Company Registration No. 2889486

Wyman-Gordon Limited

Report and Financial Statements

For the 9 month period ended 31 December 2016

Wyman-Gordon Limited

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Wyman-Gordon Limited

Directors and professional advisers

Directors

SR Hagel
S Blackmore
R Becker
C Thomas
R Beyer
R Patte
A Masterman (resigned 30 November 2016)
J Coleman

Secretary

S Sinclair

J Freeman (appointed 10 October 2016)

Registered Office

c/o Special Metals Wiggin Limited
Wiggin Works
Holmer Road
Hereford, HR4 9SL

Bankers

Clydesdale Bank PLC
29 George Street
Edinburgh, EH2 2YN

Royal Bank of Scotland
5 Canada Square
London, E14 5AQ

Bank of America
6-8 George Street
Edinburgh, EH2 2SA

Solicitors

Dundas & Wilson LLP
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EN

Independent Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2DB

Wyman-Gordon Limited

Strategic report

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

Review of business and future developments

The results of the group show a profit before tax of £263,000 for the 9 month period ending 31 December 2016 (52 weeks ended 3 April 2016: loss £147,000) on sales of £47,609,000 (52 weeks ended 3 April 2016: £67,799,000). The group had net assets of £108,728,000 as at 31 December 2016 (3 April 2016: net assets of £121,272,000).

Turnover from existing operations has decreased in the period. Sales from both the aerospace and energy sectors have increased in terms of volume but have decreased in terms of overall margin, reductions in costs have however resulted in an increase in operating profit.

The company continues to work on new part introductions with its major customers. This should place the company in a favourable position to grow its business in the short to medium term.

Other key performance indicators

At the period-end operating working capital was 57.9% of turnover (3 April 2016: 38.7%). The operating working capital ratio is calculated by taking the quarter end working capital balance (trade receivables plus stock less trade payables) and comparing this against annualised sales for the quarter, after adjusting for the effect of FX.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks, affecting the group are considered to relate to competition and to foreign currency, in addition to wider market conditions impacting demand.

Competition

The group operates in a highly competitive market around price and product quality. This can have an impact in downward pressure on the group's margins but also in the risk that we do not meet the group's customers' expectations. In order to mitigate this risk our sales team monitors market prices on an ongoing basis. Furthermore, the quality team continually monitors the quality of product being produced and ensures the group maintains a rigorous quality system.

Foreign currency

The group sells into a number of markets worldwide. Some of these sales are in foreign currency, and therefore the group has an exposure to foreign currency movements. In order to mitigate this risk, the group will hedge against currency exposures using foreign exchange contracts. The fair value of derivative contracts is included in note 21.

Events after the balance sheet date

There have been no material post balance sheet events since the financial period end.

By order of the board

J Coleman
Director
25 September 2017

Wyman-Gordon Limited

Directors' report

The directors present their report and the audited financial statements of the company and the group for the 9 month period ended 31 December 2016. The change in accounting period is to align with the ultimate parent company.

Directors

The directors who held office during the period and to the date of this report are listed on page 3.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic report on page 4 and form part of this report by cross-reference.

Going concern

The group's business activities are spread over a number of industries and geographical locations. Its major customers and suppliers have significant experience in operating within those industries. The financial position of the group has been impacted by the decline in sales and downward pressure on pricing in the aerospace and energy business. The group has considered the principal risks and uncertainties of the business and has set out its policy (as detailed in the Strategic report on page 4) for limiting those risks.

The directors have a reasonable expectation that the group and the company have adequate resources internally and through its association with its US Parent, Berkshire Hathaway Inc, to continue in operational existence for the foreseeable future and as such, the going concern basis has been adopted in preparing the annual report and financial statements.

Principal risks and uncertainties

Details of the company's risk management objectives have been disclosed in the Strategic report on page 4, and form part of this report by cross reference.

Business review

Details of the company's business review have been disclosed in the Strategic report on page 4, and form part of this report by cross reference.

Financial risk management objectives and policies

Credit risk

The group's principal financial assets are bank balances, cash and trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Wyman-Gordon Limited is exposed to a concentration of credit risk for trade receivables. The company has long-standing relationships with its customers and management considers the credit risk to be low.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group has available a mixture of long-term and short-term debt finance, solely from other group undertakings. All amounts are repayable on demand within one year.

Directors' report (continued)

Dividends

During the period, no interim dividend was paid (3 April 2016: £nil). The directors recommended that no final dividend be paid (3 April 2016: £nil.).

Research and development

Within the aerospace sector, research and development is focused on manufacturing improvements to increase capacity and capability and to maintain leadership in offering world-class forgings to the aerospace industry.

Charitable donations

There were no contributions for charitable purposes (3 April 2016: £nil). There were no contributions for political purposes (3 April 2016: £nil).

Safety policy

Throughout the period, the group demonstrated its continuing commitment to safety. The directors believe that the emphasis placed on safety within the workplace benefits both employees, through improved motivation and morale, and the group, through increased productivity and reduced absenteeism.

Employees

The group gives full and fair consideration to applications for employment made by disabled persons and, where appropriate, would arrange for the retraining of those who became disabled whilst in employment. The group also endeavours to give equal opportunities of training, career development and promotion to all employees.

During the period, the group remained committed to its policy of providing employees with information about the group. This encourages participation in the group's development and addresses employee concerns. Employee involvement is encouraged by the use of the following:

- Employee Share Purchase Plan;
- Communication meetings with local management;
- Employee suggestion schemes;
- Local notices and bulletins;
- Employee newsletter; and
- Awards to employees as recognition of performance.

Disclosure of information to auditor

Each of the persons who is a director of the company at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Directors' report (continued)

Auditor

Deloitte LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

J Coleman
Director

25 September 2017

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Wyman-Gordon Limited

We have audited the financial statements of Wyman-Gordon Limited for the 9 month period ended 31 December 2016 which comprise the Consolidated statement of profit and loss, the Consolidated statement of comprehensive income; the Consolidated and company balance sheets, the Consolidated and company Statements of changes in equity and the related notes 1 to 23. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the period then ended;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report.

Independent auditor's report to the members of Wyman-Gordon Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Pratt

Stephen Pratt CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory auditor
Edinburgh, United Kingdom

27 September 2017

Consolidated profit and loss account
For the 9 month period ended 31 December 2016

	Note	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Turnover	3	47,609	67,799
Cost of sales		(43,693)	(63,558)
Gross profit		3,916	4,241
Other operating income		752	1,371
Administration expenses		(2,720)	(4,068)
Operating profit	4	1,948	1,544
Finance charges	8	(871)	(1,453)
Fair value movement on derivatives	21	(814)	(238)
Profit/(loss) before taxation		263	(147)
Tax on profit/(loss)	9	(783)	(56)
Loss for the financial period		(520)	(203)

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

The above results for the current period relate entirely to continuing operations. There are no differences between the profit/(loss) on ordinary activities before taxation and the results stated above and their historical cost equivalents.

Wyman-Gordon Limited

Consolidated statement of comprehensive income
For the 9 month period ended 31 December 2016

	Note	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Loss for the financial year		(520)	(203)
Actuarial (loss)/gain relating to the pension scheme	23	(14,487)	3,153
Deferred tax relating to the actuarial gain/(loss)		2,463	(568)
Total comprehensive (loss)/income		(12,544)	2,382

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

Consolidated and company balance sheet
As at 31 December 2016

	Note	Group 31 December 2016 £'000	Company 31 December 2016 £'000	Group 3 April 2016 £'000	Company 3 April 2016 £'000
Non-current assets					
Intangible assets	10	2,344	2,344	2,885	2,885
Tangible assets	11	36,729	36,729	39,368	39,368
		39,073	39,073	42,253	42,253
Current assets					
Stocks	13	20,921	20,921	20,309	20,309
Debtors	14	166,777	166,777	155,729	155,729
		187,698	187,698	176,038	176,038
Creditors: amounts falling due within one year	16	(83,775)	(86,790)	(76,842)	(79,857)
Net current assets		103,923	100,908	99,196	96,181
Total assets less current liabilities		142,996	139,981	141,449	138,434
Provisions for liabilities	17	(2,392)	(2,392)	(2,060)	(2,060)
Net assets excluding pension deficit		140,604	137,589	139,389	136,374
Pension deficit	23	(31,876)	(31,876)	(18,117)	(18,117)
Net assets		108,728	105,713	121,272	118,257
Capital and reserves					
Called up share capital	19	12,904	12,904	12,904	12,904
Revaluation reserve		8,412	8,412	8,616	8,616
Profit and loss account		87,412	84,397	99,752	96,737
Shareholders' funds		108,728	105,713	121,272	118,257

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the company alone. The loss on ordinary activities after taxation for the period was £520,000 (3 April 2016: loss of £203,000).

The financial statements of Wyman-Gordon Limited, registered company number 02889486, were approved by the board of directors on 25 September 2017 and were signed on its behalf by:

J Coleman
Director

Wyman-Gordon Limited

Consolidated statement of changes in equity
As at 31 December 2016

	Called-up capital £'000	Revaluation reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
At 29 March 2015	12,904	8,616	5,895	90,557	117,972
Loss for the financial year	-	-	-	(203)	(203)
Other comprehensive income				2,585	2,585
Share based payment	-	-	918	-	918
Transfer (note 18)			(6,813)	6,813	-
At 3 April 2016	12,904	8,616	-	99,752	121,272
Loss for the financial period		-	-	(520)	(520)
Other comprehensive income	-	-	-	(12,024)	(12,024)
Depreciation transfer		(204)		204	-
At 31 December 2016	12,904	8,412	-	87,412	108,728

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

Wyman-Gordon Limited

Company statement of changes in equity
As at 31 December 2016

	Called-up share capital £'000	Revaluation reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
At 29 March 2015	12,904	8,616	5,260	88,226	115,006
Loss for the financial year	-	-	-	(203)	(203)
Other comprehensive income				2,585	2,585
Total comprehensive income	-	-	869	-	869
Transfer (note 18)			(6,129)	6,129	-
At 3 April 2016	12,904	8,616	-	96,737	118,257
Loss for the financial period	-	-	-	(520)	(520)
Other comprehensive loss	-	-	-	(12,024)	(12,024)
Depreciation transfer		(204)		204	-
At 31 December 2016	12,904	8,412	-	84,397	105,713

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

Notes to the financial statements
For the 9 month period ended 31 December 2016

1. Accounting policies

The principal accounting policies adopted by the directors are described below and have been applied consistently in the current and prior period.

a. General information and basis of accounting

Wyman-Gordon Limited is a private company limited by shares registered in England and Wales, incorporated in the United Kingdom under the Companies Act 2006 (Company Registration No. 2889486). The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic report on page 4.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Wyman-Gordon Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Wyman-Gordon Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in these separate company financial statements in relation to the presentation of a cash flow statement, remuneration of key management personnel and related parties.

b. Basis of consolidation

The group financial statements consolidate the financial statements of Wyman-Gordon Limited and its subsidiary undertakings drawn up for the 9 months to 31 December 2016. No separate profit and loss account is presented for Wyman-Gordon Limited as permitted by section 408 of the Companies Act 2006.

c. Going concern

The group's business activities are spread over a number of industries and geographical locations. Its major customers and suppliers have significant experience in operating within those industries. The financial position of the group has been impacted by the decline in sales and downward pressure on pricing in the aerospace and energy business. The group has considered the principal risks and uncertainties of the business and has set out its policy (as detailed in the Strategic Report on page 4) for limiting those risks.

The directors have a reasonable expectation that the group and the company have adequate resources internally and through its association with its US Parent, Berkshire Hathaway Inc to continue in operational existence for the foreseeable future and as such, the going concern basis has been adopted in preparing the annual report and financial statements.

Having assessed the responses of the Directors of Berkshire Hathaway Inc to their enquiries and based on the forecast and projections, the projected cash generation form trading, the Directors continue to adopt the going concern basis in preparing the financial statements.

d. Intangible assets - goodwill

Goodwill arising on the acquisition of businesses, including know-how, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Notes to the financial statements
For the 9 month period ended 31 December 2016

1. Accounting policies (continued)

e. Tangible fixed assets

Tangible fixed assets are stated at deemed cost on transition to FRS 102 (including all costs of acquisition required to bring the asset into use) less depreciation and any provision for impairment. Depreciation is provided by the group on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset in equal instalments over their estimated useful lives, as follows:

Freehold buildings	-	Over 25 years
Plant and machinery	-	4 to 12 years

Depreciation on assets in course of construction commences when the assets are placed into operational use.

f. Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets once the directors are satisfied that the conditions of the grant have been met. Grants of a revenue nature are credited to the profit and loss account over the period to which they relate.

g. Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials and consumables, purchase cost on a first in, first out basis, is used. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes direct materials, labour and an appropriate proportion of overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

h. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

Notes to the financial statements
For the 9 month period ended 31 December 2016

1. Accounting policies (continued)

h. Financial instruments (continued)

Financial assets and liabilities (continued)

(c) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Notes to the financial statements
For the 9 month period ended 31 December 2016

1. **Accounting policies (continued)**

i. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the group has a legally enforceable right to set off current tax assets against current tax liabilities and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

j. Pensions

The group operates a defined benefit pension scheme. The funds are valued on a regular basis by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The service cost of pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the group's long-term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account under "other finance charges".

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet, net of the related deferred tax. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 23 to the financial statements.

Notes to the financial statements
For the 9 month period ended 31 December 2016

1. Accounting policies (continued)

k. Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All exchange differences are included in the profit and loss account.

l. Research and development

Research and development expenditure is written off in the profit and loss account as incurred.

m. Related party transactions

Related party transactions with group companies have not been disclosed in accordance with the exemption for wholly-owned subsidiary undertakings contained in Financial Reporting Standard Section 33 "Related Party Disclosures".

n. Leases

Rentals under operating leases are charged in the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

o. Environmental costs

The estimated costs for known environmental remediation requirements are accrued on an undiscounted basis when it is probable that a liability has been incurred and the amount of remediation costs can be reasonably estimated. The Directors are satisfied that the effect of discounting the provision would not be material.

p. Onerous contracts

A provision is made for contracts in which the cost incurred to fulfil the contract is great than that of the contract. A provision is recognised for the expected loss on these contracts.

q. Share-based payments

The company has applied the requirements of Section 26 "Share-based Payments".

The company's former ultimate parent company, Precision Castparts Corp., ("PCC"), issued equity-settled share-based payments to certain employees of the company. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The company also provides employees with the ability to purchase PCC's ordinary shares at 85% of the current market value (limited up to 10 per cent of their annual base salary). The company records an expense based on its estimate of the 15% discount related to shares expected to vest on a straight line basis over the vesting period.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the financial statements
For the 9 month period ended 31 December 2016

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty – onerous contracts

An onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The calculation of the provision requires the entity to estimate the future expected loss based on a detailed assessment of contract terms and expected future sales volumes.

Key source of estimation uncertainty - impairment of tangible assets

The assumptions and estimates applied to support the carrying value of tangible assets, which are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an on-going basis.

Key source of estimation uncertainty – discount rate used to determine the carrying amount of the Group's defined benefit obligation

The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived.

3. Turnover

Turnover represents the invoiced amount of goods sold and services provided during the year, net of value added tax. The turnover of continuing operations is attributable to the manufacture and supply of components for the aerospace, energy and defence industries.

Turnover and group (loss)/profit before taxation are not analysed by each class of business or geographical area, as the directors believe it would be detrimental to the interests of the group. For the same reason the directors have not included an analysis of net assets by class of business.

In addition to the turnover discussed above the group earns income from a number of other sources such as the sale of scrap metal. These amounts are included in other operating income.

The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the company alone. The loss on ordinary activities after taxation for the period was £520,000 (3 April 2016: loss of £203,000).

Notes to the financial statements
For the 9 month period ended 31 December 2016

4. Operating profit

	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Operating profit is stated after charging/(crediting):		
Exchange gain	1,106	59
Rental income	(351)	(594)
Depreciation of tangible fixed assets		
- owned assets (note 11)	2,780	3,592
Amortisation of intangible assets (note 10)	541	720
Fees payable to the company's auditor for the audit of the company's annual accounts	63	77
Pension past service cost (note 23)	-	2
Operating lease rentals:		
- hire of plant and machinery	228	304
Exceptional items;		
- Fixed asset impairment (note 11)	-	1,853
- Onerous contract provision (note 17)	332	1,841

5. Directors' emoluments

	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Aggregate emoluments	578	430
Company contributions to money purchase schemes	-	2
	578	432

Two (3 April 2016: two) directors received remuneration in respect of their services to the company. All other directors are paid directly through other group companies. It is considered that the time spent in relation to Wyman-Gordon Limited is insignificant.

Notes to the financial statements
For the 9 month period ended 31 December 2016

5. Directors' emoluments (continued)

	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Highest paid director		
The amounts in respect of the highest paid director are as follows:		
Emoluments	377	249
Total emoluments	377	249

6. Employees costs

Group	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Wages and salaries	6,109	8,811
Social security costs	685	1,131
Other pension costs (note 23)	666	1,059
Redundancy costs	148	447
	7,608	11,448

7. Employee information

The average number of employees (including executive directors) was:

By activity	52 weeks ended 31 December 2016 Number	52 weeks ended 3 April 2016 Number
Production	212	200
Administration	23	20
	235	220

Notes to the financial statements
For the 9 month period ended 31 December 2016

8. Finance charges

	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Net charge on pension scheme (note 23)	430	669
Other finance charges – group	441	784
	871	1,453

9. Tax on profit/(loss) on ordinary activities

	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Current tax:		
UK corporation tax based on the results for the year at 20% (3 April 2016: 20%)	227	-
Prior year adjustment	385	44
Total current tax	612	44
Deferred tax:		
Origination and reversal of timing differences	(52)	12
Prior year adjustment	185	-
Movement in deferred tax due to changes in tax rates	38	-
Total deferred tax	171	12
Tax on profit/(loss) on ordinary activities	783	56

The UK Corporation tax rate of 20% took effect from 1 April 2015. Further changes to the UK Corporation tax rates were substantively enacted as part of the Finance (No.2) Act 2015 on 26 October 2015. These include changes to reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes have been substantively enacted at the balance sheet date their effects have been included in these financial statements. A further change has been announced in the Finance (No.2) Bill 2016 which will reduce the main rate of corporation tax to 17% from 1April 2020 rather than 18% previously announced. This Bill was substantively enacted on 15 September 2016 and as this is post balance sheet date the effect of this change has not been included in the financial statements.

Notes to the financial statements
For the 9 month period ended 31 December 2016

9. Tax on profit/(loss) on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows

	9 month period ended 31 December 2016 £'000	52 weeks ended 3 April 2016 £'000
Profit/(loss) on ordinary activities before tax	263	(147)
Tax thereon at 20% (3 April 2016: 20%)	53	(29)
Disallowed expenses and non-taxable income	123	115
Fixed asset differences	130	17
Deferred tax recognised on revaluation of land and buildings	-	-
Other timing differences	(150)	16
Adjustments to tax charge in respect of previous periods – corporation tax	385	44
Adjustments to tax charge in respect of previous periods – deferred tax	185	-
Rate change	57	(107)
Total tax charge for the period	783	56

10. Intangible assets

	Goodwill £'000
Group and company	
Cost	
At 3 April 2016	14,421
At 31 December 2016	14,421
Amortisation	
At 3 April 2016	11,536
Charge for the year	541
At 31 December 2016	12,077
Net book value	
At 3 April 2016	2,885
At 31 December 2016	2,344

No indicators of impairment have been noted in the period.

Notes to the financial statements
For the 9 month period ended 31 December 2016

11. Tangible assets

Group and Company	Assets in the course of construction £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 3 April 2016	1,041	12,412	55,632	69,085
Additions	141	-	-	141
Transfers	(541)	53	488	-
At 31 December 2016	641	12,465	56,120	69,226
Accumulated depreciation				
At 3 April 2016	-	480	29,237	29,717
Charge for the period	-	444	2,336	2,780
At 31 December 2016	-	924	31,573	32,497
Net book value				
At 31 December 2016	641	11,541	24,547	36,729
At 3 April 2016	1,041	11,932	26,395	39,368

Land and buildings were independently valued by Stout Risius Ross as part of the FRS 102 transition on the basis of highest and best use which has been determined on a depreciated replacement cost basis and reflects the existing use value of the premises based on its continued use by Wyman-Gordon Limited. This valuation would not necessarily be reflective of the market value of the property should it be sold to a third party. This valuation was arrived at on the basis of an inspection and survey of Wyman-Gordon Limited's land and buildings. The valuation was reflected in the financial statements for the 52 weeks ended 3 April 2016. The company does not adopt a revaluation policy for its land and buildings, and opted to use fair value at the date of transition to FRS 102 as the deemed cost going forward.

12. Investments

The company also holds 100% of the issued share capital of Wyman-Gordon (Lincoln) Limited, a company incorporated in England whose trade is the provision of management services to the company. This investment is carried at cost.

Name of company	Country of incorporation	Proportion of nominal value of issued share capital held	Principal activity	Registered address
Wyman-Gordon (Lincoln) Limited	England	100%	Provision of management services	Special Metals Wiggin Limited Wiggin Works Holmer Road Hereford HR4 9SL

Wyman-Gordon Limited

Notes to the financial statements
For the 9 month period ended 31 December 2016

13. Stocks

Group and Company	31 December 2016 £'000	3 April 2016 £'000
Raw materials and consumables	5,754	7,110
Work in progress	12,128	9,549
Finished goods	3,039	3,650
	20,921	20,309

14. Debtors

Group and Company	31 December 2016 £'000	3 April 2016 £'000
Trade debtors	10,127	9,560
Amounts owed by group undertakings	150,006	143,538
Prepayments and accrued income	554	206
Corporation tax recoverable	1,999	1,260
VAT	934	299
Deferred tax (note 15)	3,157	866
	166,777	155,729

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

15. Deferred tax

Deferred tax is provided for timing differences that are expected to reverse in the future without being replaced.

Group and Company	31 December 2016 £'000	3 April 2016 £'000
Accelerated capital allowances	(1,419)	(1,489)
Other timing differences	(843)	(1,012)
Pension	5,419	3,367
Recognised in debtors	3,157	866

Notes to the financial statements
For the 9 month period ended 31 December 2016

16. Creditors: amounts falling due within one year

	Group 31 December 2016 £'000	Company 31 December 2016 £'000	Group 3 April 2016 £'000	Company 3 April 2016 £'000
Trade creditors	4,603	4,603	4,026	4,026
Amounts owed to group undertakings	74,855	77,870	70,320	73,335
Other taxation and social security	249	249	301	301
Accruals and other creditors	2,721	2,721	1,662	1,662
Derivatives (note 21)	1,347	1,347	533	533
	83,775	86,790	76,842	79,857

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

17. Provisions for liabilities

Group and Company	Onerous contracts £'000	Environmental £'000	Total £'000
At 3 April 2016	1,853	207	2,060
Credit to the profit and loss account	(261)	-	(261)
Charge in the period	593	-	593
At 31 December 2016	2,185	207	2,392

Environmental provision

This provision comprises the anticipated cost in respect of environmental remediation work on two of the company's sites. The provision represents the company's best estimate of its probable future obligations for the investigation and remediation of the sites. The estimate is based on currently available facts, prior experience and present laws and regulations. Due to the nature of costs arising from environmental issues the timing of payments cannot be conclusively determined.

Onerous contracts

Certain long term sales agreements and other committed orders were subject to negotiated terms that in the view of the Directors, were unfavourable. Under the requirements of Section 21, a provision should be made for the element of the contact which is onerous. The provision is based on forecast sales orders under long term agreements and other committed orders and is expect to unwind by the end of December 2020. The provision is discounted based on US government bond yield rates.

Notes to the financial statements
For the 9 month period ended 31 December 2016

18. Share based payments

Equity-settled share option scheme

The company's former ultimate parent company, PCC, issued share options over ordinary shares in PCC to certain employees of the group. Options are exercisable at prices equal to the quoted market price of the parent company's shares on the date of grant. Options become exercisable at a rate of 25% each year over four years from the date of grants. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	9 month period ended 31 December 2016		52 weeks ended 3 April 2016	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of period	-	-	45,527	119.73
Granted during the period	-	-	125	140.97
Cancelled	-	-	(18,989)	78.78
Forfeited during the period	-	-	(2,356)	15,781
Transferred during the period	-	-	-	-
Exercised during the period	-	-	(24,307)	7,878
Outstanding at the end of the period	-	-	-	-
Exercisable at the end of the period	-	-	-	-

As a result of the acquisition of the group's ultimate parent company by Berkshire Hathaway Inc. the share option scheme was closed and all shares were exercised or cancelled.

The closure of the share scheme resulted in an accelerated charge representing the amount that would otherwise have been recognised over the remainder of the vesting period. The remaining share reserve was transferred to retained earnings. The group transfer was £6,813,000 and the company transfer was £6,129,000.

19. Called up share capital

Group and Company	31 December 2016 £'000	3 April 2016 £'000
Allotted, called up and fully paid		
12,903,225 ordinary shares of £1 each	12,904	12,904

Notes to the financial statements
For the 9 month period ended 31 December 2016

20. Financial commitments

At 31 December 2016 the group and company had total future minimum lease payments under non-cancellable operating leases for assets other than land and buildings expiring as follows:

Group and Company	31 December 2016 £'000	3 April 2016 £'000
Expiring within one year	3	5
Expiring within two to five years	35	31
After two years	195	199
	233	235

21. Financial instruments

The Group uses foreign exchange contracts to manage its exposure to fluctuations in exchange rates and has contracts with nominal values of US$9,700,000 (3 April 2016: US$12,750,000) for periods up until 2017.

The fair values of foreign exchange contracts are valued using quoted forward exchange rates at the balance sheet date.

The following table details the notional principal amounts, fair value amounts and remaining terms of foreign exchange rate swap contracts outstanding as at the reporting date:

	31 December 2016		3 April 2016	
	Notional value £'000	Fair value (liability) £'000	Notional value £'000	Fair value (liability) £'000
Maturity date				
Two to five years	3,000	1,219	7,450	423
	6,700	128	5,300	110
	9,700	1,347	12,750	533

22. Ultimate parent undertakings

The company is a subsidiary of Wyman-Gordon Forgings Inc. Its immediate parent undertaking and controlling party at the balance sheet date was Precision Castparts Corp. ("PCC") (registered office address 4650 South West Macadam Avenue, 97239 Portland, United States of America), a company incorporated in the United States of America. The largest and smallest group in which the results of the company are consolidated is that headed by the ultimate parent undertaking Berkshire Hathaway Inc, a company incorporated in the United States of America (registered office address 1440 Kiewit Plaza, 68131 Ohmaha, United States of America).

Notes to the financial statements
For the 9 month period ended 31 December 2016

23. Pension commitments

The group operates a defined benefit pension scheme which is funded by the payment of contributions to a separately administered fund. The contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method.

The amount included in the balance sheet arising from the group's obligations in respect of its defined benefit scheme is as follow:

	31 December 2016 £'000	3 April 2016 £'000
Defined benefit obligation at beginning of year	84,367	84,725
Current service costs	666	1,061
Interest expense	2,185	2,840
Benefit payments from plan assets	(2,288)	(2,384)
Participant contributions	161	246
Insurance premiums	(9)	(38)
Remeasurements		
a. Effect of changes in assumptions	17,397	(1,242)
b. Effect of experience adjustments	(497)	(841)
Defined benefit obligation at end of year	101,982	84,367

	31 December 2016 £'000	3 April 2016 £'000
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	(101,982)	(84,367)
Movement in plan assets		
Fair value of plan assets at beginning of year	66,250	64,682
Interest income	1,755	2,171
Employer contribution	2,029	802
Participant contributions	161	246
Benefits paid	(2,288)	(2,384)
Administration expenses	(214)	(337)
Remeasurements – return on plan assets	2,413	1,070
Fair value of plan assets at end of year	70,106	66,250
Pension deficit		
Net pension liability	(31,876)	(18,117)

Notes to the financial statements
For the 9 month period ended 31 December 2016

23. Pension commitments (continued)

	31 December 2016 £'000	3 April 2016 £'000
Amount recognised in the Statement of comprehensive income		
Current service cost	666	1,059
Net interest cost	430	669
Administrative expenses	205	299
Past service cost	-	2
Total pension cost recognised in the P&L account	1,301	2,029
Remeasurement - Effect of changes in assumptions	17,397	(1,242)
- Effect of experience adjustments	(497)	(841)
Actuarial gains immediately recognised	(2,413)	(1,070)
Total actuarial losses/(gains)	14,487	(3,153)
Total cost related to defined benefit plan	15,788	(1,124)

The analysis of the scheme assets and the expected rate of return at the balance sheet date is as follows:

Plan assets

The weighted-average asset allocation at the year-end was as follows:

	Plan assets			
	31 December 2016 £'000	31 December 2016 %	3 April 2016 £'000	3 April 2016 %
Asset category				
Equities	40,147	57.3	38,330	57.9
Bonds & Other	29,989	42.7	27,920	42.1
	70,136	100%	66,250	100%

	31 December 2016 £'000	3 April 2016 £'000
Actual return on plan assets	4,168	3,241

Notes to the financial statements
For the 9 month period ended 31 December 2016

23. Pension commitments (continued)

Weighted average assumptions used to determine benefit obligations at

	31 December 2016	3 April 2016
Discount rate	2.65%	3.5%
Rate of compensation increase	2.0%	2.0%
Rate of increase of pensions in payment	3.1%	2.9%
Inflation (RPI)	3.2%	3.0%

Weighted average assumptions used to determine net pension cost for the year ended:

	31 December 2016	3 April 2016
Discount rate	3.5%	3.4%
Rate of compensation increase	2.0%	2.0%
Rate of increase of pensions in payment	2.9%	3.0%
Inflation	3.0%	3.0%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Weighted average life expectancy for mortality tables used to determine benefit obligations:

	31 December 2016	3 April 2016
Retiring today (male member age 65 today)	23	23
Retiring in 25 years (male member age 40 today)	25	25

The five year history of experience adjustments is as follows:

£'000s	31 December 2016	3 April 2016	2015	2014	2013
Benefit obligation at end of year	(101,982)	(84,367)	(84,725)	(80,574)	(83,574)
Fair value of plan assets at end of year	70,136	66,250	64,682	57,454	60,046
Deficit	(31,846)	(18,117)	(20,043)	(23,120)	(23,528)

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23. Pension commitments (continued)

Contributions

The company expects to contribute £2,220,000 to the pension scheme in 2017 (2016/17: £2,220,000). In addition, it will meet any levies imposed by the Pension Protection Fund.

The balance sheet position for the company in respect of the pension liability is:

	31 December 2016 £'000	3 April 2016 £'000
Total fair value of plan assets	70,136	66,250
Present value of scheme liabilities	(101,982)	(84,367)
Deficit in the scheme	(31,846)	(18,117)

At the period end there were unpaid pension contributions of £nil (3 April 2016: £nil) relating to the above scheme.