

Registered number
5319485

A P Driveline Technologies Limited
Directors' report and financial statements
2 March 2007

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A P Driveline Technologies Limited
Directors' report and financial statements
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A P Driveline Technologies Limited
Company Information

Directors

G Magal
KG Lowen
D Woolford
B Twyman
A Rowland

Secretary

KG Lowen

Auditors

KPMG LLP
Arlington Business Park
Theale
Reading

Registered office

47 Castle Street, Berkshire RG1 7SR

Registered number

5319485

A P Driveline Technologies Limited

Directors' Report

The directors present their report and financial statements for the financial year ended 2 March 2007

Principal activities and review of the business

The company's principal activity during the period, which in the opinion of the directors does not represent more than one class of business, was the manufacture of systems and components for the automotive industry. Management and reporting of risk and key performance indicators is undertaken at the group level. This information is available in the Magal Engineering Limited group annual report under the heading business review.

The company achieved a turnover of £11,513,311 (2006 £6,029,134) and a loss before taxation of £456,156 (2006 profit £914,505). The directors are optimistic about the company's future prospects.

Results and dividends

The result for the year is set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2006 £nil).

Directors

The directors who served during the period were as follows:

G Magal
KG Lowen
D Woolford
B Twyman
A Rowland

Messrs Magal, Lowen and Woolford are also directors of the ultimate parent company, Magal Engineering Limited. Their interests in the share capital of that company are shown in its financial statements.

All other directors have no interests in the share capital of the company.

None of the directors had any beneficial interest in any contract to which the company was party during the period.

All directors benefited from qualifying third party indemnity provisions in place during the financial period and at the end of the date of this report.

Political and charitable donations

During the period the company made no political or charitable contributions (2006 £nil).

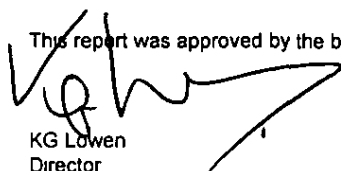
Disclosure of information to the auditors

The directors who held office at the date of approval of this 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 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

KPMG LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the board on 28 September 2007.



KG Lowen
Director

A P Driveline Technologies Limited

Statement of directors' responsibilities in respect of the Director's 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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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

A P Driveline Technologies Limited

Independent auditors' report to the members of A P Driveline Technologies Limited

We have audited the financial statements of AP Driveline Technologies Limited, for the year ended 2 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you if, in our opinion, as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 2 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Arlington Business Park
Theale
Reading

28 September 2007

A P Driveline Technologies Limited
Profit and Loss Account
for the year ended 2 March 2007

	Notes	2007 £	2006 £
Turnover	2	11,513,311	6,029,134
Cost of sales		(9,229,392)	(3,962,112)
Gross profit		<u>2,283,919</u>	<u>2,067,022</u>
Distribution costs		(202,952)	(83,035)
Administrative expenses		(2,404,166)	(2,516,150)
Operating loss before exceptional items	3	<u>(323,199)</u>	<u>(532,163)</u>
Exceptional items	4	(142,802)	1,439,222
Operating (loss) / profit after exceptional items		<u>(466,001)</u>	<u>907,059</u>
Interest receivable and similar income	7	9,845	7,446
(Loss)/profit on ordinary activities before taxation		<u>(456,156)</u>	<u>914,505</u>
Tax on (loss)/profit on ordinary activities	8	-	-
Retained (loss)/profit for the period	14	<u>(456,156)</u>	<u>914,505</u>

Continuing operations

All amounts relate to continuing activities

Statement of total recognised gains and losses

All recognised gains and losses are included in the profit and loss account

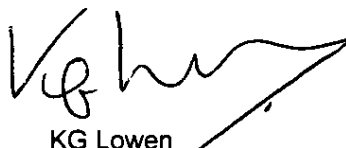
A P Driveline Technologies Limited
Balance Sheet
as at 2 March 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	9	2,584,036	2,326,997
Current assets			
Stocks	10	1,385,692	1,570,964
Debtors	11	1,992,797	1,346,842
Cash at bank and in hand		-	109,395
		<u>3,378,489</u>	<u>3,027,201</u>
Creditors: amounts falling due within one year	12	(5,504,175)	(4,439,692)
Net current liabilities		<u>(2,125,686)</u>	<u>(1,412,491)</u>
Total assets less current liabilities		<u>458,350</u>	<u>914,506</u>
Net Assets		<u>458,350</u>	<u>914,506</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	<u>458,349</u>	<u>914,505</u>
		<u>458,350</u>	<u>914,506</u>



G Magal
 Director

Approved by the board on 28 September 2007



KG Lowen
 Director

A P Driveline Technologies Limited
Notes to the Accounts
for the year ended 2 March 2007

1 Accounting policies

Accounting convention

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

The company is exempt from the requirement of Financial Reporting Standard 1 "Cash flow statements" to present a cash flow statement because it is a wholly owned subsidiary of Magal Engineering Limited which prepares publicly available consolidated accounts that incorporate the results of the company

Turnover

Turnover represents sales to customers at invoiced amounts less value added tax

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates

Plant, vehicles and equipment - 10-33% per annum

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. Net realisable value is based on estimated selling price less additional costs to completion and disposal

Deferred taxation

Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain

Deferred tax assets and liabilities recognised are not discounted

Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account

Pension costs

The Company operates a group defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the company's group personal pension scheme are charged to the profit and loss account in the period in which they become payable

Research and Development

Research and development expenditure is charged to the profit and loss as incurred

A P Driveline Technologies Limited
Notes to the Accounts
for the year ended 2 March 2007

2 Turnover

Turnover is wholly attributable to the principal activity of the company. An analysis of turnover by geographical market is given below

	2007 £	2006 £
Acquired business		
United Kingdom	6,529,793	3,383,133
Spain	140,480	197,315
France	488,022	59,514
Germany	767,993	477,940
Rest of Europe	2,659,346	1,633,681
Asia	11,268	10,510
North America	831,146	241,954
Other	85,263	25,087
	<u>11,513,311</u>	<u>6,029,134</u>

The directors are of the opinion that to comply fully with the requirements of SSAP25 'Segmental Reporting' would be seriously prejudicial to the interests of the company

3 Operating loss

	2007 £	2006 £
This is stated after charging		
Depreciation of owned fixed assets	399,565	247,638
Research and development	82,770	60,360
Operating lease rentals - plant and machinery	3,051	3,150
Operating lease rentals - land and buildings	359,766	320,719
Management fees to parent company	324,996	216,141
Auditors' remuneration - audit	10,000	10,000
Auditors' remuneration - non audit	3,000	3,000

4 Exceptional items

	2007 £	2006 £
Reorganisation costs	(142,802)	(442,561)
Release of acquired creditor	-	1,881,783
	<u>(142,802)</u>	<u>1,439,222</u>

5 Directors' emoluments

	2007 £	2006 £
Emoluments	156,656	10,658
Company contributions to money purchase pension schemes	3,057	242
	<u>159,713</u>	<u>10,900</u>

The services of Messrs Magal, Lowen and Woolford are provided by Magal Engineering Limited and no part of their remuneration is specifically attributed to AP Driveline Technologies Limited
All directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report

Number of directors in company pension schemes

	2007 Number	2006 Number
Money purchase schemes	<u>1</u>	<u>1</u>

6 Staff costs

	2007 £	2006 £
Wages and salaries	3,421,342	2,091,381
Social security costs	343,419	209,553
Other pension costs	123,887	56,685
	<u>3,888,648</u>	<u>2,357,619</u>

Average number of employees during the year

	Number	Number
Administration	33	13
Manufacturing	110	127
	<u>143</u>	<u>140</u>

A P Driveline Technologies Limited
Notes to the Accounts
for the year ended 2 March 2007

7	Interest receivable and similar income	2007	2006
		£	£
	Bank interest receivable	2,712	7,446
	Exchange gain	7,133	-
		<u>9,845</u>	<u>7,446</u>

8	Taxation	2007	2006
		£	£
	Analysis of charge in period		
	Tax on (loss) / profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2007	2006
	£	£
(Loss)/profit on ordinary activities before tax	<u>(456,156)</u>	<u>914,505</u>
Standard rate of corporation tax in the UK	30%	30%
	£	£
(Loss) / Profit on ordinary activities multiplied by the standard rate of corporation tax	(136,847)	274,352
Effects of		
Expenses not deductible for tax purposes	1,805	306,194
Depreciation for period in excess of capital allowances	118,069	74,291
Group relief	<u>16,973</u>	<u>(654,837)</u>
Current tax charge for period	<u>-</u>	<u>-</u>

The company does not recognise any deferred tax asset where there is insufficient evidence that the asset will be recoverable in the foreseeable future. The amount of unrecognised deferred tax asset is £204,300(2006 £74,291) all relating to unclaimed capital allowances.

On 21 March 2007, the Chancellor announced in his Budget that the corporation tax rate would reduce from 30% to 28% from April 2008. The deferred tax asset which is not recognised in the balance sheet is calculated using 30%, as this was in force at the balance sheet date. The impact of this will reduce the value of the deferred tax asset utilised after this date. The directors consider that this would reduce the value of the deferred tax asset by approximately £10,271.

9 Tangible fixed assets

	Plant and machinery
	£
Cost	
At 25 February 2006	2,574,635
Additions	664,532
Transfer to group undertakings	<u>(8,850)</u>
At 2 March 2007	<u>3,230,317</u>
Depreciation	
At 25 February 2006	247,638
Charge for the period	399,565
On disposals	<u>(922)</u>
At 2 March 2007	<u>646,281</u>
Net book value	
At 2 March 2007	<u>2,584,036</u>
At 25 February 2006	<u>2,326,997</u>

A P Driveline Technologies Limited
Notes to the Accounts
for the year ended 2 March 2007

10 Stocks	2007	2006
	£	£
Raw materials and consumables	759,060	312,911
Work in progress	137,016	594,583
Finished goods and goods for resale	<u>489,616</u>	<u>663,470</u>
	<u>1,385,692</u>	<u>1,570,964</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

11 Debtors	2007	2006
	£	£
Trade debtors	1,867,712	1,256,143
Amounts owed by group undertakings and undertakings in which the company has a participating interest	56,715	19,021
Prepayments and accrued income	<u>68,370</u>	<u>71,678</u>
	<u>1,992,797</u>	<u>1,346,842</u>

All amounts shown under debtors are receivable within one year

12 Creditors amounts falling due within one year	2007	2006
	£	£
Bank loans and overdrafts	502,727	-
Trade creditors	1,310,918	1,025,182
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,810,760	2,133,513
Other taxes and social security costs	60,343	116,849
Other creditors	619,275	768,873
Accruals and deferred income	<u>200,152</u>	<u>395,275</u>
	<u>5,504,175</u>	<u>4,439,692</u>

13 Share capital	2007	2006
	£	£
Authorised		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

	2007	2006
	No	£
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Movement in share capital	2007	2006
	£	£
At 25 February 2006	1	-
Shares issued and consideration received	-	1
At 2 March 2007	<u>1</u>	<u>1</u>

A P Driveline Technologies Limited
Notes to the Accounts
for the year ended 2 March 2007

14 Profit and loss account	2007	2006
	£	£
At start of year	914,505	-
Retained (loss)/profit for the period	(456,156)	914,505
At end of year	<u>458,349</u>	<u>914,505</u>
15 Reconciliation of movement in shareholders' funds	2007	2006
	£	£
At start of year	914,506	-
(Loss)/profit for the financial period	(456,156)	914,505
New share capital subscribed	-	1
At end of year	<u>458,350</u>	<u>914,506</u>
16 Capital commitments	2007	2006
	£	£
Amounts contracted for but not provided in the accounts	<u>48,657</u>	<u>-</u>

17 Pension commitments

The company operates a group personal pension scheme, which is a defined contribution pension scheme. The assets of the scheme are held separately from the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and together with contributions to other pension schemes amounted to £123,887 (2006: £56,665). Contributions amounting to £19,277 (2006: £18,873) were payable to the fund and are included in creditors.

18 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2007 £	Land and buildings 2006 £	Other 2007 £	Other 2006 £
Operating leases which expire				
within one year	-	-	2,219	3,050
within two to five years	-	-	6,101	8,321
in over five years	<u>507,750</u>	<u>507,000</u>	<u>-</u>	<u>-</u>
	<u>507,750</u>	<u>507,000</u>	<u>8,320</u>	<u>11,371</u>

19 Contingent liabilities

The company has guaranteed all sums due and to become due to the bankers of Magal Engineering Limited, its parent company. At 2 March 2007 this amounted to £715,000 (2006: £nil).

20 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Magal Engineering Limited.

21 Ultimate parent company and controlling party

At 2 March 2007 the company's ultimate parent company was Magal Engineering Limited, which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Magal Engineering Limited are available from Companies House.

At 2 March 2007 the directors consider G Magal to be the company's ultimate controlling party, by virtue of his majority shareholding in Magal Engineering Limited.