

## **Bodycote Springwood Limited**

Annual report and financial statements for the  
period from incorporation on 19 August 2008 to  
31 March 2009

Registered number: 06676517

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## Officers and professional advisers

### **DIRECTORS**

D.F. Landless (appointed 19 August 2008)

M. Harkcom (appointed 19 August 2008)

### **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 period ended 31 March 2009

The directors present their report and the audited financial statements for the period from incorporation on 19 August 2008 to 31 March 2009. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 416(3) of the Companies Act 2006. Accordingly an enhanced business review has not been prepared.

### **Principal activity and business review**

The principal activity of the company is that of an investing company. The directors expect the general level of activity to continue in the foreseeable future.

The company was incorporated on 19 August 2008. During the period the company issued 20,370,012 ordinary shares, with a total nominal value €25,236,408, at par for cash consideration. During the period the company also changed its accounting reference date to 31 March.

### **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 directors consider there to be no issues regarding the recoverability of the receivables due from other group companies due to the relationship with the parent company and the following going concern disclosure which appears in the interim report of Bodycote plc for the six month period ended 30 June 2009:

"The Group meets its day to day 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 set out in the Financial Review. Based on current trading and the Group's cash flow projections for the next 12 months there is sufficient headroom in the committed facility covenants to assume that these facilities can be operated as contracted for the foreseeable future.

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. The Group's forecasts and projections show that the Group should be able to operate within the level of its current committed facilities. However the Group's order book, as is usual, is short and the prediction of future demand is uncertain and this can have a material impact on the Group's results. Based on current dialogue with the Group's lenders, the Directors expect to renew facilities in due course and are not aware of any reason why renewal would not be forthcoming on acceptable market terms, nor over the ongoing availability of facilities in the event of a further deterioration in results arising from a reasonable potential change in trading performance."

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.

## Statement of directors' responsibilities

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 judgments 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; 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.

**Directors' report (continued)**  
For the period ended 31 March 2009

**Results and dividends**

The audited financial statements for the period from incorporation on 19 August 2008 to 31 March 2009 are set out on pages 7 to 13. The profit for the period after taxation for the period was €367,345.

No dividend is proposed.

**Directors and their interests**

The directors who served during the period and thereafter are shown below:

D.F. Landless (appointed 19 August 2008)  
M. Harkcom (appointed 19 August 2008)

**Auditors**

Each of the persons who is a director of the company at the date when this report is approved confirms that:

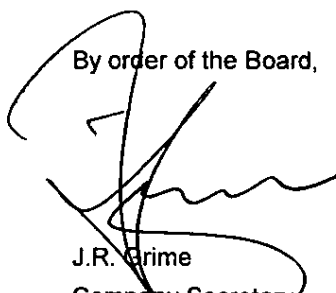
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors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

The 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 re-appointed as auditors for a further term pursuant to sections 485-488 of the Companies Act 2006.

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

By order of the Board,



J.R. Grime  
Company Secretary  
16 December 2009

## **Independent auditors' report (continued)**

### **Independent auditors' report to the members of Bodycote Springwood Limited**

We have audited the financial statements of Bodycote Springwood Limited for the period from incorporation on 19 August 2008 to 31 March 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 13. 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 sections 495 and 496 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

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 our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. 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, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if disclosures of directors' benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

We read the other information contained in the Annual Report, as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

### **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.

## Independent auditors' report (continued)

### Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2009 and of its profit for the period from incorporation on 19 August 2008 to 31 March 2009;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



William Smith (Senior Statutory Auditor)

For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Manchester, United Kingdom  
17 December 2009



## Profit and loss account

For the period ended 31 March 2009

		Period from 19 August 2008 to 31 March 2009 €
	Notes	
<b>Operating profit</b>		
Finance charges (net)	2	493,179
Investment income	3	8,709
<b>Profit on ordinary activities before taxation</b>	4	501,888
Tax on profit on ordinary activities	5	(134,543)
<b>Profit for the period transferred to reserves</b>	10	367,345

All activity relates to continuing operations.

The accompanying notes are an integral part of this profit and loss account.

There were no recognised gains or losses other than the profit for the period. Accordingly, no separate statement of total recognised gains and losses has been presented.

## Balance sheet

31 March 2009

Registered number: 06676517

	Notes	2009 €
<b>Fixed assets</b>		
Investments	6	<u>322,600</u>
<b>Current assets</b>		
Debtors: due within one year	7	138,650
Debtors: due after one year	7	25,255,628
Cash at bank and in hand		<u>21,418</u>
		25,415,696
<b>Creditors: Amounts falling due within one year</b>	8	<u>(134,543)</u>
<b>Net current assets</b>		<u>25,281,153</u>
<b>Net assets</b>		<u>25,603,753</u>
<b>Capital and reserves</b>		
Called-up share capital	9	25,236,408
Profit and loss account	10	<u>367,345</u>
<b>Total shareholder's funds</b>	11	<u>25,603,753</u>

The financial statements were approved by the Board of Directors and signed on its behalf by:



D.F. Landless  
Director

16 December 2009

The accompanying notes are an integral part of this balance sheet.

## Notes to the financial statements

For the period ended 31 March 2009

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

As the Euro and currencies closely linked to it form the main currency in which the company's business is transacted, the company reports its results in Euros (€).

#### *a) Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and 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 in accordance with FRS 1 (revised).

#### *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.

#### *d) Consolidated financial statements*

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 401 of the Companies Act 2006 as it is a wholly-owned subsidiary of Bodycote plc, which prepares consolidated financial statements that are publicly available.

#### *e) Investments*

Fixed asset investments are stated at cost less any provision for impairment.

#### *f) Foreign currencies*

Transactions in foreign currencies are recorded at 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 rates of exchange prevailing at that date. Exchange differences are recorded in the profit and loss account.

## Notes to the financial statements (continued)

For the period ended 31 March 2009

### 2 Finance charges (net)

	Period from 19 August 2008 to 31 March 2009 €
Intra-group interest payable	(3,039)
Bank interest receivable	67
Intra-group interest receivable	499,226
Other interest payable	(3,075)
	<hr/>
	493,179

### 3 Investment income

	Period from 19 August 2008 to 31 March 2009 €
Income from fixed asset investments	<hr/> 8,709

### 4 Profit on ordinary activities before tax

The auditors' remuneration for audit work of €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 from the company during the period.

## Notes to the financial statements (continued)

For the period ended 31 March 2009

### 5 Tax on profit on ordinary activities

The tax charge comprises:

	Period from 19 August 2008 to 31 March 2009 €
Current taxation – charge for the year	134,543
Deferred tax	-
<b>Total tax on profit on ordinary activities</b>	<b><u>134,543</u></b>

The difference between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax of 28% to the profit before tax is as follows:

	Period from 19 August 2008 to 31 March 2009 €
<b>Profit on ordinary activities before tax</b>	<b><u>501,888</u></b>
Tax on loss on ordinary activities at standard UK corporation tax rate of 28%	140,529
<i>Effects of:</i>	
Income not taxable	<u>(5,986)</u>
<b>Current tax charge for the period</b>	<b><u>134,543</u></b>

## Notes to the financial statements (continued)

For the period ended 31 March 2009

### 6 Investments

*Investment in preference shares of group undertaking*

31 March  
2009  
€

Cost and net book value

At 31 March 2009

322,600

Company	Nature of business	Country of incorporation	Type of shares held	Holding of preference shares
Bodycote Luxembourg Holdings SARL	Investment holding company	Luxembourg	Irredeemable preference shares	100%

### 7 Debtors

31 March  
2009

Amounts falling due within one year:	€
Amounts owed by group undertakings	<u>138,650</u>

Amounts falling due after more than one year:

Amounts owed by group undertakings	<u>25,255,628</u>
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### 8 Creditors: Amounts falling due within one year

31 March  
2009  
€

UK Corporation tax	<u>134,543</u>
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### 9 Called-up share capital

31 March  
2009

*Authorised*

30,000,000 ordinary shares of £1 each	<u>£30,000,000</u>
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*Allotted, called-up and fully-paid*

20,370,012 ordinary shares of £1 each	<u>€25,236,408</u>
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During the period the company issued 20,370,012 ordinary shares, of nominal value €25,236,408, at par for cash consideration.

## Notes to the financial statements (continued)

For the period ended 31 March 2009

### 10 Reserves

	Profit and loss account €
At incorporation	-
Retained profit for the period	367,345
At 31 March 2009	<u>367,345</u>

### 11 Reconciliation of movements in shareholder's funds

	Period from 19 August 2008 to 31 March 2009 €
Profit for the financial period	367,345
Shares issued	25,236,408
Net increase in shareholder's funds	<u>25,603,753</u>
Opening shareholder's funds	-
Closing shareholder's funds	<u>25,603,753</u>

### 12 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 group undertakings.

### 13 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.