

No. 3800292

# **Alumasc Precision Limited**

## **Annual Report and Accounts**

For the year ended 30 June 2017



# **Alumasc Precision Limited**

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Registered Number. 3800292

## **Registered Office**

Station Road  
Burton Latimer  
Kettering  
Northamptonshire  
NN15 5JP

## **Directors**

G P Hooper  
A Magson  
K S Boynton

## **Secretary**

A Magson

## **ADVISORS**

### **Auditor**

KPMG LLP  
Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

### **Bankers**

HSBC Bank PLC  
4<sup>th</sup> Floor  
120 Edmund Street  
Birmingham  
B3 2QZ

# Alumasc Precision Limited

## DIRECTORS' REPORT

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The directors present their report and financial statements for the year ended 30 June 2017.

### PRINCIPAL ACTIVITIES

The principal activity of Alumasc Precision Limited was the production and sale of precision aluminium and zinc die cast components. Dyson Diecastings, the last trading business within Alumasc Precision Limited was sold on 30 June 2016 and as a result of the sale Alumasc Precision Limited has no ongoing trading activities.

### REVIEW OF BUSINESS

The company bears a proportion of the deficit of The Alumasc Group Pension Scheme, a defined benefit scheme that was closed to future accrual in 2010. Further detail is provided in note 13 to the financial statements.

### RESULTS AND DIVIDEND

The reported loss before tax for the year was £140,000 (2016: £1,147,000). The directors do not propose that a dividend is paid for the year (2016: £nil).

### DIRECTORS

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

G P Hooper

A Magson

K S Boynton (appointed 1 October 2016)

J Douglas (resigned 1 October 2016)

The company maintains a directors and officers insurance policy that is appropriate to the business.

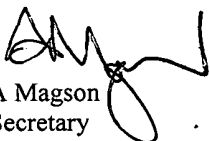
### AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

  
A Magson  
Secretary . 28.2.18

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALUMASC PRECISION LIMITED

## Opinion

We have audited the financial statements of Alumasc Precision Limited ("the company") for the year ended 30 June 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover the report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in the report for the financial year is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report..

We have nothing to report in these respects.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALUMASC PRECISION LIMITED

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

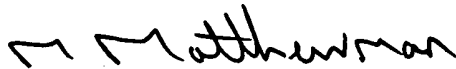
### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Mark Matthewman (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Altius House, 1 North Fourth Street, Milton Keynes, MK91NE

11/3/18

# Alumasc Precision Limited

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Notes	2017 £'000	2016 £'000
<b>Turnover</b>	<b>2</b>	-	6,642
Cost of sales		-	(5,984)
<b>Gross profit</b>		-	658
Selling and distribution costs		-	(27)
Administrative expenses		-	(1,064)
<b>Operating loss</b>	<b>3</b>	-	(433)
Loss recognised on disposal of discontinued operation	<b>5</b>	-	(338)
Interest payable and similar costs	<b>6</b>	(140)	(376)
<b>Loss before taxation</b>		(140)	(1,147)
Taxation credit	<b>7</b>	-	251
<b>Loss for the financial year</b>		<u>(140)</u>	<u>(896)</u>
<b>Other comprehensive income - Items that will not be recycled subsequently to profit or loss</b>			
Actuarial loss on defined benefit pension schemes	<b>7, 12</b>	(30)	(1,068)
<b>Total other comprehensive income</b>		<u>(30)</u>	<u>(1,068)</u>
<b>Total comprehensive income for the year</b>		<u>(170)</u>	<u>(1,964)</u>

The notes from pages 9 to 19 form part of these financial statements.

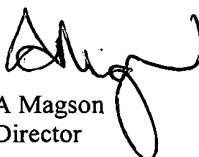
# Alumasc Precision Limited

## BALANCE SHEET

at 30 June 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Investments	8		1		1
Deferred tax asset	7		-		933
			1		934
<b>Current assets</b>					
Debtors	7, 9	6,969		5,293	
Cash		-		1,464	
		6,969		6,757	
<b>Creditors: amounts falling due within one year</b>	10	(11,505)		(11,553)	
<b>Net current liabilities</b>			(4,536)		(4,796)
<b>Total assets less current liabilities</b>			(4,535)		(3,862)
Pension liability	12		(4,680)		(5,183)
<b>Net liabilities</b>			(9,215)		(9,045)
<b>Capital and reserves</b>					
Called up share capital	11		6,000		6,000
Profit and loss account			(15,215)		(15,045)
<b>Shareholder's deficit</b>			(9,215)		(9,045)

Approved by the Board and authorised for issue on

  
A Magson  
Director

28.2.18

The notes from pages 9 to 19 form part of these financial statements.



# Alumasc Precision Limited

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2017

	Notes	Share capital £'000	Profit and loss account reserve £'000	Total equity £'000
At 1 July 2015		6,000	(13,081)	(7,081)
Loss for the period		-	(896)	(896)
Actuarial loss on defined benefit pension scheme	13	-	(1,157)	(1,157)
Tax on actuarial loss on pensions movement	7	-	89	89
At 1 July 2016		6,000	(15,045)	(9,045)
Loss for the period		-	(140)	(140)
Actuarial loss on defined benefit pension scheme	13	-	(30)	(30)
At 30 June 2017		<u>6,000</u>	<u>(15,215)</u>	<u>(9,215)</u>

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 1. ACCOUNTING POLICIES

#### ***Basis of accounting***

These financial statements were prepared on the historical cost basis in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, The Alumasc Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of The Alumasc Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The Alumasc Group plc, Burton Latimer, Kettering, Northamptonshire, NN15 5JP.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- Disclosures required by *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

#### ***Going concern***

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

At the balance sheet date the company had net current liabilities of £4,536,000 (2016: £4,796,000). The directors have prepared the accounts on a going concern basis as the ultimate parent company, The Alumasc Group plc, will provide support to enable the company to meet its liabilities as they fall due, for at least twelve months from the date of signing these accounts.

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Significant accounting estimates*

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are the measurement and valuation of defined benefit obligations. Measurement of defined benefit pension obligations requires estimation of future changes in inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate.

#### *Exemption from preparation of group accounts*

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt under the Companies Act from the obligations to prepare group accounts and to deliver them to the Registrar of Companies. The results of the company and its subsidiary undertakings are consolidated in The Alumasc Group plc which is registered in England and Wales.

#### *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

#### *Other intangible assets*

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

#### *Amortisation*

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	- 2 to 5 years
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#### *Tangible fixed assets*

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	- 25 to 50 years
Short leasehold improvements	- over the period of the lease
Plant and equipment	- 3 to 15 years
Motor vehicles	- 4 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### *Leased assets*

Assets held under leasing agreements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligation is included in creditors. The interest element of the rental obligation is charged to the profit and loss account in proportion to the reducing capital element outstanding.

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Leased assets (continued)*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

#### *Trade and other debtors*

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the group will not be able to recover balances in full.

#### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

#### *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads, based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### *Pension costs*

The company operates both a defined benefit and a defined contribution pension scheme as follows:

##### (i) Defined benefit pensions

The company operates a principal defined benefit scheme which requires deficit reduction contributions to be made to a separately administered fund which was closed to future benefit accrual in 2010, with the closure resulting in no curtailment gain or loss. Prior to this, benefits were accrued under the career average revalued earnings (CARE) basis.

Prior to the closure of the scheme to future benefit accrual, the cost of providing benefits under the defined benefit plan was determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and is based on actuarial advice.

The company determines finance income/expense for the period relating to the defined benefit pension scheme by applying the discount rate used for valuing the schemes liabilities to the value of the net pension liability at the beginning of the year.

The net pension scheme finance costs are charged to finance costs within the profit and loss account.

Following the 2016 triennial review and agreement of the revised deficit recovery plan, pension scheme administration costs are now paid directly by the pension scheme rather than being reimbursed by the company.

Actuarial gains and losses are recognised in full in other comprehensive income. These comprise, for scheme assets, the difference between the expected and actual return on assets, and, for scheme liabilities, the difference between the actuarial assumptions and actual experience, and the effect of changes in actuarial assumptions.

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 1 ACCOUNTING POLICIES (CONTINUED)

#### *Pension costs (continued)*

The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), 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 restricted to the sum of any unrecognised past service costs and the present value of any amount the company expects to recover by way of refunds from the plan or reductions in the future contributions.

#### (ii) Defined contribution pensions

The pension cost charge to the profit and loss account of the company's defined contribution scheme represents the contributions payable by the company to the fund. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the profit and loss account.

#### *Revenue recognition*

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before turnover is recognised:

#### *Sale of goods*

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

#### *Tooling*

Turnover generated on tooling work is recognised when work on the tool has been completed and it has been accepted by the customer.

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 2. TURNOVER

#### *Geographical analysis*

All business operations were located in and managed from the United Kingdom and all turnover was generated there. Turnover by destination, all of which was generated by discontinued operations is as follows:

	2017 £'000	2016 £'000
United Kingdom	-	5,921
Europe	-	522
Rest of the World	-	199
	<u>-</u>	<u>6,642</u>

### 3. EXPENSES AND AUDITOR'S REMUNERATION

Included in profit/loss are the following:

	2017 £'000	2016 £'000
Operating lease rentals – plant and machinery	-	18
– other	-	10
Auditor's remuneration – audit of financial statements	-	16
Profit on sale of tangible fixed assets	-	(10)
	<u>-</u>	<u>(10)</u>

Auditor's remuneration of £3,000 was borne in the year and not recharged by the parent company.

### 4. EMOLUMENTS OF DIRECTORS AND EMPLOYEES

Employee costs, including directors, during the year were:

	2017 £'000	2016 £'000
Wages and salaries	-	2,119
Social security costs	-	191
Other pension costs		
- defined contribution plans	-	59
- defined benefit plans	140	149
	<u>140</u>	<u>2,518</u>

The average monthly number employed by the company during the year, including directors, was as follows:

	2017 Number	2016 Number
Works personnel	-	71
Executive and staff	-	27
	<u>-</u>	<u>98</u>

The remuneration of Mr Hooper, Mr Magson and Mrs Boynton is borne by The Alumasc Group plc, of which none relates specifically to their services to Alumasc Precision Limited and Mr Hooper and Mr Magson's remuneration details are disclosed in The Alumasc Group plc's Annual Report.

Retirement benefits accrued to no directors during the current or prior year under money purchase pension schemes.

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 5. EXCEPTIONAL ITEM - DISCONTINUED OPERATION

	2017 £'000	2016 £'000
Loss on sale of discontinued operation	-	338

Exceptional costs in 2016 related to the sale of Dyson Diecastings on 30 June 2016. Details of the sale of the trade and assets of Dyson Diecastings are as follows:

	£'000
<b>Sales proceeds</b>	<b>1,600</b>
Assets disposed of:	
Non-current assets	455
Working capital	1,002
<b>Profit on disposal</b>	<b>143</b>
Costs of disposal	(481)
<b>Net loss on disposal</b>	<b>(338)</b>

### 6. INTEREST PAYABLE AND SIMILAR COSTS

	2017 £'000	2016 £'000
Net interest on group balances	-	227
Net pension interest (note 13)	140	149
	<b>140</b>	<b>376</b>

### 7. TAXATION

#### a. Tax on loss on ordinary activities

The tax credit in the profit and loss account and other comprehensive income is made up as follows:

	2017 £'000	2016 £'000
Current tax:		
Group relief receivable	-	(667)
	-	(667)
Deferred tax:		
Origination and reversal of timing differences	-	392
Movement in pension scheme related asset	-	24
	-	416
<b>Tax credit on loss on ordinary activities</b>	<b>-</b>	<b>(251)</b>

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 7. TAXATION (CONTINUED)

#### a. Tax on loss on ordinary activities (continued)

Tax relating to items charged or credited to equity is made up as follows:

	2017 £'000	2016 £'000
Deferred tax:		
Actuarial loss on pension schemes	-	(89)
Tax credit in Other comprehensive income	-	(89)

#### b. Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher (2016: lower) than the standard rate of corporation tax in the UK of 19.75% (2016: 20%). The differences are reconciled below:

The tax credit is made up as follows:

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	(140)	(1,147)
Loss on ordinary activities multiplied by the standard rate of 19.75% (2016: 20%)	(28)	(229)
Expenses not deductible for tax purposes	28	16
Rate change adjustment	-	(7)
Amounts over provided	-	(31)
Total tax credit	-	(251)

#### c. Deferred taxation

The deferred tax included in the balance sheet is as follows:

	Pension deferred tax asset £'000
At 1 July 2015	868
Debited to profit and loss account	(24)
Credited to equity	89
At 30 June 2016	933
Intra-group transfers	(933)
At 30 June 2017	-

#### d. Factors affecting the tax charge in future periods

In the Budget on 16 March 2016, the UK Government announced its intention to further reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods at this reduced rate. This rate change was substantively enacted at the balance sheet date. Deferred tax assets and liabilities have been calculated based on the rate of 17% substantively enacted at the balance sheet date.



# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 8. INVESTMENTS

Unlisted  
£'000

At 1 July 2015, 30 June 2016 and 30 June 2017

1

The company owns 100% of the share capital of Alumasc Precision Hong Kong Limited, which is incorporated in Hong Kong.

### 9. DEBTORS

	2017 £'000	2016 £'000
Amounts owed by group undertakings	6,969	5,293
	<u>6,969</u>	<u>5,293</u>

Amounts owed by group undertakings are interest-free and repayable upon demand.

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Accruals and deferred income	-	48
Amounts owed to group undertakings	11,505	11,505
	<u>11,505</u>	<u>11,553</u>

Amounts owed to group undertakings are interest-free and repayable upon demand.

### 11. CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, called up and fully paid: 6,000,000 (2016: 6,000,000) Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

### 12. RETIREMENT BENEFIT OBLIGATIONS

The company participates in both defined benefit and defined contribution schemes managed by The Alumasc Group plc, funded by the payment of contributions into separately administered trust funds.

The defined benefit scheme, The Alumasc Group Pension Scheme, which was closed to new members in 1999 and to future accrual in 2010, provides defined benefits based on career average pensionable pay. External professional actuaries value the scheme triennially using the projected unit method in order to determine the necessary deficit reduction funding contributions to be paid. Further details of the scheme can be found in the accounts of The Alumasc Group plc. Disclosures in accordance with IAS 19 are set out below.

The defined benefit scheme maintained by the company is a part of a plan that shares risks between various group entities under common control. In determining the net defined benefit cost and contributions between the various sponsoring employers, the Directors have used as a basis the sponsoring employer at the date the scheme was closed to future accrual.

Following the conclusion of the 2016 triennial actuarial review, deficit reduction contributions increased from £484,000 to £621,000 per year, with effect from 1 July 2016. Following the 2016 triennial review and agreement of the revised deficit recovery plan, pension scheme administration costs are now paid directly by the pension schemes rather than being reimbursed by the company.

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 12. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The principal assumptions used by the independent actuary in valuing the assets and liabilities of the Scheme for IAS 19 purposes were:

	2017 %	2016 %
Discount rate	2.6	3.0
Rate of increase of pensions in deferment	2.2	1.9
Rate of increase of pensions in payment	1.9 – 3.7	1.7–3.5
Retail Price Index inflation rate	3.2	2.9
Consumer Price Index inflation rate	2.2	1.9
Post retirement mortality	Years	Years
Current pensioners at 65 – male	21.9	22.2
Current pensioners at 65 – female	23.6	23.9
Future pensioners at 65 in 2037 – male	23.3	23.9
Future pensioners at 65 in 2037 – female	24.9	25.4

A discount rate of 2.6% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2017. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £346,000 before tax.

A Retail Price Index inflation rate of 3.2% and a Consumer Price Index inflation rate of 2.2% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2017. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £130,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2017, mortality assumptions have been assumed as indicated above. If life expectancy had been changed to assume that all members of the scheme live for one year longer on average, the value of the reported liabilities at 30 June 2017 would have increased by approximately £1,081,000 before tax.

The following information relates to the company's share of the assets and liabilities of the scheme.

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Equities	7,832	6,714	8,206	7,943	6,677
Gilts	2,813	2,141	1,746	1,595	2,209
Bonds and insured annuities	2,366	2,341	2,095	1,998	1,884
Multi-asset fund	4,840	5,026	3,841	4,181	5,214
Property and cash	1,592	1,923	1,573	1,076	260
Total market value of assets	19,443	18,145	17,461	16,793	16,244
Actuarial value of liability	(24,123)	(23,328)	(21,799)	(20,477)	(18,362)
Defined benefit pension liability	(4,680)	(5,183)	(4,338)	(3,684)	(2,118)

Of the above assets, all have a quoted market price with the exception of £455,000 of insured annuities (2016: £449,000) and £151,000 of property (2016: £151,000).

# Alumasc Precision Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

### 12. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Amounts recognised in the profit and loss account and other comprehensive income in respect of the defined benefit plan, before taxation, are as follows:

	2017 £'000	2016 £'000
Net pension scheme finance costs	(140)	(149)
Administration costs	-	(101)
	<u>(140)</u>	<u>(250)</u>
Included in other comprehensive income:		
Actuarial gain on plan assets	1,217	677
Actuarial loss on retirement benefit obligations	<u>(1,247)</u>	<u>(1,834)</u>
	<u>(30)</u>	<u>(1,157)</u>
Total recognised in the profit and loss account and other comprehensive income	<u><u>(170)</u></u>	<u><u>(1,407)</u></u>

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

	2017 £'000	2016 £'000
As at 1 July	18,145	17,461
Movement in year:		
Expected return on plan assets	503	600
Actuarial gain	1,217	677
Contributions by employer	673	562
Administrative expenses	-	(79)
Benefits paid	<u>(1,095)</u>	<u>(1,076)</u>
At 30 June	<u><u>19,443</u></u>	<u><u>18,145</u></u>

The actual return on plan assets for 2016/17 was a gain of £1,720,000 (2015/16: £1,277,000).

Changes in the present value of the scheme liabilities are as follows:

	2017 £'000	2016 £'000
As at 1 July	(23,328)	(21,799)
Movement in year:		
Interest cost	(643)	(749)
Administration cost	-	(101)
Benefits paid	1,095	1,076
Administrative expenses reimbursed by company	-	79
Actuarial loss	<u>(1,247)</u>	<u>(1,834)</u>
At 30 June	<u><u>(24,123)</u></u>	<u><u>(23,328)</u></u>

The cumulative amount of actuarial gains and losses recognised since 1 July 2014 in other comprehensive income is a loss of £2,169,000 (2016: £2,139,000).

#### Defined contribution schemes

During the year £nil was charged to the profit and loss account in respect of such schemes (2016: £59,000).

At 30 June 2017 contributions of £nil were outstanding (2016: £nil).

## Alumasc Precision Limited

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

#### 13. CONTINGENT LIABILITIES

Cross guarantees are in existence between the company and other group undertakings in respect of a composite banking arrangement.

#### 14. RELATED PARTIES

The company, being a wholly owned subsidiary of The Alumasc Group plc, takes advantage of the exemption under FRS 101, from disclosure of transactions with entities within the group.

The company's subsidiary undertakings at 30 June 2017 are shown below. The subsidiaries are 100% owned and with a share class of ordinary shares.

Subsidiary	Principal activity	Country of incorporation
Alumasc Precision Hong Kong Limited	Dormant	Hong Kong

#### 15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate holding company and controlling party is The Alumasc Group plc, a company registered in England. Copies of the accounts of The Alumasc Group plc can be obtained from The Group Secretary, The Alumasc Group plc, Station Road, Burton Latimer, Kettering, Northants NN15 5JP.