Company Registration No 305275

DENSO MARSTON LIMITED

Report and Financial Statements

31 March 2011

DENSO MARSTON LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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DENSO MARSTON LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Nicolelli
M Inoue
T Sugiyama

SECRETARY

J White

REGISTERED OFFICE

Marston House
Otley Road
Shipley
West Yorkshire
BD17 7JR

BANKERS

Lloyds TSB
City Office
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

Citibank
Citibank Centre
Canada Square
Canary Wharf
London
E14 5LB

The Bank of Tokyo-Mitsubishi UFJ, Ltd
London Branch
Finsbury Circus House
12-15 Finsbury Circus
London
EC2M 7BT

AUDITORS

Deloitte LLP
Chartered Accountants & Statutory Auditor
Leeds

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of DENSO Corporation, which is incorporated in Japan, and is a leading global supplier of advanced automotive technologies, systems and components The immediate parent company is DENSO International UK Ltd At the operational and reporting level, the company is a member of DENSO's Thermal Europe Centre, which is headquartered in Italy and has member businesses in the United Kingdom, Italy, Czech Republic, Spain, Portugal, Turkey and Poland

The company's principal activity is the manufacture of radiators, charge air coolers, oil coolers and fuel coolers, for the truck, off-highway (construction and agriculture) and power generation sectors

Turnover for the year showed an increase from £50m to £79m (58%), reflecting strong market conditions All sectors showed strong recoveries from the previous year lows, with the construction and power generation sectors particularly strong

Compared to the previous, very difficult year, the company improved its Gross Profit margin from 9 9% to 15 5% of sales Administration and Distribution costs increased from £3 7m to £5 0m, to support the higher sales In common with many companies running a Defined Benefit Pension Scheme, the balance sheet has been impacted significantly by the movement in the Pension Fund balance, which this year moves from a liability (£4 1m) to an asset (£5 0m), primarily as a result of investment performance and movements in interest rates and the change in statutory pensions increases to be based on the consumer prices index Net Assets have increased from £17m to £29m, partly explained by the Pension Fund movement During the year the company has paid down its loan from group undertakings by £6 5m, in compliance with the agreed terms and the remaining balance of £2 5m will be repaid in the current year Because the company is a division of a larger group, the directors believe that no further key performance indicators are required to assess the company's performance Discussion of KPIs of the division is made in the accounts of Denso Corporation which are publicly available

The company continues to invest strongly in new technology, and in research and development activities

The directors believe that the company is in excellent financial health and has emerged from the recent recession as a far stronger competitor in the marketplace

PRINCIPAL RISKS AND UNCERTAINTIES

Markets and customers - The success of any business is contingent upon the success of its customers and the strength of the market sectors in which it operates The company's main marketplaces are United Kingdom and Europe with 75% of sales (2010 72%) and the Americas with 23% (2010 26%) The company is very proud of its high quality customer base

Competitors - The company operates in a highly competitive and ever changing marketplace, and has done so for over 100 years Competition will always involve risk and uncertainty, but the directors regard this as healthy, and welcome the continuous improvement which must inevitably follow

Currency - The company has some currency exposure, primarily in purchasing Euros and in selling US Dollars Foreign Currency exposure risk is managed by the Group's European Central Treasury Function in Amsterdam Any local deficit/surplus in Euros/US Dollars is purchased/sold for Pounds through the Central Treasury Function at rates fixed in advance for the duration of the financial year

Cash flow – The company has in place credit facilities provided by the Group's European Central Treasury Function which provides for all the company's cash requirements There are no external borrowings

RESEARCH AND DEVELOPMENT

Research and development activity has been concerned with products and process reliability and also the development of new products to increase the company's competitive position

DIVIDENDS AND TRANSFERS TO RESERVES

The directors recommend the payment of a dividend of £1,980,000 (2010 Nil) As this has not been approved by shareholders no liability has been recorded at the year end The retained profit for the financial year of £4,894,000 (2010 £1,172,000) is to be transferred to reserves

DIRECTORS' REPORT (continued)

DIRECTORS

The directors who held office during the year and since the year end were as follows

M Nicolelli
T Sugiyama
M Inoue

ENVIRONMENT

The Company is accredited to ISO 14001, first achieving certification in 1996, and last received recertification in September 2010 Through the company's commitment to the Group wide DENSO EcoVision 2015 programme it is committed to programmes of continual environmental improvement It is the policy of the company to perform all activities giving due consideration to the environmental expectations and obligations relative to regulatory bodies, customers, suppliers, employees, DENSO Corporation objectives and the needs of the wider community

The environmental objectives of the company are to -

* Strengthen Environmental Management within the Company, the European Group of DENSO Companies and the Thermal Systems Group, by active and vigorous engagement with the policies, targets and programmes of these component parts of the overall DENSO Group
* Implement Environmentally Sensitive Design, by controlling and reducing the impact of our designs and the materials embodied in these on the environment, and by promoting sustainable practices within our supply chain
* Achieve a clean factory by reducing the environmental load of our production processes and practices, by reducing energy consumption and waste, minimising waste to landfill, and by streamlining our distribution and logistics system to reduce emissions from unnecessary transportation
* Promote Environmental Activity within the Community, by maintaining and improving the Nature Reserve, by playing a prominent role within local Business and Environmental organisations and by acting as an example for educational activity

The company is committed to operating our facilities in a responsible and safe manner, with concern for the prevention of pollution, the environment and the community in which it operates The company commits itself to both meet current legislative requirements and also to work for a continual improvement in environmental performance

QUALITY SYSTEMS

DENSO Marston is accredited to ISO TS 16949 2009 and ISO 9001 2008 The company is totally committed to customer satisfaction through higher levels of quality, with a strong history of Kaizen (continual improvement) This is reflected in our Customer Claim Defect Ratio which we have reduced for the fourth consecutive year

The quality improvement objectives of the company are

- Ensure each associate has the motivation for improvement,
- Develop key suppliers proactively to improve competences and quality systems,
- Clearly define, adhere to and improve our operational methods, and
- Continually monitor and take actions to improve the 'Key Performance Indicators'

DIRECTORS' REPORT (continued)

EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 11

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues by assessing any adjustments that may be made together with the provision of appropriate training It is the policy of the company that the training, career development and promotion of disabled persons should be free from discrimination and the same opportunities be available to all employees

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters Employee representatives are consulted regularly on a wide range of matters affecting their interests

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political contributions during the year (2010 £nil) Charitable donations of £2,000 (2010 £2,000) were made during the year

SUPPLIER PAYMENT POLICY

The company's policy is to pay suppliers in accordance with the agreed terms Trade creditors at 31 March 2011 were equivalent to 16 7 (2010 20 8) days' purchases calculated on a first-in-first-out basis

GOING CONCERN

The Directors believe that DENSO Marston Limited will continue to be cash-generative for at least the next 12 months The directors consider that, having reviewed cash flow forecasts for this period which allow for appropriate downside sensitivities, DENSO Marston has adequate debt facilities in place with the group to cover its requirements They believe the company is a going concern based on the existence of future business and continued financial support being made available from DENSO Group

DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the Company at the date of approval of this report

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

AUDITOR

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

JCWhite

J C White
Secretary
23 June 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENSO MARSTON LIMITED

We have audited the financial statements of DENSO Marston Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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 March 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 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

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

Chris Powell

Christopher Powell FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds, England
29 June 2011

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2011

	Note	2011 £'000	2010 £'000
TURNOVER	2	78,971	49,820
Cost of sales		(66,734)	(44,878)
Gross profit		12,237	4,942
Distribution costs		(1,055)	(417)
Administrative expenses		(3,932)	(3,307)
Other operating expense		(1,197)	(437)
OPERATING PROFIT	4	6,053	781
Interest receivable and similar income	5	869	13
Interest payable and similar charges	6	(321)	(774)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,601	20
Tax on profit on ordinary activities	7	(1,707)	1,152
RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	14,15	4,894	1,172

The results of the current and previous year derive wholly from continuing operations

A reconciliation of movements in equity shareholders' funds is given in note 15 to the financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March 2011

	2011 £'000	2010 £'000
Profit for the financial year	4,894	1,172
Actuarial gain/(loss) in relation to the pension scheme (Note 19)	5,363	(9,532)
Deferred tax credit/(charge) in relation to the pension scheme	1,707	(52)
Total recognised gains relating to the year	11,964	(8,412)

The accompanying notes are an integral part of this profit and loss account and this statement of total recognised gains and losses

BALANCE SHEET
31 March 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	8	22,740	23,828
CURRENT ASSETS			
Stocks	9	5,964	3,589
Debtors due within one year	10	19,613	11,813
Cash at bank and in hand		239	170
		25,816	15,572
CREDITORS. amounts falling due within one year	11	(24,341)	(15,582)
NET CURRENT ASSETS/(LIABILITIES)		1,475	(10)
TOTAL ASSETS LESS CURRENT LIABILITIES		24,215	23,818
CREDITORS: amounts falling due after one year	12	-	(2,500)
NET ASSETS EXCLUDING PENSION ASSET		24,215	21,318
Pension asset/(liability)	19	4,969	(4,098)
NET ASSETS		29,184	17,220
CAPITAL AND RESERVES			
Called up share capital	13	1,500	1,500
Profit and loss account	14	27,684	15,720
SHAREHOLDERS' FUNDS	15	29,184	17,220

These financial statements of DENSO Marston Limited, company number 305275, were approved by the Board of Directors on 23 June 2011

Signed on behalf of the Board of Directors

Director

The accompanying notes form an integral part of this balance sheet

DENSO MARSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

1. **ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards The significant accounting policies which have been applied consistently throughout the current and preceding year are described below

Basis of preparation

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

Under the provisions of FRS 1 Cash flow statements (Revised 1996), the Company has not prepared a cash flow statement, because its ultimate parent company, DENSO Corporation, has prepared consolidated financial statements which are publicly available and include the financial statements of the Company and which contain a cash flow statement

Going concern

The directors have prepared the accounts on a going concern basis For more details, see the directors' report

Depreciation

Tangible fixed assets are stated at cost less provision for depreciation and impairment

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets less estimated residual value by equal annual instalments over their estimated useful lives as follows

Freehold buildings	40 years
Leasehold land and buildings	life of lease
Plant, tools, fixtures and fittings and equipment	between 4 and 15 years

No depreciation is provided on freehold land

Expenditure on patents purchased by the company is charged against profits in the year in which it is incurred

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs Provision is made for obsolete, slow-moving or defective items where appropriate

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially 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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

1. **ACCOUNTING POLICIES (continued)**

Taxation (continued)

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 substantially enacted

Deferred tax assets and liabilities are not discounted

Tools

Purchases of process tooling are included in tangible fixed assets Tooling for the production of specific components is held as a current asset and to the extent that it is not recoverable from the respective customer is charged to the profit and loss account over its estimated useful life

Foreign currencies

Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling at the balance sheet date Exchange differences arising on normal trading transactions in the year are included in the profit and loss account

Turnover

Turnover consists of sales to third parties net of discounts and excluding VAT Sales are recognised as goods are despatched to customers in the normal course of business

Leases

Leases are accounted for as "operating leases" and the rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs

DENSO Marston Limited operates a company pension fund - The DENSO Marston Pension Scheme The scheme is of the defined benefit type whereby annual contributions are determined on the recommendations of independent actuaries (see note 19) The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The scheme is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year and contributions actually paid are shown as either accrual or prepayments in the balance sheet

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

2 TURNOVER

Turnover represents amounts invoiced by the company for goods despatched to customers in the normal course of business during the year, excluding value added tax

	2011 £'000	2010 £'000
United Kingdom	39,504	21,991
Rest of Europe	19,657	14,120
The Americas	18,121	12,979
Asia	1,689	730
	78,971	49,820

The directors consider that the company operates in one business segment

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2011 £'000	2010 £'000
Directors' emoluments	180	555

The aggregate of emoluments of the highest paid director was £180,000 (2010 £555,000)

	2011 No.	2010 No.
Remuneration benefits are accruing to the following number of directors under		
Defined benefit scheme	-	-

The average number of persons employed by the company (including directors) during the year was as follows

	2011 No.	2010 No.
Average number of persons employed	640	525

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	15,327	11,520
Social security costs	1,152	875
Pension costs	669	578
	17,148	12,973

Other directors are employed by other group companies and are also directors of other group companies It is not practical to allocate this between the services as executives of DENSO Marston Limited and their services to other group companies

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

4. OPERATING PROFIT

Operating profit is stated after charging:	2011 £'000	2010 £'000
Reorganisation costs	-	399
Depreciation of tangible fixed assets		
- Owned	4,105	4,857
Loss on sale of fixed assets	5	11
Impairment of fixed assets	333	41
Research and development costs	388	214
Hire of plant and machinery	304	307
Foreign exchange losses	824	15

Auditors' remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	33	33
Total audit fees	33	33
Tax services	5	11
Total non audit fees	5	11

Reorganisation costs of £nil (2010 £399,000) represent the employment costs associated with a reduction in headcount

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Bank interest receivable	-	13
Net return on pension scheme	869	-
Total	869	13

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Amounts payable on group loan	321	707
Net return on pension scheme	-	67
Total	321	774

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no current tax charge for the current and previous year The company has tax losses carried forward for relief against future trading profits amounting to approximately £5,437,000 (2010 £13,607,000) and capital allowances and short term timing differences of £14,196,000 (2010 £8,489,000) A deferred tax asset has been recognised in the year relating to the losses and some of the capital allowances (note 10) At 31 March 2011 the unrecognised net deferred tax asset was £2,259,000 (2010 £6,235,000)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2011 £'000	2010 £'000
Current tax		
UK corporation tax at 28% (2010 28%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	1,622	(1,152)
Effect of change in tax rate	85	-
Total deferred tax	1,707	(1,152)
Tax on profit on ordinary activities	1,707	(1,152)

The difference between the nil tax charge and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	6,601	20
Tax on profit on ordinary activities of the standard UK corporation tax rate of 28% (2010 28%)	1,848	6
Effect of		
Capital allowances in excess of depreciation	(634)	(704)
Expenses not deductible for tax purposes	58	28
Carry forward of tax losses	-	716
Utilisation of tax losses	(670)	-
Short term timing differences	(602)	(46)
Current tax credit for the year	-	-

	2011 Provided £'000	2011 Unprovided £'000	2010 Provided £'000	2010 Unprovided £'000
Deferred taxation and short term timing differences				
Capital allowances in excess of depreciation	1,432	1,381	-	2,377
Losses	1,414	-	1,100	2,710
Other timing differences	-	878	-	-
Pensions	-	-	-	1,147
	2,846	2,259	1,100	6,234

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Plant and machinery £'000	Payments on account and assets in the course of construction £'000	Total £'000
Cost					
At beginning of year	11,126	5,018	60,050	1,945	78,139
Additions	-	-	-	3,354	3,354
Transfers	-	-	2,933	(2,933)	-
Disposals	-	-	(1,864)	-	(1,864)
At end of year	11,126	5,018	61,119	2,366	79,629
Depreciation					
At beginning of year	3,486	1,301	49,524	-	54,311
Charge for year	266	58	3,781	-	4,105
Impairment	-	-	333	-	333
Disposals	-	-	(1,860)	-	(1,860)
At end of year	3,752	1,359	51,778	-	56,889
Net book value					
At 31 March 2011	7,374	3,659	9,341	2,366	22,740
At 31 March 2010	7,640	3,717	10,526	1,945	23,828

Included in freehold land and buildings is land at a cost of £1,655,000 (2010 £1,655,000) which is not depreciated

9. STOCKS

	2011 £'000	2010 £'000
Raw materials and consumables	2,792	1,952
Work-in-progress	2,415	1,269
Finished goods	757	368
	5,964	3,589

There is no material difference between the balance sheet value of stocks and their replacement cost

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

10. DEBTORS

	2011 £'000	2010 £'000
Trade debtors	14,642	9,296
Amounts owed by group undertakings	1,470	1,070
Other debtors	161	92
Prepayments and accrued income	151	135
Tooling prepayment	343	120
Deferred taxation	2,846	1,100
	19,613	11,813

The recognition of the deferred tax asset is based on management's assessment that it is probable that the entity will have taxable profits against which the unused tax losses can be utilised Generally, in determining the amount of deferred tax asset to recognise, management use profitability information and forecasted operating results based on approved business plans

On 23 March 2011 the government announced that it intended to reduce the rate of corporation tax to 26% with effect from 1 April 2011 and then by 1% per annum to 23% by 1 April 2014

The reduction in the corporation tax rate to 26% was substantively enacted on 29 March 2011 and accordingly, deferred tax balances have been valued to the lower rate of 26% in these accounts

If the net deferred tax asset of the company were to reverse after 1 April 2014, the effect of the changes from 26% to 23% would be to reduce the net deferred tax asset by £127,000 To the extent that the net deferred tax asset reverses more quickly than this the impact on the net deferred tax asset will be reduced

11. CREDITORS amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	8,672	4,467
Amounts owed to group undertakings	13,357	9,202
Other creditors including taxation and social security	1,370	938
Accruals and deferred income	942	975
	24,341	15,582

The amounts owed to group undertakings include £12,072,000 (2010 £1,476,000) of group loans that are repayable on demand

12. CREDITORS: amounts falling due after one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	-	2,500

13. SHARE CAPITAL

	2011 £'000	2010 £'000
Allotted, called up and fully paid		
1,500,000 ordinary shares of £1 each	1,500	1,500

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

14. RESERVES

	Profit and loss account £'000
At 1 April 2010	15,720
Retained profit for the year	4,894
Actuarial gain relating to the pension scheme	5,363
Deferred tax credit relating to the pension scheme	1,707
At 31 March 2011	27,684

	2011 £'000	2010 £'000
Profit and loss reserve excluding pension asset	22,715	19,818
Amount relating to defined benefit pension scheme asset	4,969	(4,098)
Profit and loss reserve	27,684	15,720

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Retained profit for the year	4,894	1,172
Dividend paid (note 20)	-	(1,031)
Actuarial loss relating to the pension scheme	5,363	(9,532)
Deferred tax credit/(charge) on actuarial loss/gain	1,707	(52)
Net addition/(reduction) to equity shareholders' funds	11,964	(9,443)
Opening equity shareholders' funds	17,220	26,663
Closing equity shareholders' funds	29,184	17,220

16 COMMITMENTS

Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	2011 £'000	2010 £'000
Contracted commitments	3,816	1,834

17. CONTINGENT LIABILITIES AND GUARANTEES

The company's bankers have provided an unsecured guarantee to HMRC in respect of duties payable by the company At the balance sheet date, the guarantee amounted to £600,000 (2010 £600,000)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

18. OPERATING LEASE COMMITMENTS

Annual commitments under operating leases are as follows

	Plant and machinery	
	2011	2010
	£'000	£'000
Contracts expiring		
Within one year	117	144
In the second to fifth years	202	171
	319	315

19. PENSION COSTS

The company operates a defined benefit pension scheme The results of the most recent full actuarial valuation at 6 April 2009 were updated to 31 March 2011 by a qualified actuary

The major assumptions used in this valuation were

	2011	2010	2009
Rate of increase in salaries	3 55%	3 70%	3 00%
Rate of increase in pensions in payment	3 25%	3 40%	2 70%
Discount rate applied to scheme liabilities	5 50%	5 60%	6 45%
Inflation assumption	3 35%	3 50%	2 80%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Mortality assumptions:

Consideration has been given to the mortality experience of the Group's defined benefit scheme It is concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates The assumed life expectations on retirement at age 65 are

	Valuation at	
	2011	2010
	years	years
Retiring today		
Males	20 2	20 2
Females	22 7	22 7
Retiring in 20 years		
Males	22 1	22 1
Females	24 5	24 5

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0 5%	Decrease/increase by 10%
Rate of inflation	Increase/decrease by 0 5%	Increase/decrease by 9%
Rate of salary growth	Increase/decrease by 0 5%	Increase/decrease by 2%
Rate of mortality	Increase by 1 year	Increase by 3%

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

19. PENSION COSTS (continued)

The fair value of the defined benefit scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, are set out below

	Long term rate of return 2011	Value at 2011 £'000	Long term rate of return 2010	Value at 2010 £'000	Long term rate of return 2009	Value at 2009 £'000
Equities	n/a	-	n/a	-	7 55%	33,583
Diversified Growth vehicle	7 85%	59,714	8 00%	58,143	-	-
Index linked bonds and inflation-linked swap instruments	4 35%	21,634	4 50%	17,059	4 05%	14,782
Fixed interest bonds and interest rate swap instruments	4 35%	22	4 50%	3,804	4 05%	17,069
Other	2 00%	384	2 00%	668	0 50%	540
		81,754		79,674		65,974
Present value of scheme liabilities		(75,039)		(83,772)		(60,706)
(Deficit)/asset in the pension scheme		6,715		(4,098)		5,268
Deferred tax balance recognised		(1,746)		-		(1,475)
		4,969		(4,098)		3,793

In 2010 the scheme was in deficit, however no recognition was made of the potential deferred tax asset

For the year ended 31 March 2011 the contribution rate was 13% of pensionable earnings The agreed contribution rate for future years is 13% of pensionable earnings The pension credit for the year relating to the scheme was £248,000 (2010 £594,000 charge)

In July 2010, following the agreement of the Actuarial Valuation dated 6th April 2009, the Company committed to make annual contributions of £3,000,000 into the defined benefit scheme for a period of five years, with the first payment having been made in March 2011 This agreed contribution schedule will be reviewed and may be revised after finalisation of the next triennial scheme valuation at 6th April 2012

The UK Government has announced that statutory pension increases and revaluation would be based on the Consumer Prices Index ("CPI") measure of price inflation rather than Retail Prices Index ("RPI") measure The effect of this change on the company's defined benefit pension scheme in the current year has been at additional gain through equity of £3 8m

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

19. PENSION COSTS (continued)

Movement in surplus during the year

	2011 £'000	2010 £'000
(Deficit)/surplus in scheme at beginning of year	(4,098)	5,268
Current service cost	(645)	(527)
Contributions paid	5,202	760
Other finance income/(cost)	869	(67)
Actuarial gain/(loss)	5,363	(9,532)
Gain on settlements	24	-
Surplus/(deficit) in scheme at end of year	6,715	(4,098)

Movements in the present value of the defined benefit obligations were as follows

	2011 £'000	2010 £'000
At 1 April	83,772	60,706
Current service cost	645	527
Interest cost	4,425	3,806
Contributions by scheme participants	379	452
Actuarial (gains)/losses	(3,537)	22,659
Benefits paid, death in service insurance premiums and expenses	(2,905)	(4,378)
Liabilities extinguished on settlements	(7,740)	-
At 31 March	75,039	83,772

Movements in the fair value of the scheme assets are as follows

	2011 £'000	2010 £'000
At 1 April	79,674	65,974
Expected return on scheme assets	5,294	3,739
Actuarial gains	1,826	13,127
Contributions by the company	5,202	760
Contributions by scheme participants	379	452
Benefits paid, death in service insurance premiums and expenses	(2,905)	(4,378)
Assets distributed on settlements	(7,716)	-
At 31 March	81,754	79,674

Analysis of other pension costs in arriving at operating profit

	2011 £'000	2010 £'000
Current service cost	645	527
Gain on settlements	(24)	-
	621	527

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

19. PENSION COSTS (continued)

Analysis of amounts included in other finance costs	2011 £'000	2010 £'000
Expected return on pension scheme assets	5,294	3,739
Interest on pension scheme liabilities	(4,425)	(3,806)
	869	(67)

History of experience gains and losses	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Actual return less expected return on scheme assets	1,826	13,127	(12,252)	(5,407)	(534)
Percentage of year end scheme assets	2%	16%	(19%)	(7%)	(1%)
Experience gains and losses arising on scheme	-	(3,409)	380	(244)	10,501
Percentage of present value of year end scheme liabilities	-	(4%)	1%	(0%)	14%
Changes in assumptions underlying the present value of scheme liabilities	3,537	(19,250)	10,657	6,679	6,353
Percentage of present value of year end scheme liabilities	5%	(23%)	18%	10%	9%
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	5,363	(9,532)	(1,215)	1,028	16,320

20. DIVIDENDS ON EQUITY SHARES

	2011 £'000	2010 £'000
Proposed final dividend for the year ended 31 March 2011	1,980	-

21. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING

The ultimate parent company is DENSO Corporation incorporated in Japan The parent undertaking of the largest group which includes the company and for which group accounts are prepared is DENSO Corporation Copies of the group financial statements are available from DENSO Corporation, Financial Planning Centre, 1-1, Show a-cho, Kariya, Aichi 448 – 8661, Japan

The parent undertaking of the smallest group for which the group accounts are drawn up and of which the company is a member is DENSO International (Europe) BV incorporated in Holland

22. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption in Financial Reporting Standard 8 'Related Party Transactions' from disclosing transactions with other wholly owned members of the group headed by DENSO Corporation Limited