



Accountants &
business advisers

BIFRANGI UK LIMITED

(Company Number 04279501)

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2011

REGISTRARS COPY

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COMPANIES HOUSE

BIFRANGI UK LIMITED

COMPANY INFORMATION

Directors	F Biasion P Biasion R Biasion G Saretta
Company number	04279501
Registered office	Shardlow Works Grange Mill Lane Meadow Hall Sheffield S9 1HR
Auditor	PKF (UK) LLP 2nd Floor Fountain Precinct Balm Green Sheffield S1 2JA
Bankers	The Royal Bank of Scotland plc 79-83 Colmore Road Birmingham B3 2AP
Solicitors	RadcliffesLeBrassuer 5 Great College Street Westminster London SW1P 3SJ

BIFRANGI UK LIMITED

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BIFRANGI UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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

Principal activities

The principal activity of the company during the year was the forging and machining of crankshafts for the automotive industry and the forging of flight and rack bars for the mining industry

Business review and future developments

Bifrangì UK Ltd operates two sites based in Lincoln and Sheffield. The Company's result for the year ended 31 December 2011 show a pre tax profit of £6,610k (2010 £5,169k) on sales of £55,371k (2010 £42,409k). This result shows a second year of improvement following the downturn in volume experienced in 2009. However early indication from the Company's major customers, particularly for machined items supplied by our Sheffield site, suggest that 2012 will see a marked reduction in the level of activity. At the time of writing the Company is reviewing its cost levels in order to adapt to this lower level of activity.

The company uses a range of measures to monitor performance including the preparation and review of monthly management accounts and weekly key performance indicators on receipt of orders, production, costs, sales and cash flow.

Principal risks and uncertainties

The business has and continues to face risks from both competition (national and international) and the general level of demand in the market. Demand and mix from customers can and does change frequently, often at short notice. Bifrangì strives to be flexible at all times and work closely with our customers to accommodate this.

Financial instruments

The company trades with both customers and suppliers in both Sterling and Euros. Generally there is a natural offset in both currencies, and as such the company does not place forward currency contracts. On occasion the company will need to convert currency, which is done so at spot rates. Bi-monthly cash forecasts ensure that should there be a conversion requirement, it is known in advance.

During the year the Company made the final repayment of its bank loan with San Paolo IMI, and its machinery leases with San Paolo Leasing.

During 2011 the company was granted a further loan from parent company Bifrangì SpA of €2m making the total outstanding €6m. This increase was used to make the down payment on a new press for Lincoln at a total estimated cost of €20m.

The company has in place overdraft facilities to meet its day to day needs.

BIFRANGI UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

Results

The profit for the year, after taxation, amounted to £4,766,676 (2010 - £3,787,720)

Directors

The directors who served during the year were

F Biasion
P Biasion
R Biasion
G Saretta

None of the directors have a shareholding in Bifrangì UK Limited

The directors' percentage holding in the parent undertaking Bifrangì S P A is F Biasion 92%, P Biasion 4% and R Biasion 4%

Employee involvement

Consultation with employees is done via the union representatives. Meetings are on an ad hoc basis or by need. Information is passed via trade union representatives at site meetings or by local management to small groups of employees.

Disabled employees

Recruitment is not a recurring situation at Bifrangì UK Ltd, but the company does not discriminate against individuals on grounds of disability when vacancies occur.

Employees who are infirm through ill health or injury are accommodated in various forms such as

- risk assessment of tasks and suitable adjustments to enable the task to be undertaken
- work times adjusted to cater for physical difficulties
- job retraining into a services task rather than front end direct work

Counseling and support is given by our active and knowledgeable Health & Safety Department. The company employs a nurse at both sites to oversee work regimes for those not fully active. Long periods of absences are followed by lead in programs and careful monitoring to ensure employees gain working fitness in an efficient and effective manner.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on

and signed on its behalf

F Biasion
Director

Biasion Francesco
28/3/2012

BIFRANGI UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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 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,
- 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

BIFRANGI UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIFRANGI UK LIMITED

We have audited the financial statements of Bifrangí UK Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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 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 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

BIFRANGI UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIFRANGI 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

PKF(UK) LLP

Craig Burton (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
Sheffield, UK

29 March 2012

BIFRANGI UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	As restated 2010 £
TURNOVER	1,2	55,371,417	42,408,514
Cost of sales		<u>(45,591,938)</u>	<u>(34,179,820)</u>
GROSS PROFIT		9,779,479	8,228,694
Distribution costs		<u>(352,188)</u>	<u>(337,958)</u>
Administrative expenses		<u>(2,773,463)</u>	<u>(2,478,269)</u>
Exceptional administrative expenses		<u>-</u>	<u>(359,929)</u>
Total administrative expenses		<u>(2,773,463)</u>	<u>(2,838,198)</u>
OPERATING PROFIT	3	6,653,828	5,052,538
Interest receivable and similar income	7	8,031	1,751
Interest payable and similar charges	9	<u>(51,380)</u>	<u>115,079</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,610,479	5,169,368
Tax on profit on ordinary activities	10	<u>(1,843,803)</u>	<u>(1,381,648)</u>
PROFIT FOR THE FINANCIAL YEAR	19	<u>4,766,676</u>	<u>3,787,720</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 9 to 19 form part of these financial statements

BIFRANGI UK LIMITED
REGISTERED NUMBER: 04279501

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Intangible assets	11		-		(7,767)
Tangible assets	12		<u>13,115,356</u>		<u>11,760,041</u>
			13,115,356		11,752,274
CURRENT ASSETS					
Stocks	13	10,481,029		7,090,123	
Debtors	14	7,667,335		5,011,933	
Cash at bank and in hand		2,293,987		1,861,026	
		<u>20,442,351</u>		<u>13,963,082</u>	
CREDITORS amounts falling due within one year	15	<u>(9,805,994)</u>		<u>(9,431,830)</u>	
NET CURRENT ASSETS			<u>10,636,357</u>		<u>4,531,252</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,751,713</u>		<u>16,283,526</u>
CREDITORS: amounts falling due after more than one year	16		(5,250,903)		(2,570,474)
PROVISIONS FOR LIABILITIES					
Deferred tax	17		<u>(804,649)</u>		<u>(783,567)</u>
NET ASSETS			<u><u>17,696,161</u></u>		<u><u>12,929,485</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		4,000,000		4,000,000
Profit and loss account	19		<u>13,696,161</u>		<u>8,929,485</u>
SHAREHOLDERS' FUNDS	20		<u><u>17,696,161</u></u>		<u><u>12,929,485</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

F Biasion
Director

The notes on pages 9 to 19 form part of these financial statements

F Biasion

28/3/2012

BIFRANGI UK LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	21	5,720,692	2,744,474
Returns on investments and servicing of finance	22	(113,942)	116,830
Taxation	22	(1,973,049)	642,573
Capital expenditure and financial investment	22	(3,356,767)	(971,121)
CASH INFLOW BEFORE FINANCING		276,934	2,532,756
Financing	22	198,683	(1,859,855)
INCREASE IN CASH IN THE YEAR		475,617	672,901

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
Increase in cash in the year	475,617	672,901
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(198,683)	1,859,855
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	276,934	2,532,756
Other non-cash changes	95,869	-
MOVEMENT IN NET DEBT IN THE YEAR	372,803	2,532,756
Net debt at 1 January 2011	(4,165,001)	(6,697,756)
NET DEBT AT 31 DECEMBER 2011	(3,792,198)	(4,165,001)

The notes on pages 9 to 19 form part of these financial statements

BIFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The company has a capital commitment as at 31 December 2011 of £16,117,956 and is dependent on continuing funds being made available to enable it to meet its liabilities as they fall due. The directors have received written confirmation from the company's ultimate holding company, Bifrangì S p A, that sufficient funds will be made available to the company for the foreseeable future to enable the company to meet both the capital commitment and any other liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold buildings	- 4% straight line
Plant & machinery	- 10-25% straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

BIFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2 TURNOVER

The whole of the turnover is attributable to one class of business

A geographical analysis of turnover is as follows

	2011	As restated
	£	2010
		£
United Kingdom	20,671,468	17,327,956
Rest of European Union	3,727,022	3,848,177
Rest of world	30,972,927	21,232,381
	55,371,417	42,408,514

An adjustment of £5,255,384 has been made to reduce prior year revenue to eliminate inter branch transactions. A corresponding reduction has been made to prior year cost of sales. The restatement has no effect on either profit or the balance sheet

BIFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation - intangible fixed assets	(7,767)	(7,767)
Depreciation of tangible fixed assets		
- owned by the company	1,923,612	1,610,420
- held under finance leases	77,840	387,618
Operating lease rentals		
- plant and machinery	21,843	14,712
	<u>21,843</u>	<u>14,712</u>

4. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2011 £	2010 £
Redundancy costs	-	283,555
Building demolition costs	-	76,374
	<u>-</u>	<u>359,929</u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	9,651,439	8,068,735
Social security costs	998,101	813,625
Other pension costs	322,509	291,981
	<u>10,972,049</u>	<u>9,174,341</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No.	2010 No.
Production	287	245
Administration	41	39
Directors	4	4
	<u>332</u>	<u>288</u>

6 DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	178,283	157,256
	<u>178,283</u>	<u>157,256</u>

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. INTEREST RECEIVABLE

	2011	2010
	£	£
Other interest receivable	8,031	1,751

8 AUDITORS' REMUNERATION

	2011	2010
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	26,200	25,500
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	2,435	2,325
All other services	2,450	1,625

9. INTEREST PAYABLE

	2011	2010
	£	£
On other loans	33,012	57,696
On finance leases and hire purchase contracts	-	7,345
On loans from group undertakings	36,244	43,013
Exchange (gains)/ losses	(17,876)	(223,133)
	51,380	(115,079)

10. TAXATION

	2011	2010
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,822,721	1,291,708
Deferred tax (see note 17)		
Origination and reversal of timing differences	21,082	89,940
Tax on profit on ordinary activities	1,843,803	1,381,648

BIFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - lower than) the standard rate of corporation tax in the UK of 26% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>6,610,479</u>	<u>5,169,368</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 - 28%)	1,718,724	1,447,423
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	899	693
Depreciation for year in excess of capital allowances	71,739	15,900
Higher/(lower) tax rate for first 3 months of year	31,359	-
Relieved tax losses and other deductions arising in the period	-	(172,308)
Current tax charge for the year (see note above)	<u><u>1,822,721</u></u>	<u><u>1,291,708</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

11 INTANGIBLE FIXED ASSETS

	Negative goodwill £
Cost	
At 1 January 2011 and 31 December 2011	<u>(12,045,650)</u>
Amortisation	
At 1 January 2011	(12,037,883)
Charge for the year	(7,767)
At 31 December 2011	<u>(12,045,650)</u>
Net book value	
At 31 December 2011	<u>-</u>
At 31 December 2010	<u><u>(7,767)</u></u>

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

12 TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Total £
Cost			
At 1 January 2011	2,977,455	35,157,409	38,134,864
Additions	-	3,356,767	3,356,767
At 31 December 2011	<u>2,977,455</u>	<u>38,514,176</u>	<u>41,491,631</u>
Depreciation			
At 1 January 2011	783,381	25,591,442	26,374,823
Charge for the year	29,610	1,971,842	2,001,452
At 31 December 2011	<u>812,991</u>	<u>27,563,284</u>	<u>28,376,275</u>
Net book value			
At 31 December 2011	<u>2,164,464</u>	<u>10,950,892</u>	<u>13,115,356</u>
At 31 December 2010	<u>2,194,074</u>	<u>9,565,967</u>	<u>11,760,041</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	2010 £
Plant and machinery	<u>-</u>	<u>403,792</u>

Included in land and buildings is freehold land at cost of £2,040,000 (2010 £2,040,000), which is not depreciated

13 STOCKS

	2011 £	As restated 2010 £
Raw materials	2,892,080	2,265,123
Work in progress	4,778,533	3,466,274
Finished goods	2,810,416	1,358,726
	<u>10,481,029</u>	<u>7,090,123</u>

Prior year stock balances have been restated to more accurately reflect the nature of the stocks held. The effect has been to increase the work in progress balance by £743,102 and to reduce the raw materials balance by the same amount.

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

14. DEBTORS

	2011	2010
	£	£
Trade debtors	7,630,652	4,955,117
Amounts owed by group undertakings	-	12,638
Other debtors	-	44,178
Prepayments and accrued income	36,683	-
	<u>7,667,335</u>	<u>5,011,933</u>

**15. CREDITORS:
Amounts falling due within one year**

	2011	2010
	£	£
Debenture loans	-	1,000,000
Bank loans and overdrafts	-	1,470,698
Net obligations under finance leases and hire purchase contracts	-	85,018
Trade creditors	5,081,106	2,357,488
Amounts owed to group undertakings	1,865,322	905,997
Corporation tax	1,152,312	1,302,640
Social security and other taxes	540,903	259,429
Other creditors	105,739	88,882
Accruals and deferred income	1,060,612	1,961,678
	<u>9,805,994</u>	<u>9,431,830</u>

Included in amounts owed to group undertakings is a loan of €4,000,000 made by the company's parent company Bifrangì S P A during 2010. This loan is repayable in four equal annual instalments starting on 31 December 2012. This was initially due to be repaid commencing 31 December 2011, but the agreement was extended by a further year during 2011. Also included in amounts owed to group undertakings is an additional loan of €2,000,000 that was made by Bifrangì S P A during the year, which is repayable in two equal instalments starting on 31 December 2017. The total translated balance outstanding at the year end is £5,086,185 (2010: £3,470,311), of which £835,282 is due within one year and £4,250,903 is due after more than one year. Interest is chargeable at the EONIA rate minus 0.20%.

**16. CREDITORS:
Amounts falling due after more than one year**

	2011	2010
	£	£
Debenture loans	1,000,000	-
Amounts owed to group undertakings	4,250,903	2,570,474
	<u>5,250,903</u>	<u>2,570,474</u>

The repayment date of the £1,000,000 debenture loan is 31 December 2016. Interest is chargeable at 1.1% per annum.

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

16. CREDITORS:

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	2011	2010
	£	£
Repayable by instalments	1,672,924	-

17. DEFERRED TAXATION

	2011	2010
	£	£
At beginning of year	783,567	693,627
Charge for year	21,082	89,940
At end of year	804,649	783,567

The provision for deferred taxation is made up as follows

	2011	2010
	£	£
Accelerated capital allowances	804,649	783,567

18. SHARE CAPITAL

	2011	2010
	£	£
Allotted, called up and fully paid		
4,000,000 Ordinary shares of £1 each	4,000,000	4,000,000

19. RESERVES

	Profit and loss account £
At 1 January 2011	8,929,485
Profit for the year	4,766,676
At 31 December 2011	13,696,161

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Opening shareholders' funds	12,929,485	9,141,765
Profit for the year	4,766,676	3,787,720
	<hr/>	<hr/>
Closing shareholders' funds	17,696,161	12,929,485
	<hr/>	<hr/>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Operating profit	6,653,828	5,052,538
Amortisation of intangible fixed assets	(7,767)	(7,767)
Depreciation of tangible fixed assets	2,001,452	1,998,038
Profit on disposal of tangible fixed assets	-	(1,994)
Increase in stocks	(3,390,906)	(1,892,851)
Increase in debtors	(2,668,040)	(1,271,520)
Increase/(decrease) in creditors	2,120,883	(368,772)
Increase/(decrease) in amounts owed to group undertakings	1,011,242	(763,198)
	<hr/>	<hr/>
Net cash inflow from operating activities	5,720,692	2,744,474
	<hr/>	<hr/>

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	8,031	1,751
Interest paid	(121,973)	107,734
Hire purchase interest	-	7,345
	<hr/>	<hr/>
Net cash (outflow)/inflow from returns on investments and servicing of finance	(113,942)	116,830
	<hr/>	<hr/>

	2011	2010
	£	£
Taxation		
Corporation tax (paid)/repaid	(1,973,049)	642,573
	<hr/>	<hr/>

	2011	2010
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,356,767)	(973,115)
Sale of tangible fixed assets	-	1,994
	<hr/>	<hr/>
Net cash outflow from capital expenditure	(3,356,767)	(971,121)
	<hr/>	<hr/>

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

22 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2011 £	2010 £
Financing		
Repayment of loans	(1,428,042)	(1,617,271)
New inter company loans	1,711,743	-
Repayment of finance leases	(85,018)	(242,584)
Net cash inflow/(outflow) from financing	198,683	(1,859,855)

23. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2011 £	Cash flow £	Other non-cash changes £	Exchange Movement £	31 December 2011 £
Cash at bank and in hand	1,861,026	432,961	-	-	2,293,987
Bank overdraft	(42,656)	42,656	-	-	-
	1,818,370	475,617	-	-	2,293,987
Finance leases	(85,018)	85,018	-	-	-
Bank loan due within one year	(1,428,042)	1,428,042	-	-	-
Debenture loan due within one year	(1,000,000)	-	1,000,000	-	-
Inter company loans due within one year	(899,837)	-	-	64,555	(835,282)
Debenture loan due after more than one year	-	-	(1,000,000)	-	(1,000,000)
Inter company loans due after more than one year	(2,570,474)	(1,711,743)	-	31,314	(4,250,903)
Net (debt)/funds	(4,165,001)	276,934	-	95,869	(3,792,198)

24. CAPITAL COMMITMENTS

At 31 December 2011 the company had capital commitments as follows

	2011 £	2010 £
Contracted for but not provided in these financial statements	16,117,956	156,977

BIFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

25. RELATED PARTY TRANSACTIONS

Included in creditors due in more than one year is a £1,000,000 (2010 due within one year £1,000,000) advance from Fincoil S R L a company which owns 40% of this company's share capital. The loan is repayable on 31 December 2016. Interest is chargeable at 1.1% per annum. Interest totalling £11,061 (2010 £102,403) was outstanding at 31 December 2011 and is included in accruals.

The company has loans outstanding to its parent company Bifrangì S P A of €6,000,000. The translated balance outstanding at the year end is £5,086,185 (2010 £3,470,311), of which £835,282 is due within one year and £4,250,903 is due after more than one year. Interest is chargeable at the EURIBOR rate. Interest payable in the year totalled £36,244 (2010 £43,013).

The company trades with its parent company Bifrangì S P A. During the year the company acquired goods and services to the value of £1,795,180 (2010 £596,034) from Bifrangì S P A. In addition to the above, at the year end amounts owed to group undertakings included £1,030,040 (2010 £6,160) due to Bifrangì S P A and debtors included £NIL (2010 £12,368) due from Bifrangì S P A. There were sales to Bifrangì S P A of £8,812 (2010 £204,484).

During the year the company made purchases totalling £2,051,941 from Boltex Inc, a company under common ownership. Trade creditors includes £779,015 due to Boltex Inc.

26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Bifrangì S P A.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Bifrangì S P A, a company incorporated in Italy. Consolidated accounts are available from Sede in Via Manzoni, 14 36065 Mussolenti, 14.

In the opinion of the directors this is the company's ultimate parent company.

Bifrangì S P A is ultimately controlled by F Biasion.