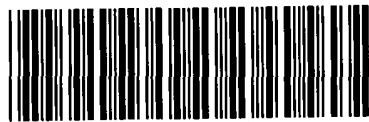


Company Registration No. 02676033 (England and Wales)

AJAX TOCCO INTERNATIONAL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

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AJAX TOCCO INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	P E Hyland R Vilsack T M Illencik P Fogarty
Secretary	R Vilsack
Company number	02676033
Registered office	Unit 2 Dorset Road Saltley Business Park Saltley Birmingham West Midlands B8 1BG
Auditor	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF

AJAX TOCCO INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Review of the Business

Turnover for the year was £2,869,208, a drop of £362,040 when compared to the previous year. Gross profit for the year was 19% compared to the previous figure of 24%. The directors consider that the fall in turnover and gross profit is primarily attributable to a reduction in volumes while maintaining a partly fixed cost base and incurring a degree of one off expense in the year in connection with a warranty matter, which accounted for approximately half of the decrease in gross margin.

During the year cost of investments increased by £618,844 in relation to the final deferred consideration settlement in respect of the acquisition of Apollo Group Limited in 2014. The Directors are satisfied with the performance, position and future prospects for its subsidiaries, which are not consolidated in these financial statements, and have not identified any indicators of impairment of its investments. There are no significant matters to report in respect of the company's financial position at the year end other than to note that the company has net current liabilities of £21,366,349 primarily due to amounts owed to fellow group companies in respect of past acquisitions.

Future developments and principal risks

As for many companies, the current business environment in which we operate continues to be challenging. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However, we are fortunate to have the support of our group company, Ajax Tocco Magnethermic Inc, and the loan provided by a company within the group and as such believe our business will remain secure, responding to issues and opportunities as they arise.

Foreign currency risk

The company buys and sells goods and services denominated in currencies other than sterling. The company's transactional currency exposure arises from sales and purchases in currencies other than sterling, principally in euros. The company invoices are in sterling or euros to suit the currency of payment. The company's euro account and sales ledger debtors are revalued to the current exchange rate as at the month end to reflect any currency fluctuations.

Credit risk

In the normal course of business, the company sells items on deferred terms to other parties. Any risk associated with these third parties failing to honour their obligations arising from these transactions is minimised through rigorous credit control procedures with deferred terms only being granted to customers who demonstrate an appropriate payment history and satisfy other financial requirements. Individual exposures are continuously monitored on a customer by customer basis to ensure that the exposure to bad debts is minimised. As a result of this, goods may sometimes only be supplied on a cash-with-order basis or supply declined entirely.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and places appropriate focus on credit control.

AJAX TOCCO INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Price risk

Price risk arises on inventory purchases but the company aims to minimise risk through effective management of inventory levels, monitoring stock turnover and reviewing prices regularly.

Cash flow risk

The company actively maintains an appropriate level of cash reserves.

Key Performance Indicators ("KPIs")

Key performance indicators are used within the business to monitor elements such as margin and utilisation. These help us manage our proposals, employee skill level, machine flexibility and other associated elements of our business. In respect of margin, performance exceeded expectation in all areas of the business other than manufacturing, which suffered due to the mix of products manufactured during the year. Utilisation was below expected levels in service and manufacturing due to reduced sales volumes, although this is being addressed by the introduction of a new service offering and the recruitment of a new sales person to promote the manufacturing business.

On behalf of the board



.....
P E Hyland
Director
.....

6/8/2017

AJAX TOCCO INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of manufacturing and servicing induction heat treating and melting equipment world wide.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P E Hyland
R Vilsack
T M Illencik
P Fogarty

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



P E Hyland

Director

10/8/2017

AJAX TOCCO INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report and the 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 judgements and accounting estimates that are reasonable and prudent;
- 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 AJAX TOCCO INTERNATIONAL LIMITED

Opinion on financial statements

We have audited the financial statements on pages 6 to 22. 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 FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

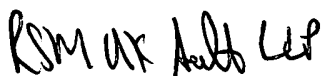
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

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.



Philip Coleman FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

West Midlands, B2 5AF

15 Sept 2017

AJAX TOCCO INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

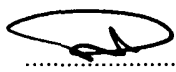
	Notes	2016 £	2015 £
Turnover	3	2,869,208	3,231,248
Cost of sales		(2,322,665)	(2,454,772)
Gross profit		546,543	776,476
Distribution costs		(2,311)	(6,766)
Administrative expenses		(602,830)	(788,915)
Operating loss	4	(58,598)	(19,205)
Interest payable and similar expenses	7	(171,704)	(208,792)
Loss before taxation		(230,302)	(227,997)
Taxation	8	-	-
Loss for the financial year	17	(230,302)	(227,997)

The income statement has been prepared on the basis that all operations are continuing operations.

AJAX TOCCO INTERNATIONAL LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	9	305,957		329,257	
Investments	11	24,694,695		24,075,851	
		<u>25,000,652</u>		<u>24,405,108</u>	
Current assets					
Stocks	12	320,952		355,900	
Debtors	13	558,810		627,911	
Cash at bank and in hand		221,539		648,223	
		<u>1,101,301</u>		<u>1,632,034</u>	
Creditors: amounts falling due within one year	14	<u>(22,467,650)</u>		<u>(22,172,537)</u>	
Net current liabilities			(21,366,349)		(20,540,503)
Total assets less current liabilities		<u>3,634,303</u>		<u>3,864,605</u>	
Capital and reserves					
Called up share capital	16	2,653,930		2,653,930	
Capital contribution reserve	17	1,527,261		1,527,261	
Profit and loss reserves	17	(546,888)		(316,586)	
Total equity		<u>3,634,303</u>		<u>3,864,605</u>	

The financial statements were approved by the board of directors and authorised for issue on
and are signed on its behalf by:

 10/3/2017
P E Hyland
Director

AJAX TOCCO INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	contribution reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2015		2,653,930	1,527,261	(88,589)	4,092,602
Year ended 31 December 2015:					
Loss and total comprehensive income for the year		-	-	(227,997)	(227,997)
Balance at 31 December 2015		2,653,930	1,527,261	(316,586)	3,864,605
Year ended 31 December 2016:					
Loss and total comprehensive income for the year		-	-	(230,302)	(230,302)
Balance at 31 December 2016		<u>2,653,930</u>	<u>1,527,261</u>	<u>(546,888)</u>	<u>3,634,303</u>

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Ajax Tocco International Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 2 Dorset Road, Saltley Business Park, Saltley, Birmingham, West Midlands, B8 1BG.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The Company has taken advantage of the exemption in Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of Ajax Tocco International Limited as a single entity. The financial statements of Ajax Tocco International Limited are consolidated in the financial statements of Park-Ohio Industries Treasury Company Inc. which are available from 6065 Parkland Boulevard, Cleveland, United States of America, OH 44124.

Going concern

Due to the balance sheet position of this company, it is dependent on the support of its group company, Ajax Tocco Magnethermic Inc. The directors have no reason to believe that this support will not continue for at least 12 months from the date of this report. The company has a letter of support to this effect and as such these financial statements have been prepared on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold and services provided during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

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), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	15% on reducing balance
Fixtures, fittings and equipment	15% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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 company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Current tax

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax

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 company'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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Retirement benefits

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

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.

There are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover analysed by class of business		
Manufacturing and servicing	2,869,208	3,231,248

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2016 £	2015 £
UK sales	1,173,793	1,710,394
European sales	955,207	665,209
United States of America sales	443,603	494,775
Rest of the World sales	296,605	360,870
	<u>2,869,208</u>	<u>3,231,248</u>

4 Operating loss

	2016 £	2015 £
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(50,463)	15,315
Fees payable to the company's auditor for the audit of the company's financial statements	16,500	15,500
Depreciation of owned tangible fixed assets	52,242	58,612
(Profit)/loss on disposal of tangible fixed assets	-	350
Cost of stocks recognised as an expense	1,139,687	1,265,825
Operating lease charges	<u>102,551</u>	<u>101,044</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Production staff	21	19
Distribution staff	3	4
Administrative staff	6	7
Management staff	1	1
Apprentice staff	1	1
	<u>32</u>	<u>32</u>

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	832,160	878,243
Social security costs	89,642	93,192
Pension costs	22,924	19,435
	<u>944,726</u>	<u>990,870</u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	65,259	64,889
Company pension contributions to defined contribution schemes	1,441	1,431
	<u>66,700</u>	<u>66,320</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

The remuneration of key management personnel (including pension contributions and national insurance contributions) amounted to £74,484 (2015 - £75,487).

7 Interest payable and similar expenses

	2016 £	2015 £
Interest payable to group undertakings	<u>171,704</u>	<u>208,792</u>

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Taxation

The total tax charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2016 £	2015 £
Loss before taxation	(230,302)	(227,997)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(46,060)	(46,169)
Unutilised tax losses carried forward	42,712	45,860
Permanent capital allowances in excess of depreciation	2,164	3,181
Other tax adjustments	1,184	(2,872)
Tax expense for the year	-	-

The company has trading losses of £752,057 (2015 - £727,881) available for carry forward against future trading profits. No provision for a deferred tax asset of £127,850 (2015 - £123,740) has been included in the financial statements due to the uncertainty as to their realisation.

9 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2016	1,921,278	509,288	2,430,566
Additions	28,942	-	28,942
Disposals	-	(766)	(766)
At 31 December 2016	1,950,220	508,522	2,458,742
Depreciation and impairment			
At 1 January 2016	1,627,381	473,928	2,101,309
Depreciation charged in the year	46,407	5,835	52,242
Eliminated in respect of disposals	-	(766)	(766)
At 31 December 2016	1,673,788	478,997	2,152,785
Carrying amount			
At 31 December 2016	276,432	29,525	305,957
At 31 December 2015	293,897	35,360	329,257

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
E.M.A.Heat Treatment Limited	Unit 2 Dorset Road, Saltley Business Park Saltley, Birmingham, West Midlands, B8 1BG	Dormant	Ordinary shares	100.00	
Tocco (U.K.) Limited	Unit 2 Dorset Road, Saltley Business Park Saltley, Birmingham, West Midlands, B8 1BG	Dormant	Ordinary shares		100.00
Supply Technologies (UKG) Limited	Unit 4 Imperial Park, West Avenue, Phoenix Retail Park, Linwood, Paisley, PA1 2FB	Dormant	Ordinary shares		100.00
Supply Technologies (UKGRP) Limited	20-22 Bedford Row, London, WC1R 4JS	Supply of management systems	Ordinary shares	100.00	
Apollo Aerospace Components sp.zo.o	Wojska Polskiego 9, 39-300 Mielec, Poland	Distribution centre management	Ordinary share		100.00
Apollo Group Limited	20-22, Bedford Row, London, WC1R 4JS	Management services	Ordinary shares	100.00	
QEF Global Holdings Limited*	8th Floor Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Holding company	Ordinary shares	100.00	
QEF Global (Ireland) Limited*	8th Floor Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Holding company	Ordinary shares		100.00
Apollo Aerospace Components Limited	20-22 Bedford Row, London, WC1R 4JS	Industrial fastener supplies	Ordinary shares		100.00
Apollo Aerospace Components India Private Limited	Prestige Center Point, 507, Edward Road (Cunningham Road) Bangalore, 560 052, Karnataka India	Distribution centre management	Ordinary share		100.00

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries (Continued)

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
E.M.A.Heat Treatment Limited	-	300,003
Tocco (U.K.) Limited	-	1,000
Supply Technologies (UKG) Limited	-	(513,077)
Supply Technologies (UKGRP) Limited	1,953,213	5,622,503
Apollo Aerospace Components sp.zo.o	7,759	27,722
QEF Global Holdings Limited*	(119,685)	936,286
QEF Global (Ireland) Limited*	-	690,000
Apollo Aerospace Components Limited	522,890	1,804,715
Apollo Aerospace Components India Private Limited	(42,280)	(29,321)

* Figures are denoted in Euros.

The results for Apollo Group Limited and its wholly owned subsidiaries Apollo Aerospace Components Limited, Apollo Aerospace Components sp.zo.o and Apollo Aerospace Components India Private Limited relate to the year ended 31 March 2016.

The results for Supply Technologies (UKG) Limited, Supply Technologies (UKGRP) Limited, QEF Global Holdings Limited and QEF Global (Ireland) Limited relate to the year ended 31 December 2015.

The results for E.M.A.Heat Treatment Limited and Tocco UK Limited relate to the year ended 31 December 2016.

11 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	10	24,694,695	24,075,851

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

11 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2016	24,075,851
Additions	618,844
At 31 December 2016	24,694,695
Carrying amount	
At 31 December 2016	24,694,695
At 31 December 2015	24,075,851

12 Stocks

	2016 £	2015 £
Raw materials and consumables	250,224	250,197
Work in progress	70,728	105,703
	320,952	355,900

13 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	398,493	461,049
Amounts owed by group undertakings	51,907	60,529
Other debtors	1,090	-
Prepayments and accrued income	107,320	106,333
	558,810	627,911

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	153,847	131,014
Amounts due to group undertakings	22,189,094	21,868,652
Other taxation and social security	29,886	44,263
Accruals and deferred income	94,823	128,608
	<u>22,467,650</u>	<u>22,172,537</u>

15 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>22,924</u>	<u>19,435</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
2,653,930 Ordinary shares of £1 each	<u>2,653,930</u>	<u>2,653,930</u>

The company has one class of ordinary shares which carry no right to fixed income, each carry the right to vote at general meetings of the company.

AJAX TOCCO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

17 Reserves

Capital contribution reserve

This represents capital contributions made to the company by another member of the group between 2003 and 2008.

Profit and loss reserves

This represents cumulative profit and loss net of distributions to owners.

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	122,455	123,335
Between two and five years	92,297	206,606
	<u>214,752</u>	<u>329,941</u>

19 Controlling party

The company's immediate parent company is IEGE Industrial Equipment Group European Holding Company Limited, a company incorporated in the Republic of Ireland.

The ultimate parent company which heads the largest and smallest group in which the results are consolidated is that headed by Park-Ohio Holdings Corp, a company incorporated in the United States of America. The address from which these financial statements can be obtained is 6065 Parkland Boulevard, Cleveland, United States of America, OH 44124.

The directors consider there to be no ultimate controlling party.