KraussMaffei Group UK Limited

Registered No. 992565

Report and Financial Statements

31 December 2015

Directors
A Meehan
M Bate
K Bange

Secretary
A Meehan

Auditors
Ernst & Young LLP
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Manchester M2 3EY

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410 Europa Boulevard
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Warrington WA5 7TR

Strategic Report

The directors present their report for the year ended 31 December 2015.

Principal activities and review of the business

The company's principal activities during the year continued to be the selling and servicing of injection moulding equipment, extruders and polyurethane plant for the plastics industry.

Key financial data:

	12 months 2015	*12 months 2014*	*Change*
	£	*£*	*%*
Turnover	10,052,079	9,557,789	+ 5%
Profit after tax	573,797	1,134,138	- 49%
Orders received	18,235,523	27,374,306	- 33%

Machine sales are normally made on behalf of the group with KraussMaffei Group UK Limited acting as an agent and earning a commission. However there are some circumstances by which KraussMaffei Group UK Limited acts as a reseller to the UK and Irish market, whereby the risks and rewards lie with KraussMaffei Group UK Limited and the sale is recorded gross.

Principal risks

It is essential to identify risks effectively relating to the various business activities in order to measure, aggregate and control these. The Group installed a framework of risk principles, organizational structures as well as processes and guidelines for risk measurement and monitoring. The risk management system includes risk reporting and a compliance department.

Below is a description of select factors that, amongst other, could have a material adverse effect on the future profitability of the company.

Capital equipment

Demand is influenced by changes in micro-economic conditions, consumer spending and industrial production trends. The company's broad product line partly mitigates these exposures.

Price increases

Raw materials, especially steel and crude oil, which is the basis for the main production material used in the group's machines and the material subsequently processed (i.e plastic) may have material adverse effects on the company's profitability. The group is continuously trying to reduce costs and to develop new supply sources, thus optimising the purchasing processes.

By order of the Board

A Meehan. 30/9/16

A Meehan
Secretary

Registered number 992565

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Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

Results and dividends

The profit for the year ending December 2015 after taxation amounted to £573,797 (2014 – £1,134,138). The directors do not recommend a final dividend (2014 – £nil).

Treasury polices

The company does not have a formal treasury team. This function is performed by local management and the parent company.

The company finances its activities through cash and balances due to group undertakings. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

The company does not enter into interest rate swaps or forward currency contracts. The company does not trade in financial instruments.

Credit risk

The company does not enter into transactions on deferred terms. The company sets targets for debtors' days and doubtful debts expense against which performance is monitored.

Liquidity risk

The company mitigates liquidity risk by managing cash generation by its operations, applying cash collection targets and setting authorisation limits for investment.

The company funding strategy is not to rely on external finance, but to rely on group funding, the parent company having confirmed that it will continue to provide the company with financial support.

Foreign currency risk

The company buys goods and services denominated in currencies other than Sterling. As a result the company has some exposure to foreign currency risk. The company does not use foreign currency contracts.

Interest rate risk

The company does not have any external debt. Borrowings from group undertakings which bear interest at variable rates of interest and therefore the company does have some exposure to movements in interest rates.

Going Concern

The directors have received a commitment from the parent company KraussMaffei Technologies GmbH that they will continue to provide the company with financial support to enable the company to continue its operations and to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements, as explained in note 1, Accounting Policies.

Directors

The directors who served the company during the year were as follows:

A Meehan
M Bate

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year (2014 – £nil).

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

30/9/16

M Bate
Director

Registered number 992565

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 elected to prepare 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 judgments and estimates that are reasonable and prudent; and
- 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 proper 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 auditors' report

We have audited the financial statements of KraussMaffei Group UK Limited for the year ended 31 December 2015 which comprises the Income Statement, the Statement of Comprehensive Income, the statement of changes in Equity, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; 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.

Ernst & Young LLP

Martin Newsholme (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

30 September 2016

Income Statement

for the year ended 31 December 2015

	Notes	*Year ended 31 December 2015* £	*Period ended 31 December 2014* £
***Turnover** – continuing operations*	2	10,052,079	9,557,789
Cost of sales		(7,337,940)	(6,392,823)
Gross profit		2,714,139	3,164,966
Selling expenses		(975,875)	(775,806)
Administrative expenses		(646,751)	(651,308)
Other operating income		137,978	-
Other operating expenses		(174,882)	(28,188)
Operating profit	3	1,054,609	1,709,664
Interest payable	6	(216,666)	(241,328)
Profit on ordinary activities before taxation		837,943	1,468,336
Tax	7	(264,146)	(334,198)
Profit for the financial year		573,797	1,134,138

Statement of Comprehensive Income

for the year ended 31 December

	Notes	*Year ended 31 December 2015* £	*Period ended 31 December 2014* £
Profit for the year		573,797	1,134,138
Actuarial gain/loss on pension scheme	16	530,000	(529,000)
Deferred tax on actuarial loss	7(c)	(109,380)	105,800
Total profit relating to the year		994,417	710,938

Balance sheet

at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible fixed assets	8	791,136	784,891
Current assets			
Stocks	9	984,383	718,122
Debtors	10	2,335,676	2,518,988
Deferred tax		-	4,938
Cash at bank and in hand		6,357	14,084
		3,326,416	3,256,132
Current liabilities			
Creditors: amounts falling due within one year	11	(2,057,157)	(2,023,663)
Provisions		(184,194)	(253,543)
Corporation tax	12	(45,267)	(433,841)
Deferred tax		(3,342)	-
		(2,289,960)	(2,711,047)
Net current assets		1,036,456	545,085
Total assets less current liabilities		1,827,592	1,329,976
Pension fund liability	16	(3,181,600)	(3,678,400)
Net liability		(1,354,008)	(2,348,424)
Capital and reserves			
Called up share capital	13	100,000	100,000
Profit and loss account	14	(1,314,940)	(2,309,356)
Merger reserve	14	(139,068)	(139,068)
Shareholders' deficit	14	(1,354,008)	(2,348,424)

Balance sheet (continued)

at 31 December 2015

The statement of changes in equity meets the requirement in company law to present movements on reserves, reconciling beginning and end year figures.

	Share capital *£000*	*Profit and loss account* *£000*	*Merger reserve* *£000*	*Total shareholders' funds* *£000*
	100	(3020)	(139)	(3059)
Profit for the year	-	711	-	711
At 31 December 2014	100	(2,309)	(139)	(2,348)
Profit for the year	-	994	-	994
At 31 December 2015	100	(1,315)	(139)	(1,354)

These financial statements were approved by the board of directors on 30 September 2016 and were signed on its behalf by:

30/9/16

M Bate
Director

Registered number 992565

Notes to the financial statements

at 31 December 2015

1. Accounting policies

Basis of preparation

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

The company has converted to FRS 101 in 2016. Management has undertaking an assessment and conclude that no numerical adjustments are required.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
- paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Group accounts

The company has taken the exemptions under FRS 101 not to prepare group financial statements as it is included within the financial statements of its ultimate parent undertaking as described in note 17. These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The financial statements have been prepared on the going concern basis on the grounds that KraussMaffei GmbH has confirmed to the directors that its present intention is to provide financial support to enable the company to continue its operations and to meet its financial obligations as they fall due, for at least 12 months following signing of these financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	–	2 ½% on cost
Fixtures and fittings	–	10½%-33% on cost
Computer hardware	–	20-33% on cost
Computer software	–	33% on cost
Plant and machinery	–	15% on cost
Cranes	–	5% on cost

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.

Stocks

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

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The Group operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Pensions (continued)

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme. The scheme is in line with IAS 19.

Turnover

Turnover consists of sales of equipment, together with spare parts, service and hire charges and commission (excluding value added tax).

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Where machines are subject to a performance guarantee, the company does not recognise the sales until the guarantee has been satisfied.

The directors believe that it would be prejudicial to the interest of the company to disclose the turnover and related profit of each of the product groups.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	Year ended 31 December 2015	*Period ended 31 December 2014*
	£	*£*
UK and Ireland	8,588,132	8,350,209
Rest of Europe	1,463,947	1,207,580
	10,052,079	9,557,789

3. Operating profit

This is stated after charging/(crediting):

	Year ended 31 December 2015	*Period ended 31 December 2014*
	£	*£*
Auditors' remuneration		
- Audit of the financial statements	12,500	15,000
- Taxation compliance services	4,500	4,500
Operating lease rentals – motor vehicles	199,801	176,363
Exchange losses	36,904	48,272

Notes to the financial statements

at 31 December 2015

4. Directors' remuneration

	Year ended 31 December 2015	*Period ended 31 December 2014*
	£	*£*
Remuneration	267,291	278,148
Pension contributions	16,692	16,200
	283,983	294,348

Highest paid director

	Year ended 31 December 2015	*Period ended 31 December 2014*
	£	*£*
Remuneration	146,526	154,728
Pension contributions	8,808	8,808
	155,334	163,536

5. Staff costs

	Year ended 31 December 2015	*Period ended 31 December 2014*
	£	*£*
Wages and salaries	2,101,966	1,911,277
Social security costs	221,628	244,436
Other pension costs	168,949	157,069
	2,492,453	2,312,782

The number of employees during the period was made up as follows:

	No.	*No.*
Sales and service	31	31
Administrative and management	10	10
	41	41

Notes to the financial statements

at 31 December 2015

6. Interest payable and similar charges

	2015	*2014*
	£	*£*
Interest	57,666	69,328
Interest on pension scheme	159,000	172,000
	216,666	241,328

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015	*2014*
	£	*£*
Current tax:		
UK corporation tax on the profit for the period	141,446	307,677
Under/(over) provision in prior years	2,600	12,393
Total current tax (note 7(b))	144,046	320,070
Deferred tax:		
Origination and reversal of timing differences	8,280	6,528
Deferred tax on pension scheme	111,820	7,600
Total deferred tax on ordinary activities (note 7(c))	120,100	14,128
Total tax on ordinary activities	264,146	334,198

(b) Factors affecting tax profit for the period

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21% (2013 – 23%). The differences are explained below:

	2015	*2014*
	£	*£*
Profit on ordinary activities before tax	837,943	1,468,336
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (9 months @ 20% & 3 months @ 21%) (2014 - 6 months @ 22% & 6 months @ 21%)	169,683	315,692
Effects of:		
Expenses not deductible for tax purposes	8,100	11,923
Other timing differences	(37,818)	40,022
Depreciation in excess of capital allowances	1,481	(12)
Losses utilised	-	(59,948)
(Over)/under provision in respect of prior year	2,600	12,393
Current tax for the year (note 7(a))	144,046	320,070

Notes to the financial statements

at 31 December 2015

7. Tax (continued)

(c) Deferred tax asset

The amounts provided for deferred taxation is set out below:

	2015	*2014*
	£	£
Deferred tax asset	695,058	924,538

	Deferred tax
	£
At 1 January 2015 including deferred tax on defined benefit pension liability	924,538
Debit to the profit and loss for the year (note 7)	(42,120)
Pension Cost	(187,360)
At 31 December 2015 including deferred tax on defined benefit pension liability	695,058

The deferred taxation asset is made up as follows:

	2015	*2014*
	£	£
Accelerated capital allowances	7,842	50
Other timing differences	(4,500)	(4,988)
Included in defined benefit pension liability (note 16)	(698,400)	(919,600)
	(695,058)	(924,538)

Notes to the financial statements

at 31 December 2015

8. Tangible fixed assets

	Freehold land and buildings	*Fixtures and fittings*	*Plant and machinery /equipment*	*Total*
	£	*£*	*£*	*£*
Cost or valuation:				
At 1 January 2015	1,160,854	122,153	192,470	1,475,477
Additions	-	29,021	24,602	53,623
At 31 December 2015	1,160,854	151,174	217,072	1,529,100
Depreciation:				
At 1 January 2015	459,844	91,925	138,817	690,586
Provided during the year	23,104	6,171	18,103	47,378
At 31 December 2015	482,948	98,096	156,920	737,964
Net book value:				
At 31 December 2015	677,906	53,078	60,152	791,136
At 31 December 2014	701,010	30,228	53,653	784,891

Notes to the financial statements

at 31 December 2015

9. Stocks

	2015	2014
	£	£
Machines for resale	372,673	356,501
Spares stock	326,778	294,363
Work in progress	132,146	48,219
Goods in transit	152,786	19,039
	984,383	718,122

10. Debtors

	2015	2014
	£	£
Trade debtors	2,018,044	1,982,131
Prepayments and accrued income	92,425	142,403
Amounts owed from group undertakings	225,207	394,454
	2,335,676	2,518,988

11. Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	287,272	219,140
Other taxes and social security costs	320,809	204,490
Accruals and deferred income	250,895	336,472
Amounts due to group undertakings	881,883	1,053,932
Payments received on account	316,298	209,629
	2,057,157	2,023,663

12. Provisions - warranty

	2015	2014
	£	£
At January	253,543	324,864
Arising during the year	267,763	115,612
Utilised	(337,112)	(186,933)
At 31 December	184,194	253,543

A provision is recognised for expected warranty claims on products sold during the last 3 years and it is expected that most of these costs will be incurred over the next 18 months.

Notes to the financial statements

at 31 December 2015

13. Issued share capital

		2015		2014
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

14. Reconciliation of movement in reserves and shareholders' deficit

	Share capital	*Profit and loss account*	*Merger reserve*	*Total shareholders' funds*
	£000	*£000*	*£000*	*£000*
At 1 January 2015	100	(2,309)	(139)	(2,348)
Profit for the year	-	994	-	994
At 31 December 2015	100	(1,315)	(139)	(1,354)

The merger reserve arose on the acquisition of trade and assets of Netstal limited.

15. Commitments

Annual commitments under non-cancellable motor vehicle operating leases are as follows:

	2015	2014
	£	£
Amount expiring:		
Within one year	10,275	17,064
In the second to fifth years inclusive	175,268	160,833
	185,543	177,897

Notes to the financial statements

at 31 December 2015

16. Pensions

The company operates a defined benefit, final salary pension scheme, the Krauss Maffei (UK) Limited Pension Fund.

The pension fund was closed in January 2009, no changes since year end.

A full actuarial valuation of the scheme was carried out as at 1 January 2014, which has been updated to 31 December 2015 by a qualified independent actuary.

Overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

Pension contributions of £450,000 were made in the period to 31 December 2015 (2014 – £300,000).

Contributions expected to be paid to the scheme during the annual period following the 31 December 2015 is £450,000 (2014 – £450,000).

The major assumptions used by the actuary were:

	2015	*2014*	*2013*
	%	*%*	*%*
Inflation	3.1	3.2	3.5
Rate of increase for pensions in payment and deferred pension			
Until 01.07.03	3.1	3.2	3.5
From 01.07.03	3.1	3.2	3.5
Discount rate	3.5	3.6	4.3

Demographic assumption:

	2015	*2014*
	£	*£*
Assumed life expectancy in years on retirement at 65		
Retiring today:		
Males	22.00	23.80
Females	24.30	25.60
Retiring in 20 years		
Males	23.30	26.10
Females	25.60	28.00

The main categories of scheme assets as a percentage of total assets are as follows:

	2015	*2014*
	%	*%*
Equities/Property	64.88	70.59
Bonds	28.26	28.18
Cash	6.86	1.23
	100.00	100.00

Notes to the financial statements

at 31 December 2015

16. Pensions (continued)

The amounts recognised in the balance sheet are:

	2015	2014
	£	£
Fair value of scheme assets	3,320,000	3,002,000
Present value of scheme liabilities	(7,200,000)	(7,600,000)
Deficit in the scheme	(3,880,000)	(4,598,000)
Related deferred tax asset	698,400	919,600
Net pension liability	(3,181,600)	(3,678,400)

Changes in the present value of the defined liability are as follows:

	2015	2014
	£'000	£'000
At 1 January	7,600	6,601
Current service cost	103	90
Interest cost	273	283
Actuarial (gain)/loss	(639)	748
Benefits paid	(34)	(32)
Administrative expenses paid	(103)	(90)
At 31 December	7,200	7,600

Changes in the fair value of the scheme assets are as follows:

	2015	2014
	£'000	£'000
At 1 January	3,002	2,494
Expected return	114	111
Actuarial gain	(109)	219
Employer contributions	450	300
Benefits paid	(34)	(32)
Administrative expenses paid	(103)	(90)
At 31 December	3,320	3,002

Analysis of amounts charged to operating costs:

	2015	2014	2013
	£	£	£
Current service costs	103,000	90,000	6,000
	103,000	90,000	6,000

Notes to the financial statements

at 31 December 2015

16. Pensions (continued)

Analysis of amounts credited to other finance income:

	2015	*2014*
	£	*£*
Expected return on pension scheme assets	114,000	111,000
Interest on pension scheme liabilities	(273,000)	(283,000)
	(159,000)	(172,000)

Analysis of amounts recognised in the statement of recognised gains and losses:

The movement in the scheme's net liabilities during the period is as follows:

	1 Jan 2015 and 31 Dec 2015	*1 Jan 2014 and 31 Dec 2014*	*1 Oct 2012 and 30 Sept 2013*	*1 Oct 2011 and 30 Sept 2012*	*1 Oct 2010 and 30 Sept 2011*
	£	£	£	£	£
Actual return less estimated return on pension scheme assets	(109,000)	219,000	172,000	74,000	(171,000)
Experience gains and losses on scheme liabilities	639,000	(748,000)	(886,000)	(488,000)	(260,000)
Changes in assumption underlying the present value of the scheme liabilities	–	–	–	–	–
Actuarial loss recognised in the STRGL	530,000	(529,000)	(714,000)	(414,000)	(431,000)

The movement in the scheme's net liabilities during the year is as follows:

	2015	*2014*
	£'000	*£'000*
At 1 January	(4,598)	(4,107)
Movement in year:		
Current service cost	(103)	(90)
Contributions paid by the employer	450	300
Actuarial gain/loss	530	(529)
Finance charge	(159)	(172)
At 31 December	(3,880)	(4,598)

Notes to the financial statements

at 31 December 2015

16. Pensions (continued)

Cumulative actuarial gains and losses recognised in equity are as follows:

	2015	*2014*
	£'000	*£'000*
At 1 January	(3,337)	(2,808)
Net actuarial gains/ (losses) recognised in the year	530	(529)
At 31 December	(2,807)	(3,337)

The company operates a defined contribution scheme.

	Year ended 31 December 2015	*Period ended 31 December 2014*
	£	*£*
Pension contributions	65,949	67,069

17. Ultimate parent undertaking and controlling party

The directors consider the ultimate parent undertaking and controlling party to be KraussMaffei Technologies GMBH.

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member. Copies of the financial statements can be obtained from

KraussMaffei Financial Services GmbH
FC3
Krauss-Maffei-Str.2
80997 Munchen
Germany