

Company Registration No. 04800400 (England and Wales)

BODYCOTE FINANCE UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013



BODYCOTE FINANCE UK LIMITED

COMPANY INFORMATION

Directors	D.F. Landless M.J. Harkcom	(Appointed 21 February 2013)
Secretary	U.S. Ball	
Company number	04800400	
Registered office	Springwood Court Springwood Close Tytherington Business Park Macclesfield Cheshire SK10 2XF	
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Manchester United Kingdom	

BODYCOTE FINANCE UK LIMITED

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BODYCOTE FINANCE UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the company continues to be that of a finance company.

Directors

The following directors have held office since 1 January 2013:

D.F. Landless

M.J. Harkcom

G.M. Watson

F.K. Strick

(Appointed 21 February 2013)

(Resigned 21 February 2013)

(Resigned 26 February 2013)

Auditor

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

Directors' responsibilities statement

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; 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.

BODYCOTE FINANCE UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

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 confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Qualifying third party indemnity provision

Qualifying third party indemnity provision (as defined by section 234 of the Companies Act 2006) has remained in force for the Directors throughout the year and remains in force at the date of this report.

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 the 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 financial statements of Bodycote plc for the year ended 31 December 2013:

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

Committed facilities as at 31 December 2013 were as follows:

- £125m Revolving Credit Facility maturing 31 August 2016
- €125m Revolving Credit Facility maturing 1 March 2018
- \$10m Letter of Credit Facility maturing 31 August 2016

On 18 February 2013, the €125m Revolving Credit Facility was refinanced for the same amount, extending the maturity to 1 March 2018. The December 2013 weighted average life of the committed facilities was 3.3 years.

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 financial statements.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



U.S. Ball

Secretary
5-6-14

BODYCOTE FINANCE UK LIMITED

INDEPENDENT AUDITOR'S 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 2013, which comprise the Profit and Loss Account, 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As 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 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 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.

BODYCOTE FINANCE UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BODYCOTE FINANCE UK LIMITED

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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Timothy Edge ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants
Statutory Auditor

6/6/14

.....
Chartered Accountants and Statutory
Auditor
Manchester
United Kingdom

BODYCOTE FINANCE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
		<hr/>	<hr/>
Operating result		-	-
Interest receivable and similar income	2	736,312	675,202
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	736,312	675,202
Tax on profit on ordinary activities	4	(171,193)	(165,424)
		<hr/>	<hr/>
Profit for the year	8	565,119	509,778
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BODYCOTE FINANCE UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Current assets					
Debtors: amounts falling due within one year	5	186,243		185,819	
Debtors: amounts falling due after more than one year	5	49,621,259		49,037,431	
		<u>49,807,502</u>		<u>49,223,250</u>	
Creditors: amounts falling due within one year	6	(336,618)		(317,485)	
Total assets less current liabilities		<u>49,470,884</u>		<u>48,905,765</u>	
Capital and reserves					
Called up share capital	7	38,376,519		38,376,519	
Profit and loss account	8	11,094,365		10,529,246	
Shareholders' funds	9	<u>49,470,884</u>		<u>48,905,765</u>	

Approved by the Board and authorised for issue on 5/6/14


D.F. Landless
Director

Company Registration No. 04800400

BODYCOTE FINANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

After making enquiries, and based on the assumptions outlined in the Directors' Report on pages 1 - 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 financial statements.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group and the group has prepared consolidated financial statements that are publicly available.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 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.

1.4 Interest receivable

Interest receivable is recorded as non-operating interest receivable.

2	Interest receivable and similar income	2013 £	2012 £
	Interest receivable from group companies	736,312	675,202

BODYCOTE FINANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

3 Profit on ordinary activities before taxation

The auditor's remuneration for audit work of £2,500 (2012: £1,000) was borne by a fellow group undertaking. Fees paid to the Company's auditor, 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 (2012: Nil).

4	Taxation	2013 £	2012 £
	Domestic current year tax		
	U.K. corporation tax	171,193	165,424
	Total current tax	<u>171,193</u>	<u>165,424</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>736,312</u>	<u>675,202</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.25% (2012 : 24.50%)	<u>171,193</u>	<u>165,424</u>
	Current tax charge for the year	<u>171,193</u>	<u>165,424</u>

The tax charge in future periods has been affected by the enactment on 17 July 2014 that the corporate tax main rate would be reduced by 2% to 21% from 1 April 2014 and by a further 1% to 20% from 1 April 2015.

5	Debtors	2013 £	2012 £
	Amounts owed by group undertakings	<u>49,807,502</u>	<u>49,223,250</u>
	Amounts falling due after more than one year and included in the debtors above are:		
		<u>2013 £</u>	<u>2012 £</u>
	Amounts owed by group undertakings	<u>49,621,259</u>	<u>49,037,431</u>

BODYCOTE FINANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

6	Creditors: amounts falling due within one year	2013	2012
		£	£
	Corporation tax	336,618	317,485
		<u> </u>	<u> </u>
7	Share capital	2013	2012
		£	£
	Allotted, called up and fully paid		
	38,376,519 Ordinary shares of £1 each	38,376,519	38,376,519
		<u> </u>	<u> </u>
8	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 January 2013		10,529,246
	Profit for the year		565,119
			<u> </u>
	Balance at 31 December 2013		11,094,365
			<u> </u>
9	Reconciliation of movements in shareholders' funds	2013	2012
		£	£
	Profit for the financial year	565,119	509,778
	Opening shareholders' funds	48,905,765	48,395,987
		<u> </u>	<u> </u>
	Closing shareholders' funds	49,470,884	48,905,765
		<u> </u>	<u> </u>

10 Related party relationships and transactions

As the company is a wholly-owned subsidiary of the group headed by Bodycote plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related party transactions' not to disclose transactions or balances with other wholly-owned subsidiaries which form part of the group.

BODYCOTE FINANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

11 Control

The immediate parent company is Bodycote Jersey Holdings Limited, a company incorporated in Jersey. 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.