

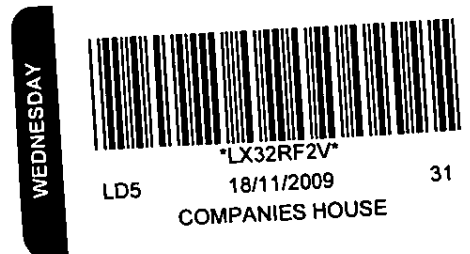
Caparo AP Braking Limited

Report and Financial Statements

Year Ended

31 December 2008

Company Number 5755850



Caparo AP Braking Limited

Annual report and financial statements for the year ended 31 December 2008

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Directors and advisors

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Directors

The Honourable Angad Paul
R G J Butler
D P Dancaster
F S Scarbrough

Secretary and registered office

L G Stokes, Caparo House, 103 Baker Street, London, W1U 6LN.

Company number

5755850

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD.

Caparo AP Braking Limited

Report of the directors for the year ended 31 December 2008

The directors present their annual report and the audited financial statements for the year ended 31 December 2008. The company is a wholly owned subsidiary of Caparo Vehicle Products Limited, a company registered in England and Wales.

Principal activities

The company engages in the manufacture and supply of braking and actuation systems to the automotive sector.

Review of the business and future developments

The company's profit and loss account is set out on page 7 and shows turnover for the year of £13,180,000 (2007: £14,162,000). Further details of turnover by geographical area are given in note 2 to the financial statements.

An operating profit of £7,000 (2007: £496,000) was recorded in the year. Whilst demand was robust in the first half of 2008, the second half saw a substantial reduction in demand from vehicle manufacturers, a situation which remained to the end of the year. Included in this profit are £439,000 of costs relating to a restructuring programme which is expected to deliver significant savings in 2009.

After deducting interest and tax, the company's loss for the year amounted to £96,000 (2007: profit of £161,000).

No interim dividend was paid during the year (2007: £nil) and the directors do not recommend a final dividend for the year (2007: £nil).

The balance sheet as at 31 December 2008 shows total assets less current liabilities of £2,384,000 (2007: £2,337,000) and shareholders' funds of £295,000 (2007: £391,000).

Trading conditions in the first half of 2009 have continued to be difficult. The second half of the year is expected to see customer demand improve as destocking of the supply chain ends and the benefits of the different scrappage schemes flow through to demand. Further benefit is expected from the expansion of the aluminium calliper range.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have an impact on the company's financial performance.

Global, political and economic conditions

The company has either sales or sourcing arrangements with various other countries throughout the world. Whilst the company benefits from the growth opportunities in these countries, it is similarly exposed to the economic, political and business risks associated with such international operations. Throughout its operations the company encounters different legal and regulatory requirements, including those for taxation, exchange control, environmental, operational and competitive matters.

Management monitor such risks and conditions, maintaining insurance cover and amending business procedures as appropriate to attempt to mitigate any exposure whilst remaining in compliance with local and group requirements.

Caparo AP Braking Limited

Report of the directors for the year ended 31 December 2008 *(Continued)*

Principal risks and uncertainties *(Continued)*

Foreign exchange

The company makes sales to many countries, as such the company is exposed to movements in exchange rates between sterling and other world currencies, particularly the Euro, which could adversely or positively impact results.

Raw material and energy prices

The company's products and services utilise a range of raw materials. The company also requires substantial quantities of electricity and natural gas. The pricing for these raw material inputs is largely determined by international or national factors beyond the company's control or influence. Short term volatility in the pricing of such inputs and any decrease in availability can significantly impact the company's financial performance.

The Caparo Group has developed strong relationships with its suppliers and uses contractual means where possible to minimise the risk.

Litigation

As with any business, the company is subject to the risk of litigation from third parties. The company seeks to address such claims proactively.

In accordance with accounting requirements, a provision is made where required to address such litigation and the consequent costs of defence.

Environmental liabilities

The company conducts its operations in such a manner as to ensure compliance with environmental laws and regulations. If events occur where actions are necessary to maintain compliance, the company will devote suitable resources to the issue in order to remedy the situation.

Employees

The company has a reliance on the management teams employed. The company recognises the importance of this resource and as such reviews its remuneration policy together with its recruitment policy on a regular basis in order to ensure the company continues to retain and attract the best possible management teams.

Caparo AP Braking Limited

Report of the directors for the year ended 31 December 2008 *(Continued)*

Principal risks and uncertainties *(Continued)*

Key performance indicators

Key performance indicators within the Caparo Group are specific to the nature of the operations of each business. This data is reported to divisional and Caparo Group senior management on a monthly basis.

The financial key performance indicators of the company include:

- Gross profit percentage at 17.2% (2007: 21.0%)
- Operating profit percentage at 0.1% (2007: 3.5%)
- Working capital of £1,287,000 (2007: £1,194,000)
- Return on capital employed of 0.3% (2007: 22.9%)

As at 31 December 2008, the reported key performance indicators were below expectations, due to the fall in demands in the automotive sector and the one off restructuring costs. In addition to the above key performance indicators the company monitors other financial performance indicators on a monthly basis against forecasts and budgets including, but not limited to, material and contribution margins, working capital days and cash flows.

Directors

The directors of the company during the year were:

The Honourable Angad Paul

R G J Butler

D P Dancaster

F S Scarbrough

(Appointed 2 June 2008)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Caparo AP Braking Limited

Report of the directors for the year ended 31 December 2008 (Continued)

Directors' responsibilities (Continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Employment of disabled persons

The company is an equal opportunity employer and makes every effort to ensure disabled people are not discriminated against on the grounds of their disability. In the event of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

Indemnity cover

Third party indemnity cover for the directors was in force during the financial year and at the year end.

Employee involvement

Employees are kept informed regarding the company's affairs and are consulted on a regular basis wherever feasible and appropriate.

Financial instruments

Details of the financial risk management objectives and policies and details of the use of financial instruments by the company are provided in note 23 to the financial statements.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of the information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'L G Stokes', written over a horizontal line.

L G Stokes
Secretary

Date 17 November 2009

Caparo AP Braking Limited

Report of the independent auditors

To the shareholders of Caparo AP Braking Limited

We have audited the financial statements of Caparo AP Braking Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Caparo AP Braking Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern which is dependent on the group securing future bank finance and the adequacy of expected facilities. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

BDO LL

BDO LLP
*Chartered Accountants
and Registered Auditors*
Birmingham
United Kingdom

Date *18 November 2009*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Caparo AP Braking Limited**Profit and loss account for the year ended 31 December 2008**

	Note	2008 £'000	2007 £'000
Turnover	2	13,180	14,162
Cost of sales		(10,909)	(11,191)
Gross profit		2,271	2,971
Distribution costs		(16)	(25)
Administrative expenses		(2,358)	(2,498)
Other operating income		110	48
Operating profit	5	7	496
Interest receivable and similar income	6	40	-
Interest payable and similar charges	7	(39)	(41)
Profit on ordinary activities before taxation		8	455
Taxation on profit on ordinary activities	8	(104)	(294)
(Loss)/profit for the financial year	19	(96)	161

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account for the current and prior year.

The notes on pages 9 to 23 form part of these financial statements.

Caparo AP Braking Limited

Balance sheet at 31 December 2008

<i>Company Number 5755850</i>	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Goodwill	9		36		38
Intangible assets	9		37		19
Tangible fixed assets	10		854		969
			927		1,026
Current assets					
Stocks	11	1,525		1,495	
Debtors due within one year	12	1,941		2,212	
Debtors due after more than one year	12	348		348	
Cash at bank and in hand		310		144	
		4,124		4,199	
Creditors: amounts falling due within one year	13	(2,667)		(2,888)	
Net current assets			1,457		1,311
Total assets less current liabilities			2,384		2,337
Creditors: amounts falling due after more than one year	14		(2,089)		(1,946)
Net assets			295		391
Capital and reserves					
Called up share capital	18		-		-
Profit and loss account	19		295		391
Shareholders' funds	19		295		391

The financial statements were approved by the Board of Directors and authorised for issue on 17 November 2009



R G J Butler
Director

The notes on pages 9 to 23 form part of these financial statements.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable law and United Kingdom Accounting Standards.

The following principal accounting policies have been applied:

Basis of preparation

The directors have prepared the accounts on the going concern basis. In preparing the accounts on this basis the directors have taken account of the following factors.

The company has in the past been funded by intercompany loans and by facilities made available by the group's main bankers with limited recourse to other group entities.

The group's main UK bankers have reserved their rights under the lending agreements following post year end breaches of covenants of certain of the group's loans as a result of the adverse economic conditions experienced. Since the year end discussions have commenced with the group's principal lenders to restructure the UK group's current banking facilities, including those available to the company, on a longer term basis. As part of these arrangements it is likely that the company will enter into a cross guarantee with the intermediate parent company and that facilities will be provided to the company on a secured basis.

The UK group's main bankers have extended and continue to extend additional short-term overdraft facilities to the intermediate parent company whilst discussions on the restructuring of the group's current facilities take place.

These discussions have been positive, and whilst at the time of signing these accounts no formal facilities have been entered into, the directors expect that new facility agreements will be signed in due course.

The directors have prepared cash flow forecasts for the period to 31 December 2010 which indicates that the group and company are expected to trade within their existing and expected facilities on the assumption that the company is included within the revised cross guarantee security arrangement. As with any forecast it is subject to uncertainty, particularly if trading conditions worsen over the coming months. However the forecasts have been prepared based on recent trading conditions and current expectations of the directors for the trading prospects of the company and the group. Although at certain times headroom within the expected facilities is not large, the directors believe that if trading were to be adverse to the forecasts, the group would be able to undertake further cost reduction and cash generative initiatives.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company as a result was unable to continue as a going concern.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008

1 Accounting policies (*Continued*)

Turnover

Turnover, stated net of value added tax, represents amounts invoiced to third parties. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer, which is generally on delivery.

Goodwill

Acquisitions are included from the date of acquisition and disposals excluded from the date of effective disposal. Goodwill, being the excess of purchase consideration over the fair value of the underlying net assets, is capitalised and is amortised over its estimated useful life of up to 20 years. Goodwill is subject to an impairment review where there is an indication of an impairment.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Assets acquired under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element is charged to the profit and loss account over the term of the agreement.

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred with the exception of expenditure on the development of certain major new product projects where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised over a period of not longer than five years commencing in the year that sales of the product are first made.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

1 Accounting policies *(Continued)*

Deferred tax balances are not discounted.

Tangible fixed assets

Fixed assets not acquired by a business combination are recorded at cost on acquisition. The carrying values of tangible fixed assets are reviewed for impairment if events or other changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Motor vehicles	-	25% per annum
Plant and machinery	-	10% per annum
Computer equipment	-	20% per annum
Fixtures, fittings and tooling	-	20 - 33% per annum

Depreciation on second hand assets is provided at twice the rate applied to similar new assets.

Stocks

Stocks are valued at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Warranty

Warranty costs are accrued against income based on anticipated liabilities arising from sales made.

Pension costs

The pension costs for defined contribution schemes are the contributions payable in the year.

Financial risk management

Exposure to movements in rates of foreign exchange in relation to trading transactions between the date that a contractual obligation is entered into and the date of completion of the contract is hedged through the use of currency asset and liability matching, forward exchange contracts and other financial instruments.

Exposure to movements in interest rates is reviewed regularly by the directors. The company utilises financial instruments to limit the company's exposure to movements in interest rates where in the opinion of the directors the expected benefits of such arrangements exceed the expected costs or at the request of the company's lenders.

Further information is provided in note 23 to the financial statements.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

1 Accounting policies (Continued)

Cash flow statement

Under Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' (FRS 1), the company is exempt from the requirement to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Caparo Group Limited and the company is included in the consolidated financial statements of Caparo Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

2 Turnover

The company's turnover is derived from its principal activity, an analysis by geographical market is as follows:

	2008 £'000	2007 £'000
United Kingdom	11,830	13,001
Rest of Europe	510	698
North America	840	463
	<u>13,180</u>	<u>14,162</u>

3 Employees

	2008 £'000	2007 £'000
Staff costs consist of:		
Wages and salaries	3,629	3,699
Social security costs	371	381
Pension costs	195	192
	<u>4,195</u>	<u>4,272</u>

	2008 Number	2007 Number
The average number of employees during the year were:		
Production and sales	97	118
Administration	43	30
	<u>140</u>	<u>148</u>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

4 Directors' remuneration

No director received any remuneration during the current or previous year. The remuneration of the directors is borne by fellow subsidiary companies of Caparo Group Limited, the ultimate parent company.

5 Operating profit

	2008 £'000	2007 £'000
This has been arrived at after charging/(crediting):		
Goodwill amortised	2	3
Research and development amortised	5	-
Depreciation of owned assets	287	272
Depreciation of finance lease assets	21	10
Operating lease rentals - plant	65	74
- other	426	317
Auditor's remuneration for audit services	12	15
Exchange losses/(gains)	31	(17)
Exceptional restructuring costs	439	-
	<u> </u>	<u> </u>

6 Interest receivable and similar income

	2008 £'000	2007 £'000
Other interest	40	-
	<u> </u>	<u> </u>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

7 Interest payable and similar charges

	2008 £'000	2007 £'000
Bank loans and overdrafts	33	37
Finance lease interest	6	4
	<u>39</u>	<u>41</u>

8 Taxation on profit on ordinary activities

	2008 £'000	2008 £'000	2007 £'000	2007 £'000
The taxation on profit on ordinary activities comprises:				
<i>Current tax</i>				
Corporation tax on profits of the year	83		223	
Adjustment in respect of previous years	21		73	
Total current tax charge	<u> </u>	104	<u> </u>	296
<i>Deferred tax</i>				
Origination and reversal of timing differences - current year	-		75	
Adjustments in respect of previous years	-		(77)	
Movement in deferred tax provision		<u> </u>	<u> </u>	(2)
Taxation on profit on ordinary activities		<u>104</u>		<u>294</u>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

8 Taxation on profit on ordinary activities *(Continued)*

The current tax on ordinary activities for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	8	455
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28½% (2007: 30%)	2	137
Effect of:		
Permanent differences	8	(1)
Capital allowances for the year less than depreciation	82	81
Other timing differences	(9)	6
Adjustment to current tax charge in respect of previous years	21	73
Current tax charge for the year	104	296

Factors that may affect future tax charges

The company has unprovided UK deferred tax assets of £246,000 (2007:£151,000) (note 17).

Based on current capital investment plans, the company expects depreciation to exceed capital allowances in future years.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

9 Intangible fixed assets

	Goodwill £'000	Development expenditure £'000	Total £'000
<i>Cost</i>			
At 1 January 2008	42	19	61
Additions	-	23	23
	<hr/>	<hr/>	<hr/>
At 31 December 2008	42	42	84
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 January 2008	4	-	4
Amortised in the year	2	5	7
	<hr/>	<hr/>	<hr/>
At 31 December 2008	6	5	11
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2008	36	37	73
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2007	38	19	57
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (*Continued*)

10 Tangible fixed assets

	Plant, machinery, fixtures and fittings £'000	Motor vehicles and mobile plant £'000	Total £'000
<i>Cost</i>			
At 1 January 2008	1,368	63	1,431
Additions	133	66	199
Inter company transfers	-	(2)	(2)
Disposals	-	(15)	(15)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	1,501	112	1,613
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2008	446	16	462
Charge for year	285	23	308
Disposals	-	(11)	(11)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	731	28	759
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2008	770	84	854
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2007	922	47	969
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in the total net book value of vehicles and mobile plant are assets held under finance leases with a net book value of £80,000 (2007: £41,000).

11 Stocks

	2008 £'000	2007 £'000
Raw materials and consumables	910	962
Work in progress	304	303
Finished goods and goods for resale	311	230
	<hr/>	<hr/>
	1,525	1,495
	<hr/> <hr/>	<hr/> <hr/>

Caparo AP Braking LimitedNotes forming part of the financial statements for the year ended 31 December 2008 *(Continued)***12 Debtors**

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	1,761	1,997
Amounts owed by group undertakings	1	33
Other debtors	9	13
Prepayments and accrued income	170	169
	<hr/>	<hr/>
	1,941	2,212
Amounts falling due after more than one year:		
Prepayments and accrued income	348	348
	<hr/>	<hr/>
Total debtors	2,289	2,560
	<hr/> <hr/>	<hr/> <hr/>

13 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank loans, overdrafts and similar finance (note 15)	137	127
Trade creditors	1,402	1,634
Amounts owed to group undertakings	248	39
Corporation tax	83	223
Other taxation and social security	383	355
Finance lease and hire purchase obligations (note 16)	21	19
Accruals and deferred income	393	491
	<hr/>	<hr/>
	2,667	2,888
	<hr/> <hr/>	<hr/> <hr/>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

14 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Bank loans and similar finance (note 15)	347	484
Amounts owed to group undertakings	1,684	1,439
Finance lease and hire purchase obligations (note 16)	58	23
	<u>2,089</u>	<u>1,946</u>

The amounts owed to group undertakings have no fixed repayment date and are non-interest bearing.

15 Bank loans, overdrafts and similar finance

	2008 £'000	2007 £'000
Bank loans, overdrafts and similar finance are repayable as follows:		
In one year or less	137	127
In one to two years	148	137
In two to five years	199	347
	<u>484</u>	<u>611</u>

The bank loans, overdrafts and similar finance are secured by a charge over certain assets of the company, with interest being charged at a commercial rate.

16 Leasing

The company was committed to the following net obligations under non-cancellable finance leases and hire purchase agreements as set out below:

	2008 £'000	2007 £'000
In one year or less	21	19
In one to two years	16	9
In two to five years	42	14
	<u>79</u>	<u>42</u>

Finance leases are secured on the assets to which they relate and are repayable within five years.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

17 Provisions for liabilities

	Deferred taxation £'000
At 1 January and 31 December 2008	-

Deferred tax comprised the following liabilities/(assets):

	Provided 2008 £'000	Unprovided 2008 £'000	Provided 2007 £'000	Unprovided 2007 £'000
Accelerated capital allowances	-	(236)	-	(138)
Short term timing differences	-	(10)	-	(13)
At 31 December 2008	-	(246)	-	(151)

18 Called up share capital

	2008 Number	Authorised 2008 £'000	2007 Number	2007 £'000
Ordinary shares of £1 each	1,000	1	1,000	1
		Allotted, called up and fully paid		
	2008 Number	2008 £'000	2007 Number	2007 £'000
Ordinary shares of £1 each	1	-	1	-

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

19 a) Reserves

	Profit and loss account £'000
At 1 January 2008	391
Loss for the financial year	(96)
	<hr/>
At 31 December 2008	295
	<hr/> <hr/>

b) Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Opening shareholders' funds	391	230
(Loss)/profit for the financial year	(96)	161
	<hr/>	<hr/>
Closing shareholders' funds	295	391
	<hr/> <hr/>	<hr/> <hr/>

20 Capital commitments and contingent liabilities

	2008 £'000	2007 £'000
(i) Capital commitments at 31 December are as follows:		
Contracted but not provided for in the financial statements	50	1
	<hr/> <hr/>	<hr/> <hr/>

(ii) Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings 2008 £'000	Other 2008 £'000	Land and Buildings 2007 £'000	Other 2007 £'000
Operating leases which expire:				
Within one year	-	6	-	4
Within two to five years	-	47	-	9
Over five years	297	-	297	42
	<hr/>	<hr/>	<hr/>	<hr/>
	297	53	297	55
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (*Continued*)

20 Capital commitments and contingent liabilities (*Continued*)

- (iii) Caparo Vehicle Products Limited, Caparo AP Braking Limited, Caparo Modular Systems Limited, Caparo Atlas Fastenings Limited, Caparo Accles & Pollock Limited, Caparo Tube Components Limited and Caparo Tube Components 2 Limited are liable under cross guarantee arrangements for bank and certain loan facilities entered into by the companies. The total amount outstanding under these arrangements at the year end was £10,736,000 (2007: £11,162,000).

21 Pension Schemes

The company contributes to the Caparo Stakeholder Pension Plan, a UK defined contribution scheme invested through Investment Solutions Limited. The pension charge in respect of this arrangement was £195,000 (2007: £182,000). In the prior year the company also contributed £10,000 to the Private Pension Plans of two senior employees. The arrangements to contribute to these private plans have now ended. At 31 December 2008, no employee contributions were payable to the Caparo Stakeholder Pension Plan (2007: £nil).

22 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related Party Disclosures', not to disclose any transactions with entities that are included in the consolidated financial statements of Caparo Group Limited, on the grounds that at least 90% of the voting rights in the company are controlled within the group and the company is included in the consolidated financial statements of Caparo Group Limited.

23 Financial instruments

The company holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

Various financial instruments such as trade debtors and trade creditors arise directly from the company's operations.

The company performs rigorous credit checks for all customers, and credit insurance is obtained, where available, to minimise bad debt risk. Where credit insurance is not available, the company undertakes detailed credit evaluations of prospective customers, which are subject to group review and approval before supplies can be made.

Operations are financed by a mixture of retained profits, short term bank borrowings and term loans. Acquisitions, in general, and working capital requirements are funded principally out of short and longer term banking facilities and retained profits.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

24 Ultimate parent company and controlling parties

The immediate parent company is Caparo Vehicle Products Limited and the ultimate parent company is Caparo Group Limited.

The largest group in which the results of the company are consolidated is that headed by Caparo Group Limited. The smallest group in which they are consolidated is that headed by Caparo Vehicle Products Limited. Copies of the consolidated financial statements of Caparo Group Limited and Caparo Vehicle Products Limited are available from Companies House, Cardiff.

The Right Honourable The Lord Paul of Marylebone, The Honourable Ambar Paul, The Honourable Akash Paul and The Honourable Angad Paul, directors of Caparo Group Limited, are jointly and indirectly interested in the whole of the issued share capital of Caparo Group Limited through shareholdings registered in the name of Caparo International Corporation, a company registered in the British Virgin Islands.