve<br>£'000 |
|-------------------------------|---------------------------|--|
| At 1 April 2010               | 417                       | 3,918                                  |
| Profit for the financial year | -                         | 1,985                                  |
| <b>At 31 March 2011</b>       | <b>417</b>                | <b>5,903</b>                           |

## 18 Reconciliation of movements in shareholders' funds

|                                     | 2011<br>£'000 | 2010<br>£'000 |
|-------------------------------------|---------------|---------------|
| Profit for the financial year       | 1,985         | 1,530         |
| Dividends                           | -             | (1,000)       |
| Net increase in shareholders' funds | 1,985         | 530           |
| Opening shareholders' funds         | 7,985         | 7,455         |
| <b>Closing shareholders' funds</b>  | <b>9,970</b>  | <b>7,985</b>  |

## 19 Contingent liabilities

The company has given a guarantee secured on all of its assets for the bank borrowing facilities of the other members of the EURAC Limited group

# Precision Disc Castings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

## 20 Pension costs

The company is a member of the defined benefit and the defined contribution sections of the European Automotive Components Limited Group Pension and Life Assurance Scheme

This is a multi-employer scheme including employees of other group companies. It is not considered possible to allocate the scheme's assets and liabilities relating to the defined benefit section between the various member companies and accordingly the defined benefit section is accounted for as though it were a defined contribution scheme.

The relevant disclosures required under FRS 17 for the defined benefit section can be found in the financial statements of the ultimate parent undertaking, EURAC Holdings Limited.

The pension cost for the year is summarised below

|                                       | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------------------|---------------|---------------|
| Pension contributions paid            |               |               |
| Defined contribution section (note 6) | 173           | 185           |

EURAC Limited, the company's immediate parent undertaking, made contributions of £873,000 to the group defined benefit scheme. These contributions were recharged to the company as part of the management fee. It is expected that the contributions will be £898,000 next year.

## 21 Ultimate parent company

EURAC Limited, a company registered in England, is the company's immediate parent company.

EURAC Holdings Limited, a company registered in England, is the company's ultimate parent undertaking and controlling party.

EURAC Holdings Limited is the smallest and largest company to prepare group accounts and copies can be obtained from the company secretary, EURAC Holdings Limited, Mannings Heath Road, Poole, Dorset, BH12 4NJ.

## 22 Related party transactions

No disclosure has been made of transactions with entities that are wholly owned by EURAC Holdings Limited Group and are included in the consolidated group accounts, as is permitted by the exemptions available under FRS8.