

G-TEKT Europe Manufacturing Limited

**Directors' report and financial
statements**

Registered number 03249892

Year ended 31 December 2011

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities

The principal activities of the company are pressings and assembly manufacture and the manufacture of press tooling for the automotive industry

Business review

On 1 April 2011 the company changed its name from Takao Europe Manufacturing Ltd to G-TEKT Europe Manufacturing Limited. This was the result of a merger in Japan between the parent company Takao Kinzoku Kogyo Co. Ltd and Kikuchi Co. Ltd, and the formation of a new group G-TFK I.

In 2011 the two principal customers continued to be Honda UK and Toyota Europe, with BMW and Ts-Tech business growing in the year.

In 2011 sales of £73.6m were £9.2m or 14% up on 2010. This increase was due to an extra £19.7m of one-off customer tooling sales relating to new model introductions. Mass production sales (excluding tooling) were £10.5m or 18% lower than prior year. The reason for this fall in demand was the disruption caused by the earthquake in Japan in March 2011, with resulting shortage of key components from Japanese suppliers affecting Honda UK and Toyota European car output for several months. Additionally Honda UK was affected by flooding in Thailand in quarter three, which interrupted supply of key parts from this territory. Sales to Honda were 30% down in 2011 and Toyota 12% down. By January 2012 however customer supply problems had been overcome and customer schedules increased to recover the production lost during 2011. Also Honda launched the new Civic in 2012 with Honda volume ramping up to fill the dealer demand pipeline.

Operating profit was £7.9m in 2011 compared to £8.5m in 2010. This was a notable achievement considering the impact of natural disasters on customer demand, and the challenge presented to production and manpower management. In the year the company maintained profit margins by flexing costs in response to reduced sales volume, which included operating demand-led flexible working in its Gloucester factory to protect jobs and retain key skills.

Total manpower across the two sites increased from 392 at 2010 year end to 398 by the close of 2011.

Profit before tax was £8.042m and shareholder funds grew by £5.2m in 2011.

During the financial year G-TEM improved its cash position and no borrowings were in place.

Sales overview – 2011

The customer sales split in 2011 was Honda 28%, Toyota 32%, Tooling & other customers 40% of total.

During the year G-TEM introduced two Major Model Changes, and increases its in-house Die making Capacity.

- 1) Honda Civic (2KC) Full Model change on core products, this project also included deployment of a 2nd Tier supply strategy involving parts supply into three 1st Tier companies.
- 2) BMW Mini - New Model introduction on R58/R59 models, All R59 tooling being manufactured in-house as part of the expansion strategy internal Die Manufacturing.
- 3) Ts-Tech - G-TEM continued its growth and development into seat frame structures securing the supply on front and rear seat frame assemblies on future models.

G-TEM's strategic business growth was demonstrated with the continued growth of BMW as a customer (supplying into the Mini Oxford Plant), Ts-Tech 1st Seat manufacturer and the expansion of in-house Die manufacturing.

Financial ratios

Raw Material Prices increased during 2011, average increases being 7%.

Labour costs ratio's were maintained during 2011, a significant achievement considering the volume instability, the companies demand led working policy being the main factor.

Directors' report (continued)

Future risks and planning

2012 forecasts volume stability for both customers. Full model changes on both CRV and Auris are anticipated to bring a volume increase towards year end.

Increased utilisation from current production facilities are key focus areas for 2012, improved plant logistics, automated material delivery and flexible stock storage are projects aimed at increased utilisation.

G-TEM's Wales facility continued its growth, and plays a significant part in cost management on small/medium parts supply.

Non-financial Key Performance Indicators (KPI)

TEM's main KPI's are aligned with customer expectations, namely quality, cost and delivery.

Honda

Quality KPI's are to obtain "Best Class" status, and achieve below 15 parts per million failures, on both of these measures we achieved target.

Delivery - nil miss-label, below 200 parts per million failure and nil downtime, and again on all these items we achieved target.

Cost – Annual Cost Reduction – G-TEM achieved the cost reduction target.

Toyota

Quality KPI's are to obtain "OK" Status on quality problem reporting, and achieve below 50 parts per million failures. On both of these measures we achieved target.

Delivery - nil mis-label, below 200 parts per million failures and nil downtime. Again on all these items we achieved target.

Cost – Annual Cost Reduction – G-TEM achieved agreement on cost reduction expectations.

BMW

Quality KPI's are to obtain "OK" Status on quality problem reporting, and achieve below 25 parts per million failures. On both of these measures we achieved target.

Delivery - nil miss-label, below 200 parts per million failures and nil downtime. Again on all these items we achieved target.

Cost – Annual Cost Reduction – G-TEM achieved agreement on cost reduction expectations.

Internal

Supporting the manufacturing KPI's – including internal measure for safety and project management, G-TEM mid-term business continues within the following areas:

Technical Advancement – Expansion of our Technical capability was achieved through development of ultra high tensile material production. The Design, Development and Die making for this project were all performed in-house at G-TEM.

Manpower Cost Control – Labour utilisation and cost control remained a focus area throughout the year achieving a ratio of 13% of sales.

Scrap Reduction – Achievement of the internal scrap ratio at a level of 1.2%.

Health & Safety – No major incidents were recorded.

Directors' report *(continued)*

Results and dividends

The audited accounts for the year ended 31 December 2011 are set out on pages 7 onwards. The profit for the year after taxation was £5.8 million. A dividend of £601,000 was paid during the year (2010: £360,000).

Directors and directors' interests

The directors who held office during the year were as follows:

Hiroyuki Takao	Toshitsugu Kikuchi
Shiro Shimogaki	Naohiro Takao
Nicholas Thomas	
Mitsuo Ishikawa	
Hiroshi Seko	

None of the directors serving at the year end had any beneficial interest in the shares of the company or parent company required to be disclosed under Schedule 7 of the Companies Act 1985.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


M Ishikawa
Director

Gloucester Business Park
Golf Club Lane
Brockworth
Gloucestershire
GL3 4AJ

16 March 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of G-TEKT Europe Manufacturing Limited

We have audited the financial statements of G-TEKT Europe Manufacturing Limited for the year ended 31 December 2011 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement set out on page 4, 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 web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of G-TEKT Europe Manufacturing 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.



N P Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

13 April 2012

Profit and loss account
for year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	73,607	64,391
Cost of sales		(57,816)	(47,612)
Gross profit		16,991	16,779
Distribution costs		(235)	(303)
Administrative expenses		(7,824)	(7,948)
Operating profit		7,932	8,528
Dividends received		-	7,309
Interest receivable and similar income	5	110	25
Interest payable and similar charges	6	-	(54)
		110	(29)
Profit on ordinary activities before taxation	3	8,042	15,808
Tax on profit on ordinary activities	7	(2,226)	(2,703)
Profit for the financial year	17	5,817	13,105

The result for the period has been derived from continuing operations and includes all recognised gains and losses arising in the year
The accompanying notes are an integral part of this profit and loss account

Balance Sheet
at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	39,698	42,775
Current assets			
Stocks	10	6,444	9,034
Debtors	11	4,858	5,616
Cash at bank and in hand		19,810	16,235
		<u>31,112</u>	<u>30,885</u>
Creditors: Amounts falling due within one year	12	(13,118)	(20,979)
Net current assets		<u>17,994</u>	<u>9,906</u>
Total assets less current liabilities		<u>57,692</u>	<u>52,681</u>
Provisions for liabilities and charges	13	(1,566)	(1,772)
Net assets		<u><u>56,126</u></u>	<u><u>50,909</u></u>
Capital and reserves			
Called up share capital	15	12,014	12,014
Profit and loss account	17	44,112	38,895
Equity shareholders' funds	16	<u><u>56,126</u></u>	<u><u>50,909</u></u>

These financial statements were approved by the board of directors on 16 MARCH 2012 and were signed on its behalf by


M. Ishikawa
Director

Cash flow statement

for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Net cash inflow from operating activities	18a	7,497	14,382
Returns on investments and servicing of finance	18b	110	(29)
Taxation		(2,491)	(1,602)
Capital Expenditure	18b	(940)	(342)
Cash inflow before financing		<u>4,176</u>	<u>12,409</u>
Equity dividends (paid) / received		(801)	6,949
Financing	18b	-	(4,872)
Increase in cash in the year		<u>3,375</u>	<u>14,486</u>

Reconciliation of net cash flow to movement in net cash/(debt) (note 18c)

	£000	£000
Increase in cash in the year	3,375	14,486
Net cash inflow from changes in debt and lease financing	-	5,139
Foreign exchange movements on debts and lease financing	-	(287)
Movement in net cash in year	<u>3,375</u>	<u>19,338</u>
Net cash/(debt) at the start of the year	16,235	(3,123)
Net cash at the end of the year	<u>19,610</u>	<u>16,215</u>

Notes

(forming part of the financial statements)

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is able to generate sufficient resources to fund its working capital. However, should it need additional funding, it is able to obtain bank loans which are secured against guarantees offered by the parent company G-TEKT Corporation Limited. This support should ensure that the company is able to continue its operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Turnover

Turnover represents amounts receivable for the supply of manufactured vehicle components, including tooling, provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Tooling and Prototype Parts project accounting

When developing new models, car manufacturers may fund suppliers costs of buying new process tooling and designing and building trial parts. Deferred costs and income relating to such customer contracts are included within stocks and creditors respectively.

Deferred costs and income are released to the profit and loss account on project completion. This is defined as the point at which all project income and costs have been invoiced and the new car model has gone into volume production, allowing the project to be closed.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Land and Buildings	-	10 to 50 years
Press and Assembly Equipment	-	8 to 15 years
Other Plant Equipment	-	5 to 10 years
Fixtures, fittings, tools and equipment	-	1 to 10 years

No depreciation is provided on freehold land.

Residual value is calculated on prices prevailing at the date of acquisition.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Taxation

UK corporation tax is provided at amounts expected to be paid using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Research and development

Research and development expenditure is written off as it is incurred

Pension costs

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

2 Turnover

Turnover was derived from the company's principal activities which were carried out wholly in the UK.

	2011 £000	2010 £000
Pressings and assembly manufacture	54,193	57,356
Manufacture of press tooling	19,414	7,035
	<u>73,607</u>	<u>64,391</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2011 £000	2010 £000
Depreciation of tangible fixed assets		
Owned	3,992	4,244
Loss on disposal of fixed assets	25	38
Operating lease rentals		
Plant and machinery	238	428
Other	168	49
Auditors' remuneration, including expenses		
Audit of financial statements pursuant to legislation	41	50
Other services relating to taxation	11	35
	<u>5,475</u>	<u>5,744</u>

4 Directors' emoluments and staff costs

Directors' remuneration

Directors' remuneration was as follows

	2011 £000	2010 £000
Emoluments	403	284
Performance related bonuses	41	50
Company contributions to money purchase pension schemes	8	5
	<u>452</u>	<u>339</u>

No retirement benefits were accruing to any of the directors (2010: nil) under the money purchase pensions scheme.

Highest paid director

The highest paid director received £199,000 in 2011 (2010: £247,000).

4 Directors' emoluments and staff costs (continued)

Staff Costs

The average number of employees (including executive directors) was

Number of Employees

	2011 £000	2010 £000
Production	358	351
Administration, Sales and Distribution	40	41
	<u>398</u>	<u>392</u>

Their aggregate remuneration comprises

	2011 £000	2010 £000
Wages and salaries	8,345	8,087
Social security costs	701	700
Other pension costs (note 20)	188	154
	<u>9,212</u>	<u>8,951</u>

5 Interest receivable and similar income

	2011 £000	2010 £000
Interest receivable from group undertakings	-	25
Interest receivable from bank deposits	<u>110</u>	<u>-</u>
	<u>110</u>	<u>25</u>

6 Interest payable and similar charges

	2011 £000	2010 £000
Interest payable on bank loans and overdrafts	-	54
	<u>-</u>	<u>54</u>

7 Taxation

Analysis of charge in year

	2011 £000	£000	2010 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	2,477		2,830	
Adjustments in respect of previous years	<u>(48)</u>		<u>8</u>	
		2,431		2,838
Deferred tax (see note 13)				
Origination and reversal of timing differences	(118)		(74)	
Effect of change in tax rate on opening balances	(134)		(68)	
Adjustments in respect of previous years	<u>44</u>		<u>7</u>	
		(208)		(135)
Tax on profit on ordinary activities		<u>2,225</u>		<u>2,703</u>

7 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is 26.49%, higher (2010: higher) than the standard rate of corporation tax in the UK 25% (2010: 25%).
The differences are explained below:

	2011 £000	2010 £000
Current tax reconciliation		
Profit on ordinary activities before tax	8,042	15,808
	<hr/>	<hr/>
Current tax at average 26.49% for year (2010: 25%)	2,131	4,426
Effects of:		
Income not taxable for tax purposes	(54)	(1,941)
Expenses not deductible for tax purposes	278	267
Depreciation in excess of capital allowances	122	78
Other short term timing differences	-	1
Adjustment in respect of previous periods	(46)	8
Rounding difference	-	1
	<hr/>	<hr/>
Total current tax charge (see above)	<u>2,431</u>	<u>2,838</u>

8 Dividends paid

In March 2011 the company paid a dividend of £600,701 to its parent company Takao Kinzoku Kogyo.

9	Tangible fixed assets				
	Land and Buildings £000	Press and assembly equipment £000	Other plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost					
At beginning of year	27,982	48,695	2,058	1,031	79,766
Additions	53	882	3	22	940
Disposals	-	(5,153)	(1,136)	(256)	(6,545)
Reclassification due to streamlining	-	2	(2)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	28,035	44,406	923	797	74,161
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year	2,715	31,480	1,871	925	36,991
Charge for year	714	3,179	59	40	3,992
Disposals	-	(5,138)	(1,127)	(255)	(6,520)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	3,429	29,521	803	710	34,463
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2011	24,606	14,885	120	87	39,698
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	25,267	17,215	187	106	42,775
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The value of freehold land not depreciated at 31 December 2011 was £2,903,000 (2010: £2,903,000).

10 Stocks

2011 2010

Takao Europe Manufacturing Limited
Director's report and financial statements
Year ended 31 December 2010

	£000	£000
Raw materials and consumables	2,804	2,445
Work in progress	3,574	6,237
Finished goods	268	352
	<u>6,444</u>	<u>9,034</u>

11 Debtors	2011	2010
	£000	£000
Amounts falling due within one year		
Trade debtors	4,770	5,470
Amounts owed by group undertakings	13	-
Prepayments and accrued income	75	148
	<u>4,858</u>	<u>5,618</u>

12 Creditors amounts falling due within one year	2011	2010
	£000	£000
Trade creditors	1,483	2,226
Amounts owed to group undertakings	1,885	1,086
Taxation and social security	1,872	1,915
Other creditors	988	1,048
Corporation tax	1,770	1,830
Accruals and deferred income	5,512	12,894
	<u>13,118</u>	<u>20,979</u>

13 Deferred taxation	2011	2010
	£000	£000
The company's liability in respect of deferred taxation is as follows.		
Accelerated capital allowances	1,571	1,777
Short term timing differences	(5)	(5)
	<u>1,566</u>	<u>1,772</u>
Deferred tax provision brought forward	1,772	1,907
Deferred tax charge in the profit and loss account (see note 7)	(206)	(135)
Deferred tax provision carried forward	<u>1,566</u>	<u>1,772</u>

14 Financial commitments

Capital expenditure sanctioned by the directors at 31 December 2011 but not provided for within these accounts was £51,000 (2010: £nil)

Annual Commitments under non-cancellable operating leases are as follows

	2011 Land and Buildings £000	Other £000	2010 Land and Buildings £000	Other £000
Expiry date				
In two years or less	24	152	49	168
Between two and five years	-	140	-	282
	<u>24</u>	<u>292</u>	<u>49</u>	<u>428</u>

15 Called up equity share capital

Takao Europe Manufacturing Limited
Director's report and financial statements
Year ended 31 December 2010

Allocated, called up and fully paid
12,014,023 ordinary shares of £1 each (2009 12 014 023)

2011	2010
£000	£000
12,014	12,014

16 Reconciliation of movements in equity shareholders' funds

	2011	2010
	£000	£000
Profit for the year	5,817	13,105
Dividends Paid	(600)	(360)
Opening equity shareholders' funds	50,909	38,184
Closing equity shareholders' funds	<u>56,126</u>	<u>50,909</u>

17 Profit and loss reserve

	2011	2010
	£000	£000
Opening profit and loss reserve	38,895	28,150
Profit for the year after taxation	5,817	13,105
Dividends Paid	(600)	(360)
Closing profit and loss reserve	<u>44,112</u>	<u>38,895</u>

18 Cash flow information

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

	2011	2010
	£000	£000
Operating Profit	7,932	8,528
Depreciation	3,992	4,244
Loss on disposal of fixed assets	25	39
Decrease/(increase) in stocks	2,590	(5,325)
Decrease in debtors	758	800
(Decrease)/increase in creditors	(7,800)	6,096
Net cash inflow from operating activities	<u>7,497</u>	<u>14,382</u>

b) Gross cash flows

	2011	2010
	£000	£000
Returns and investment and servicing of finance		
Interest received	110	14
Interest paid	-	(147)
Net cash inflow/(outflow)	<u>110</u>	<u>(133)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(940)	(342)
Payments to acquire investment assets	-	-
	<u>(940)</u>	<u>(342)</u>

Financing

Decrease in bank loan	-	5,139
(Increase) due to exchange movements	-	(267)
	<u>-</u>	<u>4,872</u>

	At beginning of year £000	Cash flow £000	At end of year £000
Cash at bank and in hand	16,235	3,575	19,810
Debt due within one year bank	-	-	-
Total net cash	16,235	3,575	19,810

19 Related party transactions

Controlling parties

G-TEKT Europe Manufacturing Limited became a wholly owned subsidiary of G-TEKT Corporation in April 2011 when G-TEKT Corporation was formed by the merger of Takao and Kikuchi groups in Japan. At this time the company name was changed from Takao Europe Manufacturing Limited to G-TEKT Europe Manufacturing Limited.

G-TEKT Corporation is a company incorporated in Japan.
Honda Japan owned 34.4% of the share capital of G-TEKT Corporation at 31/12/11.

Transactions during the year

During the year the principal related party transactions were as detailed below:

Sales and purchases with related companies were as follows:

	Sales/recharges by G-TEKT Europe Manufacturing Limited			
	Tooling or component sales		Recharges	
	2011 £000	2010 £000	2011 £000	2010 £000
Takao Kinzoku Kogyo Company Limited	-	-	17	6
G-TEKT Corporation	11	-	31	-
Takao Thailand	4	18	-	-
Auto Parts Alliance China	7	-	-	-
Honda UK	20,165	38,507	-	-
Honda Logistics	79	57	-	-
Total related party transactions	20,266	38,582	48	6

	Purchases/recharges by G-TEKT Europe Manufacturing Limited			
	Tooling, capital or component purchases		Recharges	
	2011 £000	2010 £000	2011 £000	2010 £000
Takao Kinzoku Kogyo Company Limited	1,528	3,557	50	1,497
Takao Thailand	-	331	-	-
Takao Eastam	-	-	-	-
Takao Property Europe Limited	-	-	-	-
Takao America	100	419	-	-
G-TEKT Corporation	16,244	-	384	-
G-TEKT Thailand	-	-	-	-
G-TEKT America	170	-	-	-
Honda UK	13	-	-	-
Honda Trading	13,076	13,328	-	-

Takao Europe Manufacturing Limited
Director's report and financial statements
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Auto Parts Alliance China	-	205	-	-
Global Auto Parts Alliance India	-	37	-	-
Total related party transactions	<u>31,131</u>	<u>17,877</u>	<u>414</u>	<u>1,497</u>

Recharges to G-TEKT Europe Manufacturing Limited from G-TEKT Corporation relate to salaries of certain employees

Year end balances

Total amounts due from and payable to related parties are disclosed in notes 11 and 12 of these accounts as follows

	2011 £000	2010 £000
<i>Amounts due from:</i>		
Subsidiaries within the Honda Group	578	2,495
Subsidiaries within the G-TEKT group	13	-
	<u>591</u>	<u>2,495</u>
<i>Amounts payable to:</i>		
Subsidiaries within the Takao Kinzoku Kogyo Group	-	782
Subsidiaries within the G-TEKT group	925	-
Subsidiaries within the Honda Group	770	284
	<u>1,695</u>	<u>1,066</u>

Amounts due from and payable to subsidiaries within the Honda group are disclosed within trade debtors and trade creditors in notes 11 and 12

20 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £162,000 (2010: £154,000).

21 Ultimate parent company

The immediate and ultimate parent company is G-TEKT Corporation, a company incorporated in Japan. A copy of the group accounts can be obtained from that company's registered office at G-TEKT Corporation, Excellent Omiya Bldg 8F, 1-9-4 Sakuragicho, Saitama Omiya-ku, Saitama, Japan.