Company Registration No. 2346109

Deloitte & Touche

BORG-WARNER AUTOMOTIVE TURBO SYSTEMS LIMITED

Report and Financial Statements

31 December 2000

Deloitte & Touche
10-12 East Parade
Leeds
LS1 2AJ

BORG-WARNER AUTOMOTIVE TURBO SYSTEMS LIMITED

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2000

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Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P G Sanderson	(resigned 1 April 2000)
D W Krol	
R J Trenda	
C P Morgan	
R M Ruzic	(resigned 1 May 2000)

SECRETARY

M R Taylor

REGISTERED OFFICE

Roydsdale Way
Euroway Industrial Estate
Bradford
BD4 6SE

BANKERS

National Westminster Bank Plc
5th Floor
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7 Wellington Street
Leeds
LS1 4DC

Barclays Banks Plc
P O Box 190
3rd Floor
6 East Parade
Leeds
LS1 2UX

SOLICITORS

Pinsent Curtis Biddle
1 Park Row
Leeds
LS1 5AB

AUDITORS

Deloitte & Touche
10-12 East Parade
Leeds
LS1 2AJ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

ACTIVITIES

The principal activity of the company is the manufacture and sale of turbochargers, cooling system products and transfer cases and components.

RESULTS AND DIVIDENDS

The profit after taxation for the financial year is £2,625,000 (1999: £2,530,000). The directors propose the payment of a dividend of 83.4 pence per share (1999: £Nil)

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the performance of the company to be satisfactory and are optimistic about its future prospects.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown below.

P G Sanderson	(resigned 1 April 2000)
D W Krol	
R J Trenda	
C P Morgan	
R M Ruzic	(resigned 1 May 2000)

The company's ultimate parent is a company incorporated outside Great Britain. As a result, details of the directors' interests are not required to be given in accordance with Statutory Instrument No. 802 of the Companies Act 1985.

None of the directors have any interests in the shares of the company.

CHARITABLE DONATIONS

The company made £2,371 (1999: £8,527) donations to charity in 2000.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through circulation of information to employees via notice boards, production of a quarterly newsletter and monthly staff committee meetings.

DISABLED EMPLOYEES

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 and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should as far as possible, be identical to that of other employees.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

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

P. Morgan

C P Morgan
31 - 1 - 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the company for that period. 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; 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 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. 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.

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AUDITORS' REPORT TO THE MEMBERS OF

BORG-WARNER AUTOMOTIVE TURBO SYSTEMS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
and Registered Auditors

31 JANUARY 2002

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

	Note	2000 £'000	1999 £'000
TURNOVER – continuing operations	2	69,876	50,323
Cost of sales		(59,315)	(41,625)
Gross profit		10,561	8,698
Other operating expenses	3	(6,067)	(4,978)
OPERATING PROFIT – continuing operations		4,494	3,720
Investment income	4	301	46
Interest payable and similar charges	5	(839)	(199)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	3,956	3,567
Tax on profit on ordinary activities	8	(1,331)	(1,037)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		2,625	2,530
Equity dividends	9	(8,500)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	19	(5,875)	2,530

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2000

	2000 £'000	1999 £'000
Profit for the financial year	2,625	2,530
Surplus arising on revaluation of fixed assets	-	5,290
Total recognised gains and losses relating to the year	2,625	7,820

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2000

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation	3,956	3,567
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	485	403
Historical cost profit on ordinary activities before taxation	4,441	3,970
Historical cost profit for the year after taxation	3,110	2,933

BALANCE SHEET
31 December 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Intangible assets – negative goodwill	10	(6,078)	(6,978)
Tangible assets	11	20,652	22,686
Investments	12	3,327	3,327
		17,901	19,035
CURRENT ASSETS			
Stocks	13	8,526	8,041
Debtors	14	31,136	25,161
Cash at bank and in hand		8	1,121
		39,670	34,323
CREDITORS: amounts falling due within one year	15	(15,279)	(13,363)
NET CURRENT ASSETS		24,391	20,960
TOTAL ASSETS LESS CURRENT LIABILITIES		42,292	39,995
CREDITORS: amounts falling due after more than one year	16	(18,086)	(9,105)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(3,099)	(3,908)
NET ASSETS		21,107	26,982
CAPITAL AND RESERVES			
Called up share capital	18	10,190	10,190
Revaluation reserve	19	4,402	4,887
Profit and loss account	19	6,515	11,905
TOTAL EQUITY SHAREHOLDERS' FUNDS	20	21,107	26,982

These financial statements were approved by the Board of Directors on 31 | 1 | 2002

Signed on behalf of the Board of Directors

P Morgan

C P Morgan

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below.

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking of BWA Turbo Systems Holdings Limited, a company registered in England and Wales. This company's parent Borg-Warner Automotive Turbo Systems Corporation, published consolidated accounts which include a consolidated cash flow statement dealing with the cash flows of the group. The accounts of Borg Warner Automotive Turbo Systems Corporation are available from 6040 West 62nd Street, Indianapolis 46278 USA.

Group accounts

The directors have not presented consolidated accounts because the company is a wholly owned subsidiary undertaking of BWA Turbo Systems Holdings Limited, a company registered in England and Wales, which prepares consolidated accounts. Further information relating to the company's subsidiary undertakings is given in note 12 to the accounts. These financial statements therefore present information about the company and not its group.

Acquisitions

On the acquisition of a business, fair values are attributed to the net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and, following the implementation of FRS 10, is capitalised in the balance sheet in the year of acquisition. Previously purchased goodwill was written off directly to reserves as noted below.

The profit or loss on the disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the profit and loss account.

The results relating to a business are included in the profit and loss account from the date of acquisition or up to the date of disposal.

Goodwill and Intangible fixed assets

For acquisitions of a business following the implementation of FRS 10 "Goodwill and Intangible Assets", purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years with a full year's charge for amortisation in the year of acquisition. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Goodwill which arose on the acquisition of a business in prior periods and was written off to the profit and loss reserve as a matter of accounting policy remains eliminated in that reserve and will be charged or credited in the profit and loss account as appropriate on the subsequent disposal of the business to which it related.

Negative goodwill in excess of the fair values of the assets acquired is credited to the profit and loss account over the period expected to benefit therefrom. The directors consider that 8 years is a reasonable period to amortised goodwill over.

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods in the normal course of business.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

1. **ACCOUNTING POLICIES (continued)**

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any gain or loss from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Pension costs

Pension costs are charged against profits in a systematic manner over the service lives of the employees in the scheme.

Total pension costs comprise the regular pension costs, that is the consistent ongoing cost, calculated as a level percentage of the current and expected future pensionable payroll.

Any difference between amounts charged to the profit and loss account and the amounts payable to the scheme for the year is shown as a separately identified liability or asset in the balance sheet.

Deferred taxation

Deferred taxation has been calculated under the liability method and is provided on timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Deferred tax is not provided on timing differences which, in the opinion of the directors, will not reverse.

Tangible fixed assets

Tangible fixed assets are stated at cost or revalued amount less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost or revealed amount, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

There is no depreciation on freehold land

Freehold buildings	25 years
Plant and machinery	3 to 10 years
Short leasehold property	25 years

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rentals are charged to the profit and loss in equal annual amounts over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost represents expenses incurred in bringing each product to its present location and condition and includes materials, direct labour and a share of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Fixed asset investments

Fixed asset investments are stated at cost less provision for permanent impairment in value.

Research and development

Research and development costs are written off in the year of expenditure.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

2. SEGMENTAL INFORMATION

The analysis of turnover by geographical areas has not been provided as in the opinion of the directors such disclosure would be seriously prejudicial to the business.

3. OTHER OPERATING EXPENSES

	2000 £'000	1999 £'000
Selling and marketing costs	1,667	1,296
Research and development costs	1,398	1,214
Administrative expenses	3,002	2,468
	6,067	4,978

The research and development costs all relate to current year expenditure.

4. INVESTMENT INCOME

	2000 £'000	1999 £'000
Interest receivable and similar income	301	46

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £'000	1999 £'000
On bank loans and overdrafts	79	44
Finance lease interest	7	5
On intercompany loans	753	150
	839	199

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets		
- owned assets	3,876	2,181
- held under finance leases	14	14
Operating lease rentals		
- plant and machinery	129	137
- other	198	99
Auditors' remuneration		
- audit	48	30
- other	20	-
Loss on disposal of fixed assets	(167)	9
Redundancy payments	1,526	-

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £'000	1999 £'000
Employee costs during the period amounted to:		
Wages and salaries	14,782	10,277
Social security costs	1,803	772
Other pension costs	1,989	1,060
	18,574	12,109

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

	2000 No.	1999 No.
Production and engineering	670	397
Sales	20	24
Administration	62	31
	752	452

Directors' remuneration	2000 £'000	1999 £'000
Emoluments	138	246

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director.

	2000 £'000	1999 £'000
Emoluments	54	175

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2000 was £6,685 (1999: £16,395).

The number of directors who were members of the company's defined benefit schemes was as follows:

	2000 No	1999 No
Defined benefit scheme	1	2

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:	2000 £'000	1999 £'000
United Kingdom Corporation tax at 30% (1999: 31%)	1,830	1,408
Deferred taxation	(499)	(186)
Adjustment in respect of prior years	1,331	1,222
Corporation tax	-	(110)
Deferred tax	(75)	-
	1,331	1,037

The tax charge is high due to non deductible expenditure

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. DIVIDENDS

	2000 £'000	1999 £'000
Dividend paid 83.4 pence per share (1999: £nil)	8,500	-

10. INTANGIBLE FIXED ASSETS

	Negative Goodwill £'000
Cost	
At 1 January 2000 and 31 December 2000	7,203
Accumulated depreciation	
At 1 January 2000	225
Credit for the year	900
At 31 December 2000	1,125
Net book value	
At 31 December 2000	6,078
At 31 December 1999	6,978

Negative goodwill of £6,078,000 was brought into the balance sheet in the year ended 31 December 1999 to reflect the purchase of the Margam division. The negative goodwill is being amortised over an 8 year period.

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 January 2000	3,035	27,290	30,325
Additions	48	2,111	2,159
Transfers from Group companies	-	279	279
Transfers to Group companies	-	(70)	(70)
Disposals	(3)	(674)	(677)
At 31 December 2000	3,080	28,936	32,016
Accumulated depreciation			
At 1 January 2000	187	7,452	7,639
Charge for the year	307	3,583	3,890
Disposals	-	(165)	(165)
At 31 December 2000	494	10,870	11,364
Net book value			
At 31 December 2000	2,586	18,066	20,652
At 31 December 1999	2,848	19,838	22,686

Freehold land amounting to £207,547 (1999: £207,547) has not been depreciated.

Plant and machinery includes fixed assets held under finance leases with a net book value of £55,608 (1999: £69,511).

Certain fixed assets were revalued in March 1999 by the directors to reflect the estimated market value of those assets.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

12. FIXED ASSET INVESTMENTS

Subsidiary undertakings	**2000 £'000**	**1999 £'000**
Cost	3,327	3,327

The company holds an investment in the equity (but no other share capital or capital loan) of the following subsidiary undertakings:

	Country of Incorporation /registration	**Principal activity**	**Description of shares held**	**Proportion of shares held**
Kysor (Europe) Limited	England and Wales	Manufacture and sale of fans, heating, ventilation and air conditioning equipment	£1 ordinary shares	100%
Kysor BV	Belgium	Dormant	£1 ordinary shares	100%
Schwitzer Pension Trustee Limited	England and Wales	Trustee of the group pension scheme	£1 ordinary shares	100%
Dynair Limited	England and Wales	Dormant	£1 ordinary shares	100%*

* shares held indirectly through Kysor (Europe) Limited.

13. STOCKS

	2000 £'000	**1999 £'000**
Raw materials and consumables	1,952	2,965
Work-in-progress	458	277
Finished goods and goods for resale	6,116	4,799
	8,526	8,041

In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	**1999 £'000**
Trade debtors	12,179	10,825
Amounts owed by group undertakings	17,515	12,997
VAT	780	241
Prepayments and accrued income	637	1,098
Corporation tax recoverable	25	-
	31,136	25,161

£12,474,000 (1999: £7,472,000) of amounts owed by group undertakings is due in more than one year.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Overdraft	2,229	-
Obligations under finance leases and hire purchase contracts	19	37
Trade creditors	6,785	6,339
Amounts owed to other group companies	1,460	2,729
Other creditors:		
UK corporation tax payable	2,426	2,433
Social security and PAYE	414	467
Accruals and deferred income	1,946	1,358
	15,279	13,363

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £'000	1999 £'000
Accruals and deferred income	-	105
Owed to group companies	18,086	9,000
	18,086	9,105

Creditors falling due after more than one year are all repayable within 2-5 years other than the group loan which is due for repayment on 1 October 2009.

17. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise:

	Deferred taxation £'000	Product warranties £'000	Pensions £'000	Total £'000
At 1 January 2000	2,414	1,490	4	3,908
Charged/(credit) to profit and loss account	(499)	364	-	(135)
Utilised in year	-	(670)	(4)	(674)
At 31 December 2000	1,915	1,184	-	3,099

The amounts of deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided 2000 £'000	Not provided 2000 £'000	Provided 1999 £'000	Not provided 1999 £'000
Capital allowances in advance of depreciation	2,310	1,321	2,680	-
Other timing differences	(395)	-	(266)	-
Revaluation	-	-	-	1,466
	1,915	1,321	2,414	1,466

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

18. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised		
20,000,000 ordinary shares of £1 each	20,000	20,000
Called up, allotted and fully paid		
10,190,002 ordinary shares of £1 each	10,190	10,190

19. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2000	4,887	11,905
Retained loss for the year	-	(5,878)
Transfer of amount equivalent to additional depreciation on revalued assets	(485)	485
At 31 December 2000	4,402	6,515

20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Profit for the financial year	2,085	2,530
Dividends	(8,500)	-
Revaluation of fixed assets	-	5,290
Net (withdrawals)/addition to shareholders' funds	(6,415)	7,820
Opening equity shareholders' funds	26,982	19,162
Closing equity shareholders' funds	20,567	26,982

21. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(a) **Capital commitments at the end of the year were:**

	2000 £'000	1999 £'000
Contracted for but not provided for	509	675

(b) **Contingent liabilities:**

The company has unsecured guarantees to third parties outstanding amounting to £250,000 (1999: £250,000).

(c) **Lease commitments:**

The group leases certain assets under operating lease. The lease agreements provide that the company will pay all insurance, maintenance and repairs. The lease of land and buildings are subject to rent reviews at specified periods.

	2000		1999	
Operating leases which expire:	Property £'000	Plant and machinery £'000	Property £'000	Plant and machinery £'000
Within one year	-	48	57	54
Within 2-5 years	-	96	-	152
After 5 years	120	-	23	-
	120	118	80	206

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

22. PENSION SCHEME

The company participates in two defined benefits plans for its employees. Both plans are fully funded. Pension costs are assessed with the advice of a qualified actuary using the projected unit funding method.

The most recent actuarial valuation of the first scheme was at 1 May 1998. The market value of the Plan's assets at this date was £6.9 million. The current level of funding is 12.7% of pensionable salaries. The valuation showed a surplus of £31,000 at the date of the valuation. The surplus on the scheme should be eliminated as a result of lower contributions.

The significant actuarial assumptions underlying the valuation of the first scheme are as follows: assumed rate of price inflation of 3%; assumed rate of interest 6%; assumed rate of future salary increases 4%; assumed rate of post retirement pension increased 3%; assumed rate of return on scheme investments 6%.

The most recent actuarial valuation of the second scheme was at 5 April 2000. The market value of the Plan's assets at this date was £49.21 million. The value of the assets of the scheme is 120% of the liabilities of the scheme and as such no contributions are required. The valuation showed a surplus of £1.16 million at the date of the valuation. The surplus on the scheme should be eliminated as a result of the nil contributions.

The significant actuarial assumptions underlying the valuation of the second scheme are as follows: assumed rate of price inflation 2.5%; assumed rate of interest 4.5%; assumed rate of future salary increases 4%; assumed rate of post retirement pension increased 2.5%; assumed rate of return on scheme investments 5%.

23. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of BWA Turbo Systems Holdings Limited (formerly Schwitzer (Europe) Holdings Limited), which heads the smallest group into which the company is consolidated.

At 31 December 2000 the ultimate parent (and controlling) undertaking was BorgWarner Inc. which is incorporated in the State of Delaware, USA. Copies of its financial statements can be obtained from 200 South Michigan Avenue, Chicago, Illinois 60604, USA.

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8, "Related Party Disclosures" not to disclose related party transactions with other group companies as it is a wholly owned subsidiary.