

**Company Registration No. 02889486**

**Wyman-Gordon Limited**

**Report and Financial Statements**

**For the year ended 31 December 2017**

**COMPANIES HOUSE  
EDINBURGH**

**20 SEP 2018**

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COMPANIES HOUSE

# **Wyman-Gordon Limited**

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# **Wyman-Gordon Limited**

## **Directors and professional advisers**

### **Directors**

S Hagel  
S Blackmore  
R Becker  
C Thomas  
R Beyer  
R Patte  
J Coleman

### **Secretary**

S Sinclair  
J Freeman

### **Registered Office**

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

### **Bankers**

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

### **Solicitors**

CMS  
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.

### Principal Activities

The group's principal activities during the year to 31 December 2017 were to supply forged products globally to the aerospace and energy markets.

### Review of business and future developments

The results of the group show a profit before tax of £12,613,000 for the year ending 31 December 2017 (9 months ended 31 December 2016: profit of £263,000) on sales of £94,669,000 (9 months ended 31 December 2016: £47,609,000). The group had net assets of £126,458,000 as at 31 December 2017 (31 December 2016: net assets of £108,728,000).

Turnover from existing operations has grown in the period as evidenced above. Sales from the aerospace sector has increased in terms of volume, reductions in costs as a percentage of revenue have 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 35% of turnover (31 December 2016: 38%). 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 foreign exchange.

### 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 20.

#### Events after the balance sheet date

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

By order of the board



**J Coleman**  
Director  
18 September 2018

# Wyman-Gordon Limited

## Directors' report

The directors present their report and the audited financial statements of the company and the group for the year ended 31 December 2017. The prior year comparatives represent a 9 month period, following the change in the prior year to align with the ultimate parent company's year-end.

### Directors

The directors who held office during the year and to the date of this report are listed on page 1.

### 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 2 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 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 2) 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.

### 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.

# **Wyman-Gordon Limited**

## **Directors' report (continued)**

### **Dividends**

During the year, no interim dividend was paid (31 December 2016: £nil). The directors recommended that no final dividend be paid (31 December 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 (31 December 2016: £nil). There were no contributions for political purposes (31 December 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:

- 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.

# **Wyman-Gordon Limited**

## **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

A handwritten signature in black ink, appearing to read 'J Coleman', with a long horizontal flourish extending to the right.

**J Coleman**  
Director

18 September 2018

# **Wyman-Gordon Limited**

## **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**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Wyman-Gordon Limited (the 'company') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and company balance sheet;
- the consolidated and company statements of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

## **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **Opinions 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 group and of the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the 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.

We have nothing to report in respect of these matters.

### **Use of our report**

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.



Stephen Pratt CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Edinburgh, United Kingdom  
18 September 2018

# Wyman-Gordon Limited

## Consolidated profit and loss account For the year ended 31 December 2017

		Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
	Note		
Turnover	3	94,669	47,609
Cost of sales		(79,105)	(43,693)
Gross profit		15,564	3,916
Other operating income		1,513	752
Administration expenses		(3,972)	(2,720)
<b>Operating profit</b>	4	13,105	1,948
Interest payable and similar expenses	8	(1,943)	(871)
Fair value movement on derivatives	20	1,451	(814)
<b>Profit before taxation</b>		12,613	263
Tax on profit	9	(2,492)	(783)
<b>Profit/(loss) for the financial period</b>		10,121	(520)

The accompanying notes on pages 14 to 31 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) before taxation and the results stated above and their historical cost equivalents.

## Wyman-Gordon Limited

### Consolidated statement of comprehensive income For the year ended 31 December 2017

		Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
Profit/(loss) for the financial year		10,121	(520)
Actuarial gain/(loss) relating to the pension scheme	22	9,167	(14,487)
Deferred tax relating to the actuarial (loss)/gain		(1,558)	2,463
<b>Total comprehensive income/(loss)</b>		<b>17,730</b>	<b>(12,544)</b>

The accompanying notes on pages 14 to 31 form an integral part of these financial statements.

# Wyman-Gordon Limited

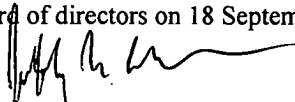
## Consolidated and company balance sheet As at 31 December 2017

	Note	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
<b>Fixed assets</b>					
Intangible assets	10	1,623	1,623	2,344	2,344
Tangible assets	11	35,039	35,039	36,729	36,729
		<u>36,662</u>	<u>36,662</u>	<u>39,073</u>	<u>39,073</u>
<b>Current assets</b>					
Stocks	13	25,144	25,144	20,921	20,921
Debtors	14	160,204	160,204	166,777	166,777
		<u>185,348</u>	<u>185,348</u>	<u>187,698</u>	<u>187,698</u>
<b>Creditors: amounts falling due within one year</b>	16	(72,570)	(75,585)	(83,775)	(86,790)
<b>Net current assets</b>		<u>112,778</u>	<u>109,763</u>	<u>103,923</u>	<u>100,908</u>
<b>Total assets less current liabilities</b>		<u>149,440</u>	<u>146,425</u>	<u>142,996</u>	<u>139,981</u>
Provisions for liabilities	17	(207)	(207)	(2,392)	(2,392)
Pension deficit	22	(22,775)	(22,775)	(31,876)	(31,876)
<b>Net assets</b>		<u>126,458</u>	<u>123,443</u>	<u>108,728</u>	<u>105,713</u>
<b>Capital and reserves</b>					
Called up share capital	18	12,904	12,904	12,904	12,904
Revaluation reserve		8,027	8,027	8,412	8,412
Profit and loss account		105,527	102,512	87,412	84,397
<b>Shareholders' funds</b>		<u>126,458</u>	<u>123,443</u>	<u>108,728</u>	<u>105,713</u>

The accompanying notes on pages 14 to 31 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 profit after taxation for the year was £10,121,000 (9 month period ended 31 December 2016: loss of £520,000).

The financial statements of Wyman-Gordon Limited, registered company number 02889486, were approved by the board of directors on 18 September 2018 and were signed on its behalf by:

  
J Coleman  
Director

# Wyman-Gordon Limited

## Consolidated statement of changes in equity As at 31 December 2017

	Called-up capital £'000	Revaluation reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
At 4 April 2016	12,904	8,616	-	99,752	121,272
Loss for the financial year	-	-	-	(520)	(520)
Other comprehensive loss	-	-	-	(12,024)	(12,024)
Depreciation transfer	-	(204)	-	204	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	12,904	8,412	-	87,412	108,728
Profit for the financial period	-	-	-	10,121	10,121
Other comprehensive income	-	-	-	7,609	7,609
Depreciation transfer	-	(385)	-	385	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	<u>12,904</u>	<u>8,027</u>	<u>-</u>	<u>105,527</u>	<u>126,458</u>

The accompanying notes on pages 14 to 31 form an integral part of these financial statements.

## Wyman-Gordon Limited

### Company statement of changes in equity As at 31 December 2017

	Called-up share capital £'000	Revaluation reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
At 4 April 2016	12,904	8,616	-	96,737	118,257
Loss for the financial year	-	-	-	(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
Profit for the financial period	-	-	-	10,121	10,121
Other comprehensive income	-	-	-	7,609	7,609
Depreciation transfer	-	(385)	-	385	-
At 31 December 2017	12,904	8,027	-	102,512	123,443

The accompanying notes on pages 14 to 31 form an integral part of these financial statements.

# Wyman-Gordon Limited

## Notes to the financial statements For the year ended 31 December 2017

### 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. 02889486). 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 2.

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, both in relation to those disclosures made in the accounts of the ultimate parent company (note 21), into which the results of this group are consolidated, and 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, financial instruments, 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 year to 31 December 2017. 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 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 2) 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 and the projected cash generation from 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.



# Wyman-Gordon Limited

## Notes to the financial statements(continued) For the year ended 31 December 2017

### 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.

# Wyman-Gordon Limited

## Notes to the financial statements(continued) For the year ended 31 December 2017

### 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).

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.

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 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 22 to the financial statements.

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 1. Accounting policies (continued)

#### *k. 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 retranslated at the rate of exchange ruling at the balance sheet. Non-monetary items that are measured in terms of historical cost are not retranslated. 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 other group companies 100% owned by the ultimate parent company (refer note 21) 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 greater than that of the expected returns on the contract. A provision is recognised for the expected loss on these contracts.

### 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 (continued)**  
**For the year ended 31 December 2017**

**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 and key sources of estimation uncertainty in applying the group's accounting policies***

The following are the critical estimates 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. The directors have not identified any critical judgments made 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 – 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 estimation 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. Revenue is recognised at the point risks and rewards are transferred to the customer, which is dependent upon contractual terms and methods of shipment and collection.

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.

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.

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 4. Operating profit

	Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
Operating profit is stated after charging/(crediting):		
Foreign exchange loss	1,678	1,106
Rental income	(231)	(351)
Depreciation of tangible fixed assets		
- owned assets (note 11)	3,770	2,780
Amortisation of intangible assets (note 10)	721	541
Fees payable to the company's auditor for the audit of the company's annual accounts	66	63
Operating lease rentals:		
- hire of plant and machinery	252	228
Exceptional items;		
- Onerous contract provision (note 17)	(303)	332

### 5. Directors' emoluments

	Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
Aggregate emoluments	754	578
Company contributions to money purchase schemes	-	-
	<u>754</u>	<u>578</u>

Two (31 December 2016: two) directors received remuneration in respect of their services to the company. All other directors are paid directly through Berkshire Hathaway Inc. It is considered that the time spent in relation to Wyman-Gordon Limited is insignificant.

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 5. Directors' emoluments (continued)

	Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
<b>Highest paid director</b>		
The amounts in respect of the highest paid director are as follows:		
Emoluments	527	377
Total emoluments	527	377

### 6. Employees costs

Group	Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
Wages and salaries	9,735	6,109
Social security costs	1,086	685
Pension service costs (note 22)	1,126	666
Redundancy costs	-	148
Other pension contributions	191	107
	12,138	7,715

### 7. Employee information

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

	Year ended 31 December 2017 Number	9 month period ended 31 December 2016 Number
<b>By activity</b>		
Production	236	212
Administration	22	23
	258	235

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 8. Finance charges

	Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
Net charge on pension scheme (note 22)	811	430
Other finance charges – group	1,132	441
	<u>1,943</u>	<u>871</u>

### 9. Tax on profit

	Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
<b>Current tax:</b>		
UK corporation tax based on the results for the year at 19.25% (31 December 2016: 20%)	2,285	227
Prior year adjustment	(6)	385
Total current tax	<u>2,279</u>	<u>612</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	165	(52)
Prior year adjustment	48	185
Movement in deferred tax due to changes in tax rates	-	38
Total deferred tax	<u>213</u>	<u>171</u>
Tax on profit	<u>2,492</u>	<u>783</u>

Finance (No. 2) Act 2015 and Finance Act 2016 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020, respectively. These rate reductions have been reflected in the calculation of corporation tax at the Statement of Financial position date.



# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 9. Tax on profit (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:

	Year ended 31 December 2017 £'000	9 month period ended 31 December 2016 £'000
Profit before tax	12,613	263
Tax thereon at 19.25% (31 December 2016: 20%)	2,428	53
Disallowed expenses and non-taxable income	311	123
Fixed asset differences	42	130
Other timing differences	(331)	(150)
Adjustments to tax charge in respect of previous periods – corporation tax	(6)	385
Adjustments to tax charge in respect of previous periods – deferred tax	48	185
Rate change	-	57
Total tax charge for the period	2,492	783

### 10. Intangible assets

	Goodwill £'000
<b>Group and company</b>	
<b>Cost</b>	
At 31 December 2016	14,421
At 31 December 2017	14,421
<b>Amortisation</b>	
At 31 December 2016	12,077
Charge for the year	721
At 31 December 2017	12,798
<b>Net book value</b>	
At 31 December 2017	1,623
At 31 December 2016	2,344

No indicators of impairment have been noted in the year.

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 11. Tangible assets

Group and Company	Assets in the course of construction £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At 31 December 2016	641	12,465	56,120	69,226
Additions	2,145	-	-	2,145
Transfers	(1,021)	198	823	-
Disposals	-	(1)	(106)	(107)
At 31 December 2017	1,765	12,662	56,837	71,264
<b>Accumulated depreciation</b>				
At 31 December 2016	-	924	31,573	32,497
Charge for the year	-	537	3,233	3,770
Disposals	-	(1)	(41)	(42)
At 31 December 2017	-	1,460	34,765	36,225
<b>Net book value</b>				
At 31 December 2017	1,765	11,202	22,072	35,039
At 31 December 2016	641	11,541	24,547	36,729

Land and buildings were independently valued by Stout Risius Ross as part of the FRS 102 transition in 2015 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 9 months ended 31 December 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 (continued) For the year ended 31 December 2017

### 13. Stocks

	2017 £'000	2016 £'000
<b>Group and Company</b>		
Raw materials and consumables	6,926	5,754
Work in progress	14,122	12,128
Finished goods	4,096	3,039
	<u>25,144</u>	<u>20,921</u>

### 14. Debtors

	2017 £'000	2016 £'000
<b>Group and Company</b>		
Trade debtors	15,743	10,127
Amounts owed by group undertakings	141,896	150,006
Prepayments and accrued income	973	554
Corporation tax recoverable	-	1,999
VAT	102	934
Deferred tax (note 15)	1,386	3,157
Derivatives (note 20)	104	-
	<u>160,204</u>	<u>166,777</u>

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.

	2017 £'000	2016 £'000
<b>Group and Company</b>		
Accelerated capital allowances	(1,370)	(1,419)
Other timing differences	(1,116)	(843)
Pension	3,872	5,419
	<u>1,386</u>	<u>3,157</u>
Recognised in debtors		

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 16. Creditors: amounts falling due within one year

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Trade creditors	4,532	4,532	4,603	4,603
Amounts owed to group undertakings	65,269	68,284	74,855	77,870
Other taxation and social security	326	326	249	249
Accruals and other creditors	2,001	2,001	2,721	2,721
Derivatives (note 20)	-	-	1,347	1,347
Corporation tax	443	443	-	-
	<u>72,571</u>	<u>75,586</u>	<u>83,775</u>	<u>86,790</u>

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 31 December 2016	2,185	207	2,392
Utilisation	(1,882)	-	(1,882)
Credit to the profit and loss account	(303)	-	(303)
At 31 December 2017	<u>-</u>	<u>207</u>	<u>207</u>

### 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 contract which is onerous. The provision was based on forecast sales orders under long term agreements and other committed orders and was expected to unwind by the end of December 2020. The provision is discounted based on US government bond yield rates. In the current year the provision was released due to the contract renegotiations that occurred in the year.

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 18. Called up share capital

	2017 £'000	2016 £'000
<b>Group and Company</b>		
Allotted, called up and fully paid		
12,903,225 ordinary shares of £1 each	12,903	12,903

### 19. Financial commitments

At 31 December 2017 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:

	2017 £'000	2016 £'000
<b>Group and Company</b>		
Expiring within one year	340	3
Expiring within two to five years	413	35
After two years	-	195
	753	233

### 20. 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\$14,000,000 (31 December 2016: US\$9,700,000) for periods up until 2019.

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:

	2017		2016	
	Notional value £'000	Fair value asset £'000	Notional value £'000	Fair value (liability) £'000
Maturity date				
Two to five years	7,500	27	3,000	(1,219)
1 year	6,500	77	6,700	(128)
	14,000	104	9,700	(1,347)

### 21. 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 Omaha, United States of America) from which the group accounts are publicly available.

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 22. 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:

	2017 £'000	2016 £'000
Defined benefit obligation at beginning of year	101,982	84,367
Current service costs	1,126	666
Interest expense	2,664	2,185
Benefit payments from plan assets	(2,925)	(2,288)
Participant contributions	202	161
Insurance premiums	(25)	(9)
Remeasurements		
a. Effect of changes in assumptions	(4,914)	17,397
b. Effect of experience adjustments	(3,205)	(497)
Defined benefit obligation at end of year	<u>94,905</u>	<u>101,982</u>

	2017 £'000	2016 £'000
<b><u>Analysis of defined benefit obligation</u></b>		
Plans that are wholly or partly funded	(94,905)	(101,982)

<b><u>Movement in plan assets</u></b>		
Fair value of plan assets at beginning of year	70,106	66,250
Interest income	1,853	1,755
Employer contribution	2,171	2,029
Insurance premiums	(25)	(9)
Participant contributions	202	161
Benefits paid	(2,925)	(2,288)
Administration expenses	(300)	(205)
Remeasurements – return on plan assets	1,048	2,413
Fair value of plan assets at end of year	<u>72,130</u>	<u>70,106</u>

<b><u>Pension deficit</u></b>		
Net pension liability	<u>(22,775)</u>	<u>(31,876)</u>

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 22. Pension commitments (continued)

	2017 £'000	2016 £'000
<b><u>Amount recognised in the Statement of comprehensive income</u></b>		
Current service cost	1,126	666
Net interest cost	811	430
Administrative expenses	300	205
Past service cost	-	-
Total pension cost recognised in the P&L account	2,237	1,301
Remeasurement - Effect of changes in assumptions	(4,914)	17,397
- Effect of experience adjustments	(3,205)	(497)
Actuarial gains immediately recognised	(1,048)	(2,413)
Total actuarial (gains)/losses	(9,167)	14,487
<b>Total (gains)/cost related to defined benefit plan</b>	<b>(6,930)</b>	<b>15,788</b>

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			
<b><u>Asset category</u></b>	2017 £'000	2017 %	2016 £'000	2016 %
Equities	41,635	57.8	40,117	57.3
Bonds & Other	30,495	42.2	29,989	42.7
	<u>72,130</u>	<u>100%</u>	<u>70,106</u>	<u>100%</u>

	2017 £'000	2016 £'000
Actual return on plan assets	<u>2,901</u>	<u>4,168</u>

# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 22. Pension commitments (continued)

#### Weighted average assumptions used to determine benefit obligations at

	2017	2016
Discount rate	2.55%	2.65%
Rate of compensation increase	2.0%	2.0%
Rate of increase of pensions in payment	2.9%	3.1%
Inflation (RPI)	3.1%	3.2%

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

	2017	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	3.2%	3.0%

To develop the expected long-term rate of return on assets assumption, the group 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:

	2017	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 2017	31 December 2016	3 April 2016	2015	2014
Benefit obligation at end of year	(94,905)	(101,982)	(84,367)	(84,725)	(80,574)
Fair value of plan assets at end of year	72,130	70,106	66,250	64,682	57,454
Deficit	<u>(22,775)</u>	<u>(31,876)</u>	<u>(18,117)</u>	<u>(20,043)</u>	<u>(23,120)</u>



# Wyman-Gordon Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 22. 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:

	2017 £'000	2016 £'000
Total fair value of plan assets	72,130	70,106
Present value of scheme liabilities	(94,905)	(101,982)
Deficit in the scheme	<u>(22,775)</u>	<u>(31,876)</u>

At the period end there were unpaid pension contributions of £nil (31 December 2016: £nil) relating to the above scheme. The last triennial valuation was 30 June 2017.