

Kennametal Manufacturing UK Limited
Annual report and financial statements
for the year ended 30 June 2015

Registered number: 5440463



Kennametal Manufacturing UK Limited

Annual report and financial statements for the year ended 30 June 2015

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Kennametal Manufacturing UK Limited

Directors and advisers

Directors

A P Godwin
M Williams

Company secretary

A P Godwin

Registered office

P.O.Box 29
Building 14
The Pensnett Trading Estate
Kingswinford
West Midlands
DY6 7NP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers

National Westminster Bank PLC
5th Floor
2 St Philips Place
Birmingham
B3 2RB

Kennametal Manufacturing UK Limited

Strategic report for the year ended 30 June 2015

The directors present the strategic report of the company for the year ended 30 June 2015.

Review of the business and future developments

The principal activity of the company is the reconditioning of carbide drills at the Kingswinford facility and the production of Boride powders and inter-metallic evaporation sources at the Newport facility.

The business environment is highly competitive and the company has differentiated itself from its competitors by focusing on state of the art manufacturing technologies and processes in order to deliver both a cost competitive and technologically enhanced product offering.

The position at 30 June 2015 is detailed on page 9.

The company's overriding objective is to achieve attractive and sustainable rates of profitable growth through a combination of organic growth and acquisitions. The key elements of the company's strategy for growth are:

- Developing its product range and increasing the number of new products.
- Effective training and development to retain employees and deliver the customer service promise.

The directors consider the results for the year to be in line with expectations.

Key performance indicators (KPI's)

The primary KPI used by management is growth in revenue generated in the wider Kennametal Group, through the activities of this company. As a result of the straightforward nature of the business, the company's directors are of the opinion that analysis using other KPI's is not necessary for an understanding of the development, performance or position of the business. The activities of the company are closely linked with those of the Kennametal Group and therefore group KPI's are monitored at a group level.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company relate to increased competition, uncertainty in the manufacturing sector and economic instability. From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Kennametal Inc., Group, which include those of the company, are discussed in the group's annual report which does not form part of this report.

Financial risk management policies and procedures

The key financial risk that the company's operations expose it to is price risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

The company's turnover is invoiced in Pounds Sterling and all of its operations and costs are also invoiced in Pounds Sterling. Consequently the impact of movements in exchange rates on the performance of the company are minimised.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management. The policies set by the directors are implemented by the company's finance department. The directors are committed to ensuring that the highest quality risk management systems are in operation. The objective is to safeguard the interests of the shareholders, suppliers, customers and staff through effective management of corporate and operational risk.

Price risk - The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits.

Kennametal Manufacturing UK Limited

Strategic Report for the year ended 30 June 2015 (continued)

Results for the year

The profit for the financial year amounted to £479,000 (2014: £565,000).

On behalf of the Board



A P Godwin
Director

24 March 2016

Kennametal Manufacturing UK Limited

Directors' report for the year ended 30 June 2015

The directors present the directors' report of the company for the year ended 30 June 2015.

Principal activities

The principal activities are detailed in the Strategic Report.

Review of the business and future developments

Review of the business and future developments are discussed in the strategic report.

Financial risk management policies and procedures

Financial risk management policies and procedures are discussed in the strategic report.

Dividends

The directors do not recommend the payment of any dividends (2014: Nil).

Directors

The directors who served during the year and up to the date of signing of these financial statements are as follows:

M Williams
A P Godwin

Directors' indemnities

The company maintains liability insurance for its directors and officers. Following shareholder approval the company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The qualifying indemnity was in force during the financial year and also at the date of approval of the financial statements.

Disabled employees

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company.

Kennametal Manufacturing UK Limited

Directors' report for the year ended 30 June 2015 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements 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;
- 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.

Statement of disclosure of information to auditors

In accordance with Section 418, each director in office at the date the directors' report is approved, confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. The independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the Board



A P Godwin
Director

24 March 2016

Kennametal Manufacturing UK Limited

Independent auditors' report to the members of Kennametal Manufacturing UK Limited

Report on the financial statements

Our opinion

In our opinion, Kennametal Manufacturing UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 30 June 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Kennametal Manufacturing UK Limited

Independent auditors' report to the members of Kennametal Manufacturing UK Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Mark Skedgel (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

24 March 2016

Kennametal Manufacturing UK Limited

Profit and loss account for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Turnover	2	7,227	5,340
Cost of sales		(6,973)	(4,994)
Operating profit	3	254	346
Interest payable and similar charges		(1)	(7)
Profit on ordinary activities before taxation		253	339
Tax on profit on ordinary activities	6	226	226
Profit for the financial year	14	479	565

All results derive from continuing activities.

The company had no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical costs equivalents.

Kennametal Manufacturing UK Limited

Balance sheet as at 30 June 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	7	4,332	3,501
Current assets			
Debtors	8	1,639	1,680
		1,639	1,680
Creditors: amounts falling due within one year	9	(1,622)	(1,109)
Net current assets		17	571
Total assets less current liabilities		4,349	4,072
Creditors: amounts falling due after more than one year	10	(1,828)	(2,030)
Net assets		2,521	2,042
Capital and reserves			
Called up share capital	13	5	5
Share premium account	14	130	130
Profit and loss account	14	2,386	1,907
Total shareholders' funds	15	2,521	2,042

The financial statements on pages 8 to 20 were approved by the Board of directors on 24 March 2016 and were signed on its behalf by:



A P Godwin
Director

Kennametal Manufacturing UK Limited
Registered number: 5440463

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015

1 Accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006. A summary of the principal accounting policies, which have been consistently applied is set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard Number 1 (revised 1996), from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary of Kennametal Inc. which prepares consolidated financial statements which are publicly available.

Turnover

Turnover represents amounts derived from the reconditioning of carbide drills and the production of Boride powders and inter-metallic evaporation sources. Turnover is stated net of value added tax. Revenue is recognised when the risks and rewards of ownership are transferred to a third party, typically when the goods are delivered to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life.

Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land at annual rates calculated to write off the cost (net of anticipated disposal proceeds) based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	50 years
Office equipment	3 to 8 years
Plant and machinery	5 to 15 years

Freehold land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Grants

Grants received in respect of capital expenditure are included within accruals and deferred income within creditors and released to the profit and loss account over the expected useful lives of the related assets.

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred tax is provided on all timing differences in accordance with Financial Reporting Standard 19 "Deferred tax" and is recognised as a liability or an asset if transactions have occurred at the balance-sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the rate expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted. Corporation tax payable is provided on taxable profits at the current rate.

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 date.

All differences are taken to the profit and loss account.

Pension costs

Pension costs are accounted for in accordance with Financial Reporting Standard 17 "Retirement Benefits." The company participates in the Kennametal Defined Benefit Pension Scheme, the Kennametal Defined Contribution Pension Scheme and an independent stakeholder scheme. The Kennametal Defined Benefit Pension Scheme is a multiemployer final salary Scheme.

In accordance with Financial Reporting Standard 17, the contributions paid by the company to the Kennametal Defined Benefit Pension Scheme (the "Scheme") are accounted for as if the Scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

The costs of contributions to the group schemes are based on the pension cost across all companies participating in the schemes as a whole being a percentage of pensionable salary. The pension contributions in respect of both schemes are charged to the profit and loss account in the year they fall due.

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

2 Turnover

An analysis of turnover by geographical market and by business class is given below:

	2015	2014
	£'000	£'0000
Europe	7,227	5,340

The company's principal activities are the manufacture and reconditioning of carbide drills, sale of specialised hard metal cutting tools and the production of Boride powders and inter-metallic evaporation sources. The split in turnover between these is as follows:

	2015	2014
	£'000	£'000
Reconditioning of carbide drills	562	612
Sale of specialised hard metal cutting tools	1,329	-
Boride powders and inter-metallic evaporation sources	5,336	4,728
	7,227	5,340

All of the turnover originates in the UK.

3 Operating profit

This is stated after charging/(crediting):

	2015	2014
	£'000	£'000
Depreciation on owned tangible fixed assets	513	396
Foreign currency loss	7	110
Release of grant	(161)	(161)
Services provided by the company's auditors		
Fees payable for the audit	10	6

No fees were paid to the company's auditors in respect of non-audit services (2014: £nil).

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

4 Staff costs

	2015	2014
	£'000	£'000
Wages and salaries	2,985	1,804
Social security costs	284	173
Other pension costs (note 12)	265	140
	3,534	2,117

The average monthly number of employees during the year was made up as follows:

By activity	Number	Number
Production	102	60

5 Directors' emoluments

	2015	2014
	£'000	£'000
Aggregate emoluments	111	96

Retirement benefits are accruing to one director (2014: One) under the defined benefit pension scheme. Aggregate emoluments include £4,000 (2014: £4,000) of pension contributions to the defined contribution scheme.

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

6 Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows:

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax	42	15
Adjustments in respect of prior years	(218)	96
Total current tax (credit)/charge	(176)	111
Deferred tax:		
Origination and reversal of timing differences	(50)	(91)
Change in tax rate	-	14
Prior year adjustment	-	(260)
Total deferred tax credit	(50)	(337)
Tax on profit on ordinary activities	(226)	(226)

The tax assessed for the year is lower (2014: higher) than the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	253	339
Profit on ordinary activities multiplied by the standard United Kingdom corporation tax rate of 20.75% (2014: 22.5%)	52	76
Expenses not deductible for tax purposes	1	1
Accelerated capital allowances and other timing differences	(11)	102
Group relief claimed – for no payment	-	(164)
Adjustments in respect of prior years	(218)	96
Total current tax (credit)/charge	(176)	111

During the year, the UK corporation tax rate reduced from 21% to 20% from 1 April 2015 and will reduce to 18% from 1 April 2016. The future change has not been substantively enacted at the balance sheet date and, therefore, is not included in these financial statements.

As a result the effective tax rate for the year is 20.75% (2014: 22.5%) and the rate at which the unrecognised deferred tax is calculated is 20% (2014: 20%).

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

7 Tangible assets

	Freehold land and Buildings	Office Equipment	Plant and Machinery	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2014	1,750	514	5,521	7,785
Additions	62	111	1,171	1,344
Disposals	-	-	(242)	(242)
At 30 June 2015	1,812	625	6,450	8,887
Accumulated depreciation				
At 1 July 2014	794	198	3,292	4,284
Charge for the year	49	42	422	513
Disposals	-	-	(242)	(242)
At 30 June 2015	843	240	3,472	4,555
Net book amount				
At 30 June 2015	969	385	2,978	4,332
At 30 June 2014	956	316	2,229	3,501

Freehold land and buildings includes Freehold Land of £259,000 (2014: £259,000) which has not been depreciated.

8 Debtors

	2015	2014
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	555	784
Other debtors	455	136
Deferred tax asset (note 11)	168	118
Prepayments and accrued income	461	642
	1,639	1,680

The amounts owed by group undertakings are unsecured, have no scheduled repayment date and are non-interest bearing.

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

9 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	385	208
Amounts owed to group undertakings	813	609
Corporation tax	42	15
Accruals and deferred income	382	277
	1,622	1,109

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

10 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Amounts owed to group undertakings	1,211	1,252
Accruals and deferred income	617	778
	1,828	2,030

The amounts owed to group undertakings are unsecured, not repayable within the next twelve months and are non-interest bearing. Confirmation has been received from the relevant group company that the amount will not be settled within one year.

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

11 Deferred taxation

Movement in deferred tax asset:

	£'000
1 July 2014	(118)
Credited to the profit and loss account	(50)
At 30 June 2015	(168)

The deferred tax asset at 30 June 2015 is included within debtors (note 8).

The deferred tax asset at 20% (2014: 20%) can be analysed follows:

	2015	2014
	£'000	£'000
Accelerated capital allowances	(168)	(118)

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

12 Pension commitments

The company participates in the Kennametal Defined Benefit Pension Scheme (the "Scheme"), Kennametal Defined Contribution Pension Scheme and an independent stakeholder scheme in respect of certain employees at the Newport facility. The assets of the schemes are held separately from those of the company in independently administered funds.

The company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme on a consistent and reasonable basis and therefore in line with Financial Reporting Standard 17 "Retirement Benefits", the company accounts for the Scheme as if it was a defined contribution scheme rather than a defined benefit scheme. Details of the group schemes are contained in the financial statements of Kennametal UK Limited.

The actuarial valuation has been updated at 30 June 2015 by a qualified actuary, AON Consulting, using revised assumptions that are consistent with the requirements of Financial Reporting Standard 17 "Retirement Benefits". Investments have been valued, for this purpose, at fair value. The latest information, at 30 June 2015 shows that the Kennametal Defined Benefit Pension Scheme had the following net position:

	2015 £m	2014 £m
Equities	20	15
Fixed interest bonds	57	44
Total market value of assets	77	59
Present value of funded liabilities	(73)	(54)
Surplus in scheme	4	5
Paragraph 41 restriction	(4)	(5)
Surplus recognised	-	-

The major assumptions used for the actuarial valuations of the scheme were:

	2015	2014
- the inflation assumption (retail price index)	3.10%	3.30%
- the inflation assumption (consumer price index)	2.10%	2.30%
- rate of increase in pensions in payment and deferred pensions	3.00%	3.20%
- discount rate used for scheme liabilities	3.60%	4.30%
- expected return on scheme assets at 30 June	5.50%	6.00%
- Mortality	PNA00MC + 3 years, U/pin of 1%	PNA00MC + 3 years, U/pin of 1%

Contributions paid by the company, to the defined contribution schemes in the year amounted to £265,000 (2014: £140,000). The amounts of contributions outstanding at the year end were £nil (2014: £nil).

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

13 Called up share capital

	2015	2014
	£'000	£'000
Authorised		
50,000 (2014: 50,000) Ordinary shares of £1 each	50	50
Allotted and fully paid		
5,001 (2014: 5,001) ordinary shares of £1 each	5	5

14 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 July 2014	130	1,907
Profit for the financial year	-	479
At 30 June 2015	130	2,386

15 Reconciliation of movement in total shareholders' funds

	2015	2014
	£'000	£'000
Profit for the financial year	479	565
Increase in total shareholders' funds	479	565
Opening total shareholders' funds	2,042	1,477
Closing total shareholders' funds	2,521	2,042

16 Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" that transactions with group entities are not disclosed as 100% of the voting rights of the company are held within the group headed by Kennametal Inc., and the consolidated financial statements of Kennametal Inc., are available to the public. There are no other related party transactions requiring disclosure under Financial Reporting Standard 8.

Kennametal Manufacturing UK Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

17 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of Kennametal UK Limited incorporated in England.

Kennametal UK Limited is a wholly owned subsidiary undertaking of Kennametal GmbH (formerly Kennametal Hertel AG), incorporated in Germany. The smallest group into which the results of the company are consolidated is that headed by Kennametal GmbH.

The largest group into which the results of the company are consolidated is that headed by the ultimate parent undertaking and controlling party, Kennametal Inc., incorporated in the United States of America. The consolidated financial statements of the group are available from Kennametal Inc., State Route 981, South Westmoreland County Airport, PA 15650, United States of America.