

**Bodycote Finance UK Limited**

Annual report and financial statements  
for the year ended 31 December 2009

Registered number 04800400

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## Officers and professional advisers

### **DIRECTORS**

D F Landless  
F K Strick  
G M Watson

### **SECRETARY**

J R Grime

### **REGISTERED OFFICE**

Springwood Court  
Springwood Close  
Tytherington Business Park  
Macclesfield  
Cheshire  
SK10 2XF

### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
United Kingdom

## Directors' report

For the year ended 31 December 2009

The directors present their annual report and the audited financial statements for the year ended 31 December 2009. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 417(1) of the Companies Act 2006. Accordingly an enhanced business review has not been included.

### Principal activity and business review

The principal activity of the company is that of a finance company.

The directors expect the general level of activity to continue in the foreseeable future.

### Going Concern

The company is a subsidiary of Bodycote plc, which manages its working capital on a pooled basis across the Group. Based on the strong trading relationship between this company and Bodycote plc, the directors believe that the company will continue to provide financial and management services to the Group. The receivables with other group companies are significant and the directors consider there to be no issues with the recoverability of these balances due to the relationship with the parent company and the following going concern disclosure which appears in the accounts of Bodycote plc for the year ended 31 December 2009:

"The Group meets its working capital requirements through a combination of committed and uncommitted facilities and overdrafts. The overdrafts and uncommitted facilities are repayable on demand but the committed facilities are due for renewal as shown below. There is significant headroom in the committed facility covenants to assume that these facilities can be operated as contracted for the foreseeable future.

- US\$20m Revolving Credit Facility maturing 31 March 2013
- £225m Revolving Credit Facility maturing 31 March 2013
- €125m Revolving Credit Facility maturing 31 July 2013

The current economic conditions create uncertainty, particularly over the levels of demand for the Group's services and the availability of bank and capital market finance in the future. However, the Group's forecasts and projections, taking account of reasonable potential changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities."

On the above basis, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the accounts.

## Directors' report (continued)

For the year ended 31 December 2009

### Results and dividends

The audited financial statements for the year ended 31 December 2009 are set out on pages 7 to 11. The profit for the year after taxation was £919,562 (2008: £1,887,903).

The directors do not recommend the payment of a dividend (2008: Nil).

### Directors and their interests

The directors who served during the year and thereafter are shown below.

D F Landless

F Stnck (Nationality: German)

G M Watson

### Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP shall be deemed to be reappointed as auditors for a further term under the provisions of section 489 of the Companies Act 2006.

By order of the Board,

J R Grime

Company Secretary

22 July 2010

## Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 estimates that are reasonable and prudent, 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 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 auditors' report

### **To the members of Bodycote Finance UK Limited**

We have audited the financial statements of Bodycote Finance UK Limited for the year ended 31 December 2009, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

As explained more fully in the Directors' Responsibilities Statement, 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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


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

## Independent auditors' report (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

- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report, or
- 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



**William Smith (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors

Manchester, United Kingdom

**22 July** 2010



## Profit and loss account

For the year ended 31 December 2009

	Note	2009 £	2008 £
Interest receivable and similar income	2	551,811	2,640,424
<b>Profit on ordinary activities before taxation</b>	3	551,811	2,640,424
Tax on profit on ordinary activities	4	367,751	(752,521)
<b>Retained profit for the financial year</b>	8	919,562	1,887,903

All activity relates to continuing operations

There are no recognised gains and losses in either year other than the profit for that year and consequently no separate statement of total recognised gains and losses has been prepared

# Balance sheet

31 December 2009

	Note	2009 £	2008 £
<b>Current assets</b>			
Debtors – Amounts falling due within one year	5	91,099	-
Debtors – Amounts falling due after more than one year	5	47,583,667	47,966,866
<b>Creditors</b> Amounts falling due within one year	6	(384,769)	(1,596,431)
<b>Net assets</b>		<u>47,289,997</u>	<u>46,370,435</u>
<b>Capital and reserves</b>			
Called-up share capital	7	38,376,519	38,376,519
Profit and loss account	8	<u>8,913,478</u>	<u>7,993,916</u>
<b>Total shareholder's funds</b>	9	<u>47,289,997</u>	<u>46,370,435</u>

The financial statements of Bodycote Finance UK Limited, company registration number 04800400, were approved by the Board of Directors on *22 July* 2010 and signed on its behalf by

  
D F Landless - Director

## Notes to the financial statements

For the year ended 31 December 2009

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the preceding year, is set out below

#### *a) Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards

After making enquiries, and based on the assumptions outlined in the Directors' Report on page 2, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the accounts

#### *b) Cash flow statement*

No cash flow statement has been produced as the financial statements for Bodycote plc, the ultimate parent company, include a consolidated cash flow statement prepared in accordance with FRS 1 (Revised 1996)

#### *c) Taxation*

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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

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

### 2 Interest receivable and similar income

	2009 £	2008 £
Interest receivable on intra-group loans	<u>551,811</u>	<u>2,640,424</u>

### 3 Profit on ordinary activities before taxation

The auditors' remuneration for audit work of £2,000 (2008 £2,000) was borne by a fellow group undertaking. Fees paid to the Company's auditors, Deloitte LLP, for services other than the statutory audit are not disclosed in the financial statements of the company, as the financial statements of the company's parent, Bodycote plc, are required to disclose non-audit fees on a consolidated basis

The directors were the only employees of the company and they received no remuneration during the year (2008 Nil)

## Notes to the financial statements (continued)

For the year ended 31 December 2009

### 4 Tax on profit on ordinary activities

The tax charge comprises

	2009 £	2008 £
Current taxation – charge for the year	154,507	752,521
Adjustment to prior years - UK current tax	(522,258)	-
Total tax on profit on ordinary activities	<u>(367,751)</u>	<u>752,521</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2009 £	2008 £
Profit on ordinary activities before tax	551,811	2,640,424
Tax charge on profit on ordinary activities at transitional UK corporation tax rate of 28% (2008 28.5%)	(154,507)	(752,521)
Effects of Adjustments to tax charge in respect of previous periods	522,258	-
<b>Current tax credit/(charge) for the year</b>	<u>367,751</u>	<u>(752,521)</u>

### 5 Debtors

	2009 £	2008 £
Amounts owed by group undertakings		
- Amounts falling due within one year	91,099	-
- Amounts falling due after more than one year	47,583,667	47,966,866
	<u>47,674,766</u>	<u>47,966,866</u>

### 6 Creditors Amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	230,263	-
Corporation tax	154,506	1,596,431
	<u>384,769</u>	<u>1,596,431</u>

Notes to the financial statements (continued)  
For the year ended 31 December 2009

**7 Called-up share capital**

	2009 £	2008 £
<i>Authorised</i>		
50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
<i>Allotted and called-up</i>		
38,376,519 ordinary shares of £1 each	<u>38,376,519</u>	<u>38,376,519</u>

**8 Reserves**

	Profit and loss account £
At 1 January 2009	7,993,916
Retained profit for the financial year	<u>919,562</u>
At 31 December 2009	<u>8,913,478</u>

**9 Reconciliation of movements in shareholder's funds**

	2009 £	2008 £
Profit for the financial year	<u>919,562</u>	<u>1,887,903</u>
Net addition to shareholder's funds	<u>919,562</u>	<u>1,887,903</u>
Opening shareholder's funds	<u>46,370,435</u>	<u>44,482,532</u>
Closing shareholder's funds	<u>47,289,997</u>	<u>46,370,435</u>

**10 Related party transactions**

In preparing the financial statements, the company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose transactions between wholly-owned group undertakings

**11 Ultimate controlling party**

The directors regard Bodycote plc, a company incorporated in England and Wales, as the ultimate controlling party

Bodycote plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from The Secretary, Bodycote plc, Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF