Company Registration No. 305275

Denso Marston Limited

Report and Financial Statements

31 March 2012

Denso Marston Limited

Report And Financial Statements 2012

Contents

Denso Marston Limited

Report And Financial Statements 2012

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
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E14 5LB

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

Auditor

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 2012

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 £79m to £89m (13%), reflecting more stable market conditions All sectors showed improvement from the previous year, with the construction sector particularly strong

Compared to the previous year, the Gross Profit margin remained steady at 15% of sales Administration and Distribution costs improved from 6 3% to 5 2% of sales, contributing to a strong Profit before Taxation (before Exceptional items) of 10 9% (2011 8 3%) of sales

In March 2012 the Company completed an Insurance Buy Out of its Defined Benefit Pension Scheme, in order to completely remove all risk from its balance sheet relating to past service liabilities of the scheme In addition to this, the Company entered into a further insurance arrangement designed to fund the future accrual of retirement benefits for existing members of the scheme This insured benefit will be financed by the Company on a year on year basis, and will provide each member with an individual annual insurance policy giving equivalent benefits to those previously enjoyed as a member of the Pension Scheme This was an innovative and ground-breaking transaction within the UK Pensions Industry The benefit to the Company is the complete removal of all risk and volatility relating to past liabilities, together with certainty regarding the future cost of funding retirement benefits

The accounting presentation of this transaction necessitates a significant charge to the profit & loss account, which has been disclosed as an "exceptional item" as this cost is not a normal operating cost, and has not impacted adversely on the Company's net assets, due to a cash injection by way of share capital of £52 3m from the parent Company

Net Assets have increased from £29 2m to £29 3m 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, and the directors believe that the Company is in excellent financial health, made even stronger by the removal of all pension risk

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 (2011 75%) and the Americas with 22% (2011 23%) 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

Directors' report (continued)

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 The cost incurred in the year is disclosed in Note 4

Dividends and transfers from reserves

The directors have not proposed a final dividend (2011 £1,980,000) The dividend proposed in 2011 had not been approved by the shareholder and as such no liability was recorded at that year end This dividend was authorised this year and paid in March 2012 The retained loss for the financial year of £55,018,000 (2011 £4,894,000) is to be transferred to reserves

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 2012 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, and
* 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

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 (2011 £nil) Charitable donations of £2,000 (2011 £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 2012 were equivalent to 25 days' purchases (2011 17 days') calculated on a first-in-first-out basis

Fixed assets

In the opinion of the directors, there were no material differences between the market values of the company's assets and their net book values

Going concern

The Directors believe that DENSO Marston Limited will continue have sufficient cash and borrowing facilities for at least the next 12 months The directors consider that, having considered uncertainties and 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 auditor

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
30 October 2012

Denso Marston Limited

Directors' responsibilities statement

The dırectors are responsıble for preparıng the Annual Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under Company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the Company and of the profit or loss of the Company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgments and accountıng estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the Company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the Company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the Company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the Company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

The dırectors are responsıble for the maıntenance and ıntegrıty of the corporate and financıal ınformatıon ıncluded on the Company's websıte Legıslatıon ın the Unıted Kıngdom governıng the preparatıon and dıssemınatıon of financıal statements may dıffer from legıslatıon ın other ȷurısdıctıons

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 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21 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 2012 and of its loss 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

Matthew Hughes

Matthew Hughes ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, England
1 November 2012

Denso Marston Limited

Profit and loss account
Year ended 31 March 2012

	Note	Before exceptional items £'000	Exceptional items £'000	Total 2012 £'000	2011 £'000
Turnover	2	89,112	-	89,112	78,971
Cost of sales		(75,459)	-	(75,459)	(66,734)
Gross profit		13,653	-	13,653	12,237
Distribution costs		(335)	-	(335)	(1,055)
Administrative expenses		(4,258)	-	(4,258)	(3,932)
Other operating expense		(569)	(55,018)	(55,587)	(1,197)
Operating (loss)/profit	4	8,491	(55,018)	(46,527)	6,053
Interest receivable and similar income	5	1,435	-	1,435	869
Interest payable and similar charges	6	(191)	-	(191)	(321)
(Loss)/profit on ordinary activities before taxation		9,735	(55,018)	(45,283)	6,601
Tax on loss/profit on ordinary activities	7	2,806	-	2,806	(1,707)
Retained (loss)/profit for the financial year transferred from/to reserves	13,14	12,541	(55,018)	(42,477)	4,894

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

A reconciliation of movements in shareholders' funds is given in note 14 to the financial statements

Statement Of Total Recognised Gains And Losses

Year ended 31 March 2012

	2012 £'000	2011 £'000
(Loss)/profit for the financial year	(42,477)	4,894
Actuarial (loss)/gain in relation to the pension scheme (Note 18)	(6,006)	5,363
Deferred tax credit in relation to the pension scheme	(1,706)	1,707
Total recognised (losses)/gains relating to the year	(50,189)	11,964

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

Denso Marston Limited

Balance Sheet
31 March 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	8	25,868	22,740
Current assets			
Stocks	9	6,498	5,964
Debtors due within one year	10	22,432	19,613
Cash at bank and in hand		21	239
		28,951	25,816
Creditors: amounts falling due within one year	11	(25,504)	(24,341)
Net current assets		3,447	1,475
Total assets less current liabilities		29,315	24,215
Pension asset	18	-	4,969
Net assets		29,315	29,184
Capital and reserves			
Called up share capital	12	1,501	1,500
Share premium	13	52,299	-
Profit and loss account	13	(24,485)	27,684
Shareholders' Funds	14	29,315	29,184

These financial statements of DENSO Marston Limited, Company number 305275, were approved by the Board of Directors on 30 October 2012

Signed on behalf of the Board of Directors

M Inoue
Director

The accompanying notes form an integral part of this balance sheet

Notes to the financial statements
Year ended 31 March 2012

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 financial statements on a going concern basis For more details, see the directors' report on page 4

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

No depreciation is provided on assets in the course of construction

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

Notes to the financial statements
Year ended 31 March 2012

1. **Accounting policies (continued)**

Taxation (continued)

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

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 operated a Company pension fund - The DENSO Marston Pension Scheme during the year The scheme was of the defined benefit type whereby annual contributions were determined on the recommendations of an independent actuary (see Note 18) 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 and exceptional items (Note 4) 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 was 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 were 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 2012

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

	2012 £'000	2011 £'000
United Kingdom	43,955	39,504
Rest of Europe	22,840	19,657
The Americas	19,229	18,121
Asia	3,088	1,689
	89,112	78,971

The directors consider that the Company operates in one business segment

3. Information regarding directors and employees

	2012 £'000	2011 £'000
Directors' emoluments	186	180

One director receives emoluments from the Company

	2012 No.	2011 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

	2012 No.	2011 No.
Average number of persons employed	710	640

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	17,286	15,327
Social security costs	1,288	1,152
Pension costs	803	669
	19,377	17,148

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 2012

4. Operating (loss)/profit

Operating (loss)/profit is stated after charging.	2012 £'000	2011 £'000
Loss on buyout of the pension scheme (Note 18)	55,018	-
Depreciation of tangible fixed assets		
- Owned	3,835	4,105
Loss on sale of fixed assets	-	5
Impairment of fixed assets	-	333
Research and development costs	518	388
Hire of plant and machinery	333	304
Foreign exchange losses	534	824
Staff costs (Note 3)	19,377	17,148

Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's financial statements	33	33
Total audit fees	33	33
Tax services	8	5
Other services	2	-
Total non audit fees	10	5

5 Interest receivable and similar income

	2012 £'000	2011 £'000
Net return on pension scheme	1,435	869
Total	1,435	869

6. Interest payable and similar charges

	2012 £'000	2011 £'000
Amounts payable on Group loan	191	321
Total	191	321

7. Tax on (loss)/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 £18,017,000 (2011 £5,437,000) and capital allowances and short term timing differences of £45,933,000 (2011 £14,196,000) 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 2012 the unrecognised net deferred tax asset was £13,148,000 (2011 £2,259,000)

Notes to the financial statements
Year ended 31 March 2012

7 **Tax on (loss)/profit on ordinary activities (continued)**

	2012 £'000	2011 £'000
Current tax		
UK corporation tax at 26% (2011 28%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(2,989)	1,622
Effect of change in tax rate	183	85
Total deferred tax	(2,806)	1,707
Tax on loss/profit on ordinary activities	(2,806)	1,707

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

	2012 £'000	2011 £'000
(Loss)/profit on ordinary activities before tax	(45,283)	6,601
Tax on (loss)/profit on ordinary activities of the standard UK corporation tax rate of 26% (2011 28%)	(11,774)	1,848
Effect of		
Capital allowances in excess of depreciation	(781)	(634)
Expenses not deductible for tax purposes	67	58
Movement in un-provided deferred tax	3,264	-
Utilisation of tax losses	-	(670)
Short term timing differences	9,224	(602)
Current tax credit for the year	-	-

	2012 Provided £'000	2012 Unprovided £'000	2011 Provided £'000	2011 Unprovided £'000
Deferred taxation and short term timing differences				
Capital allowances in excess of depreciation	-	1,871	1,432	1,381
Losses	2,200	2,124	1,414	-
Other timing differences	-	9,153	-	878
	2,200	13,148	2,846	2,259

Notes to the financial statements
Year ended 31 March 2012

8. Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Plant and machinery £'000	Assets in the course of construction £'000	Total £'000
Cost					
At beginning of year	11,126	5,018	61,119	2,366	79,629
Additions	-	-	-	6,963	6,963
Transfers	-	-	4,535	(4,535)	-
Disposals	-	-	(110)	-	(110)
At end of year	11,126	5,018	65,544	4,794	86,482
Depreciation					
At beginning of year	3,752	1,359	51,778	-	56,889
Charge for year	250	60	3,525	-	3,835
Disposals	-	-	(110)	-	(110)
At end of year	4,002	1,419	55,193	-	60,614
Net book value					
At 31 March 2012	7,124	3,599	10,351	4,794	25,868
At 31 March 2011	7,374	3,659	9,341	2,366	22,740

Included in freehold land and buildings is land at a cost of £1,655,000 (2011 £1,655,000) which is not depreciated

9 Stocks

	2012 £'000	2011 £'000
Raw materials and consumables	3,997	2,792
Work-in-progress	1,695	2,415
Finished goods	806	757
	6,498	5,964

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 2012

10. Debtors

	2012 £'000	2011 £'000
Trade debtors	17,708	14,642
Amounts owed by Group undertakings	1,141	1,470
Other debtors	396	161
Prepayments and accrued income	186	151
Tooling prepayment	801	343
Deferred taxation (Note 7)	2,200	2,846
	22,432	19,613

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

The Government has announced in March 2012 a further reduction of the rate of corporation tax, reducing it to 24% with effect from 1 April 2012 and then by a further 1% each year to 22% by 1 April 2014 The reduction in rate to 24% was substantively enacted by 31 March 2012, and accordingly deferred tax balances have been revalued to the rate of 24% in these accounts

11. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	9,669	8,672
Amounts owed to Group undertakings	13,697	13,357
Other creditors including taxation and social security	1,200	1,370
Accruals and deferred income	938	942
	25,504	24,341

The amounts owed to Group undertakings include £11,873,000 (2011 £12,072,000) of Group loans that are repayable on demand

12. Share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
1,501,000 ordinary shares of £1 each (2011 1,500,000 shares)	1,501	1,500

On 14 March 2012 the Company issued 1,000 shares at £52,300 per share to Denso International UK Limited This resulted in share premium of £52,299,000 (Note 13)

Notes to the financial statements
Year ended 31 March 2012

13. Reserves

	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 April 2011	-	27,684	27,684
Retained loss for the year	-	(42,477)	(42,477)
Share issue (Note 12)	52,299	-	52,299
Actuarial loss related to the pension scheme	-	(6,006)	(6,006)
Deferred tax charge on actuarial loss	-	(1,706)	(1,706)
Dividend paid	-	(1,980)	(1,980)
At 31 March 2012	52,299	(24,485)	27,814

14. Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Retained (loss)/profit for the year	(42,477)	4,894
Dividend paid (Note 19)	(1,980)	-
Actuarial (loss)/gain relating to the pension scheme	(6,006)	5,363
Share issue (Note 12)	52,300	-
Deferred tax (charge)/credit on actuarial loss/gain	(1,706)	1,707
Net addition to shareholders' funds	131	11,964
Opening shareholders' funds	29,184	17,220
Closing shareholders' funds	29,315	29,184

Notes to the financial statements
Year ended 31 March 2012

15. Commitments

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

	2012 £'000	2011 £'000
Contracted commitments	4,832	3,816

16. 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 (2011 £600,000)

17. Operating lease commitments

Annual commitments under operating leases are as follows

	Plant and machinery	
	2012 £'000	2011 £'000
Contracts expiring		
Within one year	234	117
In the second to fifth years	282	202
	516	319

Notes to the financial statements
Year ended 31 March 2012

18 Pension costs

The Company operated a defined benefit pension scheme until 14 March 2012

On 14 March 2012, the Company, together with the Trustees of the DENSO Marston Pension Scheme ("the Scheme"), entered into a contract with Pension Insurance Corporation Ltd ("PIC") to effect the insurance of all past service liabilities of the Scheme at that date On the day of the transaction, the Company ceased to be the principal employer of the Scheme, and Penfast Ltd, a subsidiary of PIC, took over this responsibility Subsequently, PIC triggered the commencement of winding up of the Scheme in an orderly manner The impact of this transaction is that by the year-end, the Company had no continuing liability for the past service benefits of the Scheme, these benefits having been fully secured by means of an insurance policy

In addition to securing the past benefits of members in this manner, the Company entered into a further insurance arrangement to provide ongoing benefits for members of the Scheme for their future service to the Company, insofar as that service continues and would have accrued benefits under the Scheme, had the Scheme remained open The purpose of this arrangement is to provide substantially identical "Pension" benefits to existing members of the scheme, as if the Scheme had continued to exist These benefits will be provided by means of an individual annual insurance policy issued every year in the name of the member, funded by the Company, for so long as the member continues to be entitled to the benefit and the Company chooses to continue with the arrangement The benefit to the Company is certainty of cost and removal of risk, whereas the benefit to the member is an insurance-backed security, but with similar benefits to a conventional defined benefit pension

As a precursor to entering into these transactions, the Company made a cash contribution to the Scheme (a "settlement" in FRS17 terms) sufficient to fully fund the scheme for insurance purposes – this level of funding being significantly higher than the normal level of funding required for Actuarial purposes The amount of this settlement, which includes the balance of the impact of the Enhanced Transfer Value Exercise commenced last year, was £55,018,000 The Company was able to finance this transaction without taking on any external debt, following an injection of Share Capital from the ultimate parent Company, DENSO Corporation

The results of the most recent full actuarial valuation at 6 April 2009 were updated to 31 March 2012 by a qualified actuary

The major assumptions used in this valuation were

	2012	2011	2010
Rate of increase in salaries	-	3 55%	3 70%
Rate of increase in pensions in payment	-	3 25%	3 40%
Discount rate applied to scheme liabilities	-	5 50%	5 60%
Inflation assumption	-	3 35%	3 50%

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

Notes to the financial statements
Year ended 31 March 2012

18 Pension costs (continued)

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	
	2012 years	2011 years
Retiring today		
Males	-	20 2
Females	-	22 7
Retiring in 20 years		
Males	-	22 1
Females	-	24 5

Sensitivities applied to the principal assumptions would not lead to a material change in the balance sheet liability

The fair value of the defined benefit scheme's assets, and the present value of the scheme's liabilities are set out below

	Long term rate of return 2012	Value at 2012 £'000	Long term rate of return 2011	Value at 2011 £'000	Long term rate of return 2010	Value at 2010 £'000
Equities	n/a	-	n/a	-	n/a	-
Diversified Growth vehicle	n/a	-	7 85%	59,714	8 00%	58,143
Index linked bonds and inflation-linked swap instruments	n/a	-	4 35%	21,634	4 50%	17,059
Fixed interest bonds and interest rate swap instruments	n/a	-	4 35%	22	4 50%	3,804
Other	n/a	-	2 00%	384	2 00%	668
		-		81,754		79,674
Present value of scheme liabilities		-		(75,039)		(83,772)
Asset/(deficit) in the pension scheme		-		6,715		(4,098)
Deferred tax balance recognised		-		(1,746)		-
		-		4,969		(4,098)

For the period from 1 April 2011 to 14 March 2012 the contribution rate was 13% of pensionable earnings Thereafter, contributions to the Scheme ceased, and ongoing benefits will be provided by the aforementioned insurance arrangements

Notes to the financial statements
Year ended 31 March 2012

18. Pension costs (continued)

In July 2011, following the agreement of the Actuarial Valuation dated 6 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 2012 Subsequent payments were no longer necessary, following the Insurance Transaction referred to above, which fully funded the Scheme prior to closure

Movement in surplus during the year

	2012 £'000	2011 £'000
Surplus/(deficit) in scheme at beginning of year	6,715	(4,098)
Current service cost	(533)	(645)
Contributions paid	53,407	5,202
Other finance income	1,435	869
Actuarial gain/(loss)	(6,006)	5,363
(Loss)/gain on settlements	(55,018)	24
Surplus in scheme at end of year	-	6,715

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

	2012 £'000	2011 £'000
At 1 April	75,039	83,772
Current service cost	533	645
Interest cost	3,892	4,425
Contributions by scheme participants	427	379
Actuarial losses/(gains)	13,715	(3,537)
Benefits paid, death in service insurance premiums and expenses	(2,920)	(2,905)
Liabilities extinguished on settlements	(90,686)	(7,740)
At 31 March	-	75,039

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

	2012 £'000	2011 £'000
At 1 April	81,754	79,674
Expected return on scheme assets	5,327	5,294
Actuarial gains	7,709	1,826
Contributions by the Company	53,407	5,202
Contributions by scheme participants	427	379
Benefits paid, death in service insurance premiums and expenses	(2,920)	(2,905)
Assets distributed on settlements	(145,704)	(7,716)
At 31 March	-	81,754

Notes to the financial statements
Year ended 31 March 2012

18. Pension costs (continued)

Analysis of other pension costs in arriving at operating profit

	2012 £'000	2011 £'000
Current service cost	626	645
Loss/(gain) on settlements	55,018	(24)
	55,644	621

Analysis of amounts included in other finance costs	2012 £'000	2011 £'000
Expected return on pension scheme assets	5,327	5,294
Interest on pension scheme liabilities	(3,892)	(4,425)
	1,435	869

History of experience gains and losses	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Actual return less expected return on scheme assets	7,709	1,826	13,127	(12,252)	(5,407)
Percentage of year end scheme assets	n/a	2%	16%	(19%)	(7%)
Experience gains and losses arising on scheme	(241)	-	(3,409)	380	(244)
Percentage of present value of year end scheme liabilities	n/a	-	(4%)	1%	(0%)
Changes in assumptions underlying the present value of scheme liabilities	(13,474)	3,537	(19,250)	10,657	6,679
Percentage of present value of year end scheme liabilities	n/a	5%	(23%)	18%	10%
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(6,006)	5,363	(9,532)	(1,215)	1,028

19. Dividends on equity shares

	2012 £'000	2011 £'000
Proposed final dividend for the year	-	1,980

Notes to the financial statements
Year ended 31 March 2012

20. Ultimate parent Company and parent undertaking

The immediate parent undertaking is DENSO International UK Limited

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

21. 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