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Caparo AP Braking Limited
Report and Financial Statements
Year Ended
31 December 2007



BDO Stoy Hayward
Chartered Accountants

Caparo AP Braking Limited

Annual report and financial statements for the year ended 31 December 2007

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Directors and advisors

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Directors

The Honourable Angad Paul
R G J Butler
D P Dancaster

Secretary and registered office

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

Company number

5755850

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

Caparo AP Braking Limited

Report of the directors for the year ended 31 December 2007

The directors present their annual report and the audited financial statements for the year ended 31 December 2007. The company is a wholly owned subsidiary of Caparo Vehicle Products Limited, a company registered in England and Wales.

Principal activities

Caparo AP Braking Limited is a subsidiary within the Caparo Vehicle Products Group with a turnover in excess of £14 million and business interests predominantly 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 £14,162,000 (2006 - £10,522,000). Further details of turnover by geographical area are given in note 2 to the financial statements.

Operating profit for the year was £496,000 (2006 - £334,000). After deducting interest and tax, the Company's profit for the year amounted to £161,000 (2006 - £230,000). This is the first year that Caparo AP Braking Limited has reported a full 12 months result since the company was purchased by Caparo Vehicle Products Limited out of administration. A significant restructuring programme was implemented in March and this, together with on-going cost control and new business developments, generated a substantial improvement in operating profits. The directors are confident that 2008 will see continued improvement in financial performance.

No dividend was paid in the year (2006 - £nil) and the directors do not recommend the payment of a final dividend (2006 - £nil).

The balance sheet as at 31 December 2007 shows 'total assets less current liabilities' of £2,337,000 (2006 - £1,507,000) and shareholders' funds of £391,000 (2006 - £230,000).

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 2007 (Continued)

Principal risks and uncertainties (Continued)

Foreign exchange

The company operates in 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, most notably steel. 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 2007 (*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 21.0% (2006 21.3%)
- Operating profit percentage at 3.5% (2006 3.2%)
- Working capital of £1,194,000 (2006 £1,114,000)
- Return on capital employed of 22.9% (2006 20.5%)

As at 31 December 2007, the reported key performance indicators were in line with expectations. 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

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 2007 (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 group 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

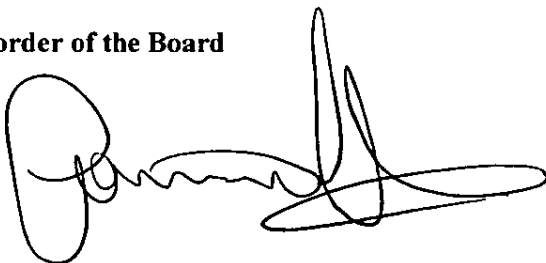
Details of the financial risk management objectives and policies and details of the use of financial instruments by the company are provided in note 22 to the financial statements.

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 Stoy Hayward 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



L G Stokes
Secretary

Date 24/06/08

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 2007 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, 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 2007 and of its profit 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



BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

Date 30th June 2008

Caparo AP Braking Limited

Profit and loss account and reconciliation of movements in shareholders' funds for the year ended 31 December 2007

	Note	Year ended 31 December 2007 £'000	9 month period to 31 December 2006 £'000
Turnover	2	14,162	10,522
Cost of sales		(11,191)	(8,284)
Gross profit		2,971	2,238
Distribution costs		(25)	(33)
Administrative expenses		(2,498)	(1,871)
Other operating income		48	-
Operating profit	5	496	334
Interest payable and similar charges	6	(41)	(1)
Profit on ordinary activities before taxation		455	333
Taxation on profit on ordinary activities	7	(294)	(103)
Profit for the financial year	18	161	230

All amounts relate to continuing activities

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

Reconciliation of movements in shareholders' funds

	Year ended 31 December 2007 £'000	9 month period to 31 December 2006 £'000
Opening shareholders' funds	230	-
Profit for the financial year	161	230
Closing shareholders' funds	391	230

The notes on pages 9 to 20 form part of these financial statements

Caparo AP Braking Limited

Balance sheet at 31 December 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Goodwill	8	38		41	
Intangible assets	8	19		-	
Total intangible fixed assets			57		41
Tangible fixed assets	9		969		1,059
			1,026		1,100
Current assets					
Stocks	10	1,495		1,463	
Debtors due within one year	11	2,212		2,097	
Debtors due after more than one year	11	348		348	
Total debtors		2,560		2,445	
Cash at bank and in hand		144		-	
Total current assets		4,199		3,908	
Creditors: amounts falling due within one year	12	(2,888)		(3,501)	
Net current assets			1,311		407
Total assets less current liabilities			2,337		1,507
Creditors: amounts falling due after more than one year	13	(1,946)		(1,275)	
Provisions for liabilities	16	-	(1,946)	(2)	(1,277)
Net assets			391		230
Capital and reserves					
Called up share capital	17		-		-
Profit and loss account	18		391		230
Shareholders' funds			391		230

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2008



R G J Butler
Director



D P Dancaster
Director

The notes on pages 9 to 20 form part of these financial statements

1 Accounting policies

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

The following principal accounting policies have been applied

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 either is amortised over its estimated useful life of up to 20 years or is not amortised but is subject to annual impairment reviews. Goodwill being amortised is subject to an impairment review where there is an indication of an impairment

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

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

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

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief or capital losses, and
- 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

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

1 Accounting policies (*Continued*)

Deferred tax (Continued)

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met

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 are provided at twice the rate of 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.

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 22 to the financial statements.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*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.

Accounting period

The financial statements have been prepared for the 12 months ended 31 December 2007. Comparative figures are for the period from incorporation on 24 March 2006 to 31 December 2006.

2 Turnover

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

	Year ended 31 December 2007 £'000	9 month period to 31 December 2006 £'000
United Kingdom	13,001	8,835
Rest of Europe	698	1,092
North America	463	595
	<u>14,162</u>	<u>10,522</u>

3 Employees

	Year ended 31 December 2007 £'000	9 month period to 31 December 2006 £'000
Staff costs consist of		
Wages and salaries	3,699	2,910
Social security costs	381	301
Pension costs	192	106
	<u>4,272</u>	<u>3,317</u>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

3 Employees (*Continued*)

	Year ended 31 December 2007 Number	9 month period to 31 December 2006 Number
The average number of employees, including directors, during the year/period were		
Production and sales	118	132
Administration	30	37
	<u>148</u>	<u>169</u>

4 Directors' remuneration

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

5 Operating profit

	Year ended 31 December 2007 £'000	9 month period to 31 December 2006 £'000
This has been arrived at after charging/(crediting)		
Goodwill amortised	3	1
Depreciation of owned fixed assets	272	183
Depreciation of leased fixed assets	10	2
Operating lease rentals - plant	74	40
- other	317	227
Auditor's remuneration for audit services	15	20
Exchange gains	(17)	(8)
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	Year ended 31 December 2007 £'000	9 month period to 31 December 2006 £'000
Bank loans and overdrafts	37	-
Finance leases and hire purchase agreements	4	1
	<u>41</u>	<u>1</u>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

7 Taxation on profit on ordinary activities

	Year ended 31 December 2007 £'000	Year ended 31 December 2007 £'000	9 month period to 31 December 2006 £'000	9 month period to 31 December 2006 £'000
The taxation on profit on ordinary activities comprises				
<i>Current tax</i>				
Corporation tax on profits of the year	223		101	
Adjustment in respect of prior period	73		-	
Total current tax	<u>296</u>	296	<u>101</u>	101
<i>Deferred tax</i>				
Origination and reversal of timing differences - current year	75		2	
Adjustments in respect of prior period	(77)		-	
Movement in deferred tax provision (note 16)		(2)		2
Taxation on profit on ordinary activities		<u>294</u>		<u>103</u>

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

	Year ended 31 December 2007 £'000	9 month period to 31 December 2006 £'000
Profit on ordinary activities before tax	455	333
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	<u>137</u>	<u>100</u>
Effect of		
Permanent differences	(1)	2
Capital allowances for year less than/(in excess) of depreciation	81	(13)
Other timing differences	6	12
Adjustment to current tax charge in respect of prior period	73	-
Current tax charge for the year	<u>296</u>	<u>101</u>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

7 Taxation on profit on ordinary activities (Continued)

The company has unprovided UK deferred tax assets of £151,000 (note 16)

Factors that may affect future tax charges

Based on current capital investment plans, the company expects to be able to claim capital allowances in excess of depreciation in future years

8 Intangible fixed assets

	Goodwill £'000	Development Expenditure £'000	Total £'000
<i>Cost</i>			
At 1 January 2007	42	-	42
Additions	-	19	19
	<hr/>	<hr/>	<hr/>
At 31 December 2007	42	19	61
<i>Amortisation</i>			
At 1 January 2007	1	-	1
Amortised in the year	3	-	3
	<hr/>	<hr/>	<hr/>
At 31 December 2007	4	-	4
<i>Net book value</i>			
At 31 December 2007	38	19	57
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2006	41	-	41
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

9 Tangible fixed assets	Plant, machinery, fixtures and fittings £'000	Motor vehicles and mobile plant £'000	Total £'000
<i>Cost</i>			
At 1 January 2007	1,215	26	1,241
Additions	161	37	198
Inter company transfers	(8)	-	(8)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	1,368	63	1,431
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2007	179	3	182
Charge for year	269	13	282
Inter company transfers	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	446	16	462
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2007	922	47	969
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2006	1,036	23	1,059
	<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 £41,000 (2006 - £15,000)

10 Stocks	2007 £'000	2006 £'000
Raw materials and consumables	962	930
Work in progress	303	240
Finished goods and goods for resale	230	293
	<hr/>	<hr/>
	1,495	1,463
	<hr/> <hr/>	<hr/> <hr/>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

11 Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year		
Trade debtors	1,997	1,756
Amounts owed by group undertakings	33	32
Other debtors	13	44
Prepayments	169	265
	<u>2,212</u>	<u>2,097</u>
Amounts falling due after more than one year		
Prepayments and accrued income	348	348
	<u>348</u>	<u>348</u>
Total debtors	<u>2,560</u>	<u>2,445</u>

Amounts owed by group undertakings have no fixed repayment date and are non-interest bearing

12 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank loans, overdrafts and similar finance (note 14)	127	895
Trade creditors	1,634	1,387
Amounts owed to group undertakings	39	86
Corporation tax	223	101
Other taxation and social security	355	129
Finance lease and hire purchase obligations (note 15)	19	5
Accruals and deferred income	491	898
	<u>2,888</u>	<u>3,501</u>

The bank loans, overdrafts and similar finance are secured by way of a charge over the tangible fixed assets and trade debtors

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

13 Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Bank loans, overdrafts and similar finance (note 14)	484	-
Amounts owed to group undertakings	1,439	1,265
Finance lease and hire purchase obligations (note 15)	23	10
	<u>1,946</u>	<u>1,275</u>

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

14 Bank loans, overdrafts and similar finance.

	2007	2006
	£'000	£'000
Bank loans, overdrafts and similar finance are repayable		
In one year or less	127	895
In one to two years	137	-
In two to five years	347	-
	<u>611</u>	<u>895</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

15 Leasing

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

	2007	2006
	£'000	£'000
Finance leases and hire purchase agreements are repayable as follows		
In one year or less	19	5
In one to two years	9	10
In two to five years	14	-
	<u>42</u>	<u>15</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 2007 (Continued)

16 Provisions for liabilities

	Deferred taxation £'000
At 1 January 2007	2
Transfer to the profit and loss account (note 7)	(2)
	<hr/>
At 31 December 2007	-
	<hr/> <hr/>

Deferred tax is included in the balance sheet as follows

Deferred taxation (assets)/liabilities

	Provided 2007 £'000	Unprovided 2007 £'000	Provided 2006 £'000	Unprovided 2006 £'000
Accelerated capital allowances	-	(138)	7	-
Short term timing differences	-	(13)	(5)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	(151)	2	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17 Share capital

	2007 Number	Authorised		2006 £'000
		2007 £'000	2006 Number	
Ordinary shares of £1 each	1,000	1	1,000	1
	<hr/>	<hr/>	<hr/>	<hr/>
	2007 Number	Allotted, called up, fully paid		2006 £'000
		2007 £'000	2006 Number	
Ordinary shares of £1 each	1	-	1	-
	<hr/>	<hr/>	<hr/>	<hr/>

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 *(Continued)*

18 Reserves

	Profit and loss account £'000
At 1 January 2007	230
Profit for the year	161
	<hr/>
At 31 December 2007	391
	<hr/> <hr/>

19 Capital commitments and contingent liabilities

(i) As at 31 December 2007, the company had contracted to purchase £1,000 (2006 £15,000) of capital equipment which has not been provided for in these financial statements

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

	Land and Buildings 2007 £'000	Other 2007 £'000	Land and Buildings 2006 £'000	Other 2006 £'000
Operating leases which expire				
Less than one year	-	4	-	40
Within one to two years	-	4	-	-
Within two to five years	-	5	-	-
In more than five years	297	42	227	-
	<hr/>	<hr/>	<hr/>	<hr/>
	297	55	227	40
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(iii) Caparo Vehicle Products Limited, Caparo AP Braking Limited, Caparo Modular Systems Limited, Caparo Atlas Fastenings Limited and Caparo Accles & Pollock Limited are liable under cross guarantee arrangements for bank and loan facilities entered into by the companies. The total amount outstanding under these arrangements at the year end was £11,162,000 (2006 - £6,708,000)

20 Pension scheme

The company contributes to the Caparo Stakeholder Pension Scheme, a UK defined contribution scheme managed by Investment Solutions Limited and also to private UK defined contribution plans for 2 senior employees. The pension charge in respect of these arrangements was £182,000 (2006 - £80,000) to the Caparo Stakeholder Pension Scheme and £10,000 (2006 - £26,000) to the Private Pension Plans. At 31 December 2007, £nil employee contributions were payable to the Caparo Stakeholder Pension Scheme (2006 - £nil) and £1,000 was payable to the Private Pension Plans (2006 - £2,000) and is included in creditors.

Caparo AP Braking Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

21 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

22 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

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

23 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 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