



Accountants &
business advisers

BIFRANGI UK LIMITED

(Company Number 04279501)

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2010

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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
Auditors	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 2010

The directors present their report and the financial statements for the year ended 31 December 2010

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 results for the company for the year ended 31 December 2010 show a pre tax profit of £5,258k (2009 loss £2,508k) on sales of £47,758k (2009 £32,194k). All areas of the business (forgings and machined parts) saw a recovery from the significant downturn in volume experienced in 2009. This improved level of activity is expected to continue for the foreseeable future with all the company's major customers experiencing strong demand for their products.

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.

The company is 6 years into a 7 year bank loan with San Paolo IMI, which has been used for the purchase of new plant and equipment. Also the company has purchased a quantity of machinery via San Paolo Leasing. Each separate lease is repayable over 19 quarterly instalments, with a 1% payment for ownership at the end of the period. As at the end of 2010 18 of these leases had been completed, with the remaining 1 lease due for completion in 2011. Additional machinery has been purchased from the proceeds of trading.

During 2010 the company was granted loans from the parent company Bifrangì SpA totalling €4m. The loan is repayable in four equal annual instalments starting on 31 December 2011.

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

Results

The profit for the year, after taxation, amounted to £3,787,719 (2009 - loss £1,833,935).

BIFRANGI UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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 auditors

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 auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 31/6/2011

and signed on its behalf

F Biasion
Director



BÍFRANGI UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2010

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 estimates that are reasonable and prudent,
- state whether applicable 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 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.

BIFRANGI UK LIMITED

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

We have audited the financial statements of Bifrangı UK Limited for the year ended 31 December 2010 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 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 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 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

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 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 2010 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.

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

Roderick Plews (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors
Sheffield, UK

6 June 2011

BIFRANGI UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
TURNOVER	1	47,663,898	32,194,008
Cost of sales		<u>(39,435,205)</u>	<u>(30,348,443)</u>
GROSS PROFIT		8,228,693	1,845,565
Selling and distribution costs		<u>(337,958)</u>	<u>(539,432)</u>
Administrative expenses		<u>(2,478,269)</u>	<u>(2,567,636)</u>
Exceptional administrative expenses		<u>(359,929)</u>	<u>(1,316,105)</u>
Total administrative expenses		<u>(2,838,198)</u>	<u>(3,883,741)</u>
OPERATING PROFIT/(LOSS)	3	5,052,537	(2,577,608)
Interest receivable	7	<u>1,751</u>	<u>-</u>
Interest payable	9	<u>115,079</u>	<u>69,784</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		5,169,367	(2,507,824)
Tax on profit/(loss) on ordinary activities	10	<u>(1,381,648)</u>	<u>673,889</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	19	<u>3,787,719</u>	<u>(1,833,935)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 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

**BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Intangible fixed assets	11		(7,767)		(15,534)
Tangible fixed assets	12		11,760,041		12,784,964
			<u>11,752,274</u>		<u>12,769,430</u>
CURRENT ASSETS					
Stocks	13	7,090,123		5,197,272	
Debtors	14	5,011,932		4,372,053	
Cash at bank and in hand		1,861,026		2,440,357	
		<u>13,963,081</u>		<u>12,009,682</u>	
CREDITORS: amounts falling due within one year	15	<u>(9,431,830)</u>		<u>(10,707,339)</u>	
NET CURRENT ASSETS			<u>4,531,251</u>		<u>1,302,343</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,283,525</u>		<u>14,071,773</u>
CREDITORS: amounts falling due after more than one year	16		(2,570,474)		(4,236,381)
PROVISIONS FOR LIABILITIES					
Deferred tax	17		<u>(783,567)</u>		<u>(693,627)</u>
NET ASSETS			<u>12,929,484</u>		<u>9,141,765</u>
CAPITAL AND RESERVES					
Called up share capital	18		4,000,000		4,000,000
Profit and loss account	19		<u>8,929,484</u>		<u>5,141,765</u>
SHAREHOLDERS' FUNDS	20		<u>12,929,484</u>		<u>9,141,765</u>

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

3/6/2011

F Biasion
Director

F Biasion

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

BÍFRANGI UK LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	21	2,744,473	4,171,769
Returns on investments and servicing of finance	22	116,830	(262,141)
Taxation	22	642,573	(637,050)
Capital expenditure and financial investment	22	(971,121)	(1,710,613)
CASH INFLOW BEFORE FINANCING		2,532,755	1,561,965
Financing	22	(1,859,855)	947,162
INCREASE IN CASH IN THE YEAR		672,900	2,509,127

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
Increase in cash in the year	672,900	2,509,127
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	1,859,855	(947,162)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	2,532,755	1,561,965
Other non-cash changes	-	331,925
MOVEMENT IN NET DEBT IN THE YEAR	2,532,755	1,893,890
Net debt at 1 January 2010	(6,697,756)	(8,591,646)
NET DEBT AT 31 DECEMBER 2010	(4,165,001)	(6,697,756)

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 2010

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 Turnover

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

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Goodwill arising on business acquisitions, representing the difference between the fair value of the consideration given and the fair value of the assets acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. The useful economic life of buildings from 31 December 2005 was reassessed for an additional 6 years, therefore goodwill relating to the acquisition of these buildings is being written off over an additional 6 years.

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 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

BIFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

1.7 Stocks and work in progress

Stocks 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.

1.8 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.

1.9 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.

1.10 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:

	2010 £	2009 £
United Kingdom	17,327,956	14,562,278
Rest of European Union	9,103,561	9,132,378
Rest of world	21,232,381	8,499,352
	<u>47,663,898</u>	<u>32,194,008</u>

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

3 OPERATING PROFIT/(LOSS)

The operating profit is stated after charging/(crediting)

	2010 £	2009 £
Amortisation - intangible fixed assets	(7,767)	(14,808)
Depreciation of tangible fixed assets		
- owned by the company	1,610,420	1,605,658
- held under finance leases	387,618	454,964
Operating lease rentals		
- plant and machinery	14,712	24,418
	<u>14,712</u>	<u>24,418</u>

4. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2010 £	2009 £
Redundancy costs	283,555	1,316,105
	<u>283,555</u>	<u>1,316,105</u>

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	8,068,735	8,281,927
Social security costs	813,625	846,042
Other pension costs	291,981	262,723
	<u>9,174,341</u>	<u>9,390,692</u>

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

	2010 No.	2009 No.
Production	245	273
Administration	39	43
Directors	4	4
	<u>288</u>	<u>320</u>

6 DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	157,256	136,999
	<u>157,256</u>	<u>136,999</u>

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

7 INTEREST RECEIVABLE

	2010	2009
	£	£
Other interest receivable	1,751	-

8. AUDITORS' REMUNERATION

	2010	2009
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	25,500	21,950
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	2,325	2,150
All other services	1,625	1,050

9. INTEREST PAYABLE

	2010	2009
	£	£
On other loans	57,696	207,263
On finance leases and hire purchase contracts	7,345	31,350
On loans from group undertakings	43,013	23,528
Exchange (gains)/ losses	(223,133)	(331,925)
	(115,079)	(69,784)

10 TAXATION

	2010	2009
	£	£
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on profit/(loss) for the year	1,291,708	(631,631)
Deferred tax (see note 17)		
Origination and reversal of timing differences	89,940	(42,258)
Tax on profit/loss on ordinary activities	1,381,648	(673,889)

BÍFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

10 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	<u>5,169,367</u>	<u>(2,507,824)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	1,447,423	(702,191)
Effects of:		
Expenses not deductible for tax purposes	693	6,876
Depreciation for year in excess of capital allowances	15,900	(108,216)
Other short term timing differences	-	1,160
(Relieved)/unrelieved tax losses and other deductions arising in the period	(172,308)	170,740
Current tax charge/(credit) for the year (see note above)	<u>1,291,708</u>	<u>(631,631)</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 2010 and 31 December 2010	<u>(12,045,650)</u>
Amortisation	
At 1 January 2010	(12,030,116)
Charge for the year	<u>(7,767)</u>
At 31 December 2010	<u>(12,037,883)</u>
Net book value	
At 31 December 2010	<u>(7,767)</u>
At 31 December 2009	<u>(15,534)</u>

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

12. TANGIBLE FIXED ASSETS

	Freehold Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 January 2010	2,977,455	34,256,201	37,233,656
Additions	-	973,115	973,115
Disposals	-	(71,907)	(71,907)
At 31 December 2010	<u>2,977,455</u>	<u>35,157,409</u>	<u>38,134,864</u>
Depreciation			
At 1 January 2010	753,771	23,694,921	24,448,692
Charge for the year	29,610	1,968,428	1,998,038
On disposals	-	(71,907)	(71,907)
At 31 December 2010	<u>783,381</u>	<u>25,591,442</u>	<u>26,374,823</u>
Net book value			
At 31 December 2010	<u>2,194,074</u>	<u>9,565,967</u>	<u>11,760,041</u>
At 31 December 2009	<u>2,223,684</u>	<u>10,561,280</u>	<u>12,784,964</u>

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

	2010 £	2009 £
Plant and machinery	<u>403,792</u>	<u>1,351,801</u>

Included in land and buildings is freehold land at cost of £2,040,000 (2009 - £2,040,000), which is not depreciated

13 STOCKS

	2010 £	2009 £
Raw materials	3,008,225	2,098,229
Work in progress	2,723,172	2,061,870
Finished goods	1,358,726	1,037,173
	<u>7,090,123</u>	<u>5,197,272</u>

BIFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

14 DEBTORS

	2010 £	2009 £
Trade debtors	4,955,117	3,341,321
Amounts owed by group undertakings	12,638	191,183
Other debtors	44,177	631,641
Prepayments and accrued income	-	207,908
	<u>5,011,932</u>	<u>4,372,053</u>

15 CREDITORS

Amounts falling due within one year

	2010 £	2009 £
Debenture loans	1,000,000	1,000,000
Bank loans and overdrafts	1,470,698	2,775,710
Net obligations under finance leases and hire purchase contracts	85,018	237,527
Trade creditors	2,357,488	2,057,478
Amounts owed to group undertakings	905,997	3,601,766
Corporation tax	1,302,640	-
Social security and other taxes	259,429	332,310
Other creditors	88,882	-
Accruals and deferred income	1,961,678	702,548
	<u>9,431,830</u>	<u>10,707,339</u>

The repayment date of the £1,000,000 debenture loan is 31 December 2011. Interest is chargeable at 1 1% per annum.

Bank loans and overdrafts comprise an overdraft of £42,657 (2009 £1,294,887) and bank loan repayments falling due within one year of £1,428,041 (2009 £1,480,823). The loan is secured by Bifrangì S P A and is repayable in twelve equal half yearly instalments starting eighteen months from 2 December 2004. The interest rate for the loan is variable and is calculated based on an applicable margin. The margin is calculated by reference to the ratio Net Debt to EBITDA, where EBITDA is earnings before interest, tax, depreciation and amortisation, EURIBOR and mandatory costs levied by the bank to cover its costs of complying with the requirements of the Financial Services Act.

Finance lease and hire purchase are secured on the assets concerned.

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 the year. The loan is repayable in four equal annual instalments starting on 31 December 2011. The total translated balance outstanding at the year end is £3,470,311 (2009 £3,553,976), of which £899,837 is due within one year and £2,570,474 is due after more than one year. Interest is chargeable at the EONIA rate minus 0.20%.

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

16. CREDITORS:

Amounts falling due after more than one year

	2010	2009
	£	£
Bank loans	-	1,480,824
Net obligations under finance leases and hire purchase contracts	-	90,075
Amounts owed to group undertakings	2,570,474	2,665,482
	<u>2,570,474</u>	<u>4,236,381</u>

Included within the above are amounts falling due as follows

	2010	2009
	£	£
Between one and two years		
Bank loans	-	1,480,824
	<u>-</u>	<u>1,480,824</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2010	2009
	£	£
Between one and five years	-	90,075
	<u>-</u>	<u>90,075</u>

Finance lease and hire purchase are secured on the assets concerned

17. DEFERRED TAXATION

	2010	2009
	£	£
At beginning of year	693,627	735,885
Charge for/(released during) year	89,940	(42,258)
	<u>783,567</u>	<u>693,627</u>
At end of year	<u>783,567</u>	<u>693,627</u>

The provision for deferred taxation is made up as follows

	2010	2009
	£	£
Accelerated capital allowances	783,567	864,367
Tax losses	-	(170,740)
	<u>783,567</u>	<u>693,627</u>

18. SHARE CAPITAL

	2010	2009
	£	£
Allotted, called up and fully paid		
4,000,000 Ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

19. RESERVES

	Profit and loss account £
At 1 January 2010	5,141,765
Profit for the year	3,787,719
At 31 December 2010	<u>8,929,484</u>

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	9,141,765	10,975,700
Profit/(loss) for the year	3,787,719	(1,833,935)
Closing shareholders' funds	<u>12,929,484</u>	<u>9,141,765</u>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit/(loss)	5,052,537	(2,577,608)
Amortisation of intangible fixed assets	(7,767)	(14,808)
Depreciation of tangible fixed assets	1,998,038	2,060,621
(Profit)/loss on disposal of tangible fixed assets	(1,994)	137,939
(Increase)/decrease in stocks	(1,892,851)	6,386,598
(Increase)/decrease in debtors	(1,271,520)	3,194,345
(Increase)/decrease in amounts owed by group undertakings	(763,198)	343,571
Decrease in creditors	(368,772)	(5,358,889)
Net cash inflow from operations	<u>2,744,473</u>	<u>4,171,769</u>

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

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	1,751	-
Interest paid	107,734	(230,791)
Hire purchase interest	7,345	(31,350)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>116,830</u>	<u>(262,141)</u>

BIFRANGI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

	2010 £	2009 £
Taxation		
Corporation tax (paid)/repaid	<u>642,573</u>	<u>(637,050)</u>
	2010 £	2009 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(973,115)	(1,710,613)
Sale of tangible fixed assets	1,994	-
	<u>(971,121)</u>	<u>(1,710,613)</u>
Net cash outflow from capital expenditure		
	2010 £	2009 £
Financing		
Repayment of loans	(1,617,271)	(1,574,028)
New loans	-	3,553,976
Repayment of finance leases	(242,584)	(1,032,786)
	<u>(1,859,855)</u>	<u>947,162</u>
Net cashflow from financing		

23. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Cash at bank and in hand	2,440,357	(579,331)	-	1,861,026
Bank overdraft	(1,294,887)	1,252,231	-	(42,656)
	<u>1,145,470</u>	<u>672,900</u>	<u>-</u>	<u>1,818,370</u>
Debt:				
Finance leases	(327,602)	242,584	-	(85,018)
Debts due within one year	(3,369,318)	41,439	-	(3,327,879)
Debts falling due after more than one year	(4,146,306)	1,575,832	-	(2,570,474)
	<u>(6,697,756)</u>	<u>2,532,755</u>	<u>-</u>	<u>(4,165,001)</u>
Net debt				

24 CAPITAL COMMITMENTS

At 31 December 2010 the company had capital commitments as follows

	2010 £	2009 £
Contracted for but not provided in these financial statements	<u>156,977</u>	<u>106,619</u>

BIFRANGI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

25. RELATED PARTY TRANSACTIONS

Included in creditors due within one year is a £1,000,000 (2009 £1,000,000) advance from Fincoil Investissement S A a company which owns 40% of this company's share capital. The loan is repayable on 31 December 2011. Interest is chargeable at 4.5% per annum. Interest totalling £102,403 (2009 £91,250) was outstanding at 31 December 2010 and is included in the accruals.

The company has a loan outstanding to its parent company Bifrangì S P A of €4,000,000. The translated balance outstanding at the year end is £3,470,311 (2009 £3,553,976), of which £899,837 is due within one year and £2,570,474 is due after more than one year. Interest is chargeable at the EONIA rate minus 0.20%. Interest payable in the year totalled £43,013 (2009 £23,528).

The company trades with its parent company Bifrangì S P A. During the year the company acquired goods and services to the value of £596,034 (2009 £551,393) from Bifrangì S P A. At the year end trade creditors included £3,476,470 (2009 £2,713,272) due to Bifrangì S P A and debtors included £12,368 (2009 £191,182) due from Bifrangì S P A. There were sales to Bifrangì S P A of £204,484 (2009 £128,178).

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.