

REGISTERED NUMBER: 02294036 (England and Wales)

COMAU U.K. LIMITED

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2017

THURSDAY



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COMAU U.K. LIMITED

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for the Year Ended 31 December 2017**

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COMAU U.K. LIMITED

Company Information
for the Year Ended 31 December 2017

DIRECTORS:	A Lloyd D Thombs B Blennerhasset G Luise
SECRETARY:	J Irving
REGISTERED OFFICE:	Unit A2 Swift Park Old Leicester Road Rugby Warwickshire CV21 1DZ
REGISTERED NUMBER:	02294036 (England and Wales)
AUDITORS:	Ernst and Young LLP, Statutory Auditor 400 Capability Green Luton Bedfordshire LU1 3LU
BANKERS:	Barclays Bank PLC Level 28 One Churchill Place Canary Wharf London E14 5HP
SOLICITORS:	Clark Willmott LLP 138 Edmund Street Birmingham B3 2ES

COMAU U.K. LIMITED

Strategic Report **for the Year Ended 31 December 2017**

BUSINESS REVIEW

The company has seen comparatively reduced trading results in 2017, mainly due to a number of large projects completing at the end of 2016, and also the impact of delayed customer programmes in 2017. However, this has resulted in a positive closing order backlog of £104.8m (2016: £27.6m), with the majority of customer programmes now underway.

Key performance indicators:

	2017	2016
	£'000	£'000
Order received	120,075	32,877
Sales	44,145	64,632
Gross profit %	15%	30%
Profit before tax	1,998	15,875

PRINCIPLE RISK AND UNCERTAINTIES

The principal uncertainties are related to the product launch planning of our customers and close out of major programs. Major customers are less willing to offer preferential payment terms on long term contracts.

Financial risk management and other financial key performance indicators

The Company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is administered by the parent company to manage risk on account of currency exchange fluctuation. The Company does not use derivative financial instruments for speculative purposes.

Credit risk

The Company's principal financial assets are intragroup cash pooling account bank balances and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amount presented in the balance sheet is net of allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Cashflow risk

The Company manages its cashflow risk by closely monitoring its receivables and payables, and employing forward foreign exchange contracts where it is appropriate to do so.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses the group cash pooling facility.

FUTURE DEVELOPMENT

The company has been experiencing steady growth in both revenues and profitability, with the majority of this growth driven from the automotive sector. The directors are aware of the current economic risks, specifically related to new vehicle sales volumes in the UK, the uncertainties of Brexit, and the resulting impact that these could have on investment in the Automotive sector.

There is significant evidence that the UK lags behind other developed countries in its level of automation, which the business has identified as an opportunity. The company's plan is to enhance its existing Automation expertise, in order to grow into other industry sectors and technologies, where there is considered to be a low level of automation, whilst remaining a key player in automotive automation.

COMAU U.K. LIMITED

Strategic Report
for the Year Ended 31 December 2017

NON FINANCIAL KEY PERFORMANCE INDICATORS

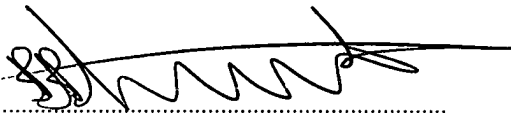
The average headcount at the year end 2017 was 107 (2016: 99 persons).

Environment

Comau U.K. Limited leads the way in advanced automated production systems for vehicle manufacturing and related industries. Our UK operations are part of the most cost-effective production systems in the world. We believe success is judged with respect to how it is achieved. We evaluate growth and development through our progress in environmental and social sustainability as much as our capacity to innovate within the industry. Comau supports sustainable development, including social sustainability throughout all its operations, with company values and practices designed to promote the abilities and opportunities of team members equally.

The Company operates in compliance with ISO14001:2015 for environmental practices.

ON BEHALF OF THE BOARD:



.....
B Blennerhassett - Director

Date: 22/3/18.....

COMAU U.K. LIMITED

Report of the Directors **for the Year Ended 31 December 2017**

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

PRINCIPLE ACTIVITIES

The principal activity of the Company is the design, manufacture, installation and service of industrial machinery for the automotive industry.

DIVIDENDS

The results for the year ended 2017 are set out in the profit and loss account on page 9. The profit after taxation for the year ended 31 December 2017 £1,469,000 (2016: £13,549,000).

No dividend was paid out in 2017 on the basis of 2016 performance. A Dividend of £22,997,275 was paid in 2016 with reference to 2015's financial performance. The directors proposed £2,478,475 of dividend to be paid on the basis of 2017 results.

RESEARCH AND DEVELOPMENT

The Company continues to develop innovative products, services and processes for its customers.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

A Lloyd
D Thombs
B Blennerhasset

Other changes in directors holding office are as follows:

M Michelutti - resigned 29 September 2017
G Luise - appointed 16 October 2017

POLITICAL DONATIONS AND EXPENDITURE

The company donated £800 (2016: £14,085) to charitable organisations during the year.

COMPANY POLICIES

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Average creditors days in 2017 were 77 days (2016: 67 days).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through regular formal and informal meetings with the management of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

COMAU U.K. LIMITED

Report of the Directors
for the Year Ended 31 December 2017

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are a director at the date of approval of this report confirms that:

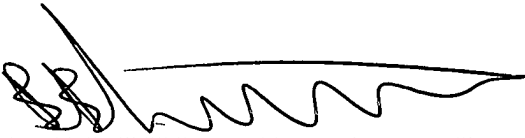
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

The auditors, Ernst and Young LLP, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
B Blennerhassett - Director

Date: 22/3/18

COMAU U.K. LIMITED

Statement of Directors' Responsibilities for the Year Ended 31 December 2017

The directors are responsible for preparing the Strategic Report, the Director 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Independent Auditors to the Members of
COMAU U.K. LIMITED**

Opinion

We have audited the financial statements of Comau U.K. Limited for the year ended 31 December 2017 which comprise the Income Statement, the Statement of other Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
COMAU U.K. LIMITED**

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 Report of the Directors.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ernst & Young LLP
Farzin Radfar (Senior Statutory Auditor)
for and on behalf of Ernst and Young LLP, Statutory Auditor
Luton

Date: *27 March 2018*

COMAU U.K. LIMITED

Income Statement
for the Year Ended 31 December 2017

	Notes	2017 £'000	2016 £'000
TURNOVER	2	44,145	64,632
Cost of sales		<u>(37,515)</u>	<u>(44,847)</u>
GROSS PROFIT		6,630	19,785
Other operating expenses		<u>(4,589)</u>	<u>(4,102)</u>
OPERATING PROFIT	6	2,041	15,683
Interest receivable and similar income	4	152	261
Interest payable and similar expenses	5	<u>(195)</u>	<u>(69)</u>
PROFIT BEFORE TAXATION	6	1,998	15,875
Tax on profit	7	<u>(529)</u>	<u>(2,326)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,469</u>	<u>13,549</u>

COMAU U.K. LIMITED

Other Comprehensive Income
for the Year Ended 31 December 2017


	Notes	2017 £'000	2016 £'000
Profit after taxation for the year		1,469	13,549
Actuarial losses on defined benefit scheme		76	(1,691)
Cash flow hedge		(30)	30
Movement in deferred tax	7	<u>(14)</u>	<u>624</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,501</u>	<u>12,512</u>

COMAU U.K. LIMITED (Registered number: 02294036)

Balance Sheet
31 December 2017

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Intangible assets	8	78	-
Tangible assets	9	<u>458</u>	<u>486</u>
		<u>536</u>	<u>486</u>
CURRENT ASSETS			
Debtors	10	28,031	28,868
Cash in hand		<u>-</u>	<u>45</u>
		28,031	28,913
CREDITORS			
Amounts falling due within one year	11	<u>(17,360)</u>	<u>(20,297)</u>
NET CURRENT ASSETS		<u>10,671</u>	<u>8,616</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,207	9,102
PROVISIONS FOR LIABILITIES	13	<u>(5,976)</u>	<u>(5,372)</u>
NET ASSETS		<u>5,231</u>	<u>3,730</u>
CAPITAL AND RESERVES			
Called up share capital	14	2,502	2,502
Retained earnings		<u>2,729</u>	<u>1,228</u>
		<u>5,231</u>	<u>3,730</u>

The financial statements were approved by the Board of Directors on 22/5/18 and were signed on its behalf by:


.....
B Blennerhassett - Director

COMAU U.K. LIMITED

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	2,502	11,714	14,216
Changes in equity			
Total comprehensive income	-	13,549	13,549
OCI	-	(1,037)	(1,037)
Dividend	-	(22,998)	(22,998)
Balance at 31 December 2016	<u>2,502</u>	<u>1,228</u>	<u>3,730</u>
Changes in equity			
Total comprehensive income	-	1,469	1,469
OCI	-	32	32
Balance at 31 December 2017	<u>2,502</u>	<u>2,729</u>	<u>5,231</u>

COMAU U.K. LIMITED

Notes to the Financial Statements **for the Year Ended 31 December 2017**

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 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 paragraphs 17 and 18A 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;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Going Concern

The directors consider that in the current economic environment and the trading forecast, the Company has a reasonable expectation to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents the total amount receivable by the Company for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as a portion of the total contract value based on the stage of completion evaluated as per actual cost incurred in proportion of total budgeted cost for the contract.

Intangible assets

Acquired computer software licences are capitalised on the basis of the cost incurred and bring to use the specific software. These costs are amortised on a straight line basis over 4 years.

COMAU U.K. LIMITED

Notes to the Financial Statements **for the Year Ended 31 December 2017**

1. ACCOUNTING POLICIES – continued

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	Term of the lease
Motor vehicles, plant and equipment	10 - 25% per annum

Derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assets in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not discounted.

Foreign currencies

The Company's functional and presentation currency is British pounds.

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at rates of exchange ruling at the end of the financial period. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Where progress payments exceed the value of work done the balance is included within creditors as a payment received on account. Cumulative costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less provision for contingencies and foreseeable future losses on contracts, are included in payments received on account.

COMAU U.K. LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2017**

1. ACCOUNTING POLICIES - continued

Operating leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement inception date whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable, net of incentives, are charged in the income statement on a straight line basis over the lease term.

Pension funding

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the pension obligations depends upon a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. The discount rate is determined at the end of the year and all other key assumptions are based on the current market conditions as considered appropriate by the actuary.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on the government bonds are used.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

The company also runs a defined contribution plan. Defined contribution plans are post-employment benefits plans under which the company pays fixed contributions into a legally separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employee benefits relating to employee service in the current and prior periods. The company's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Domicile and Incorporation

The company is domiciled and incorporated in England and Wales.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, seldom equal to related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities, within the next financial year, are addressed below.

Employee Bonus

The company operates the group's bonus system for all eligible employees. Management estimate the annual cost of the bonus and accrue throughout the year accordingly.

COMAU U.K. LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2017**

1. **ACCOUNTING POLICIES - continued**

Warranty provision

The company offers warranty cover in respect of problems with completed products which become apparent within the first three years following purchase. A provision is recognised for expected net cost of warranty claims based on past experience of the level of actual warranty received.

2. **TURNOVER**

The Company only operates within one principal class of business, which are the design, manufacture, installation and service of industrial machinery for the motor industry. Substantially most of the Company's activity is undertaken within the UK. The analysis of turnover by geographical market has not been given as the Company has not, in the opinion of the directors, supplied markets that are substantially different from one another.

3. **EMPLOYEES AND DIRECTORS**

EMPLOYEE CATEGORIES

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

	2017	2016
	No.	No.
Directors	2	2
Administration and management	1	1
Sales and production staff	<u>104</u>	<u>96</u>
	<u>107</u>	<u>99</u>

STAFF COSTS

	£'000	£'000
Wages and salaries	5,103	5,764
Social security costs	680	653
Other pension costs	<u>332</u>	<u>231</u>
	<u>6,115</u>	<u>6,648</u>

DIRECTORS EMOLUMENTS

	2017	2016
	£'000	£'000
Aggregate emoluments	363	321
Company pension contributions	<u>27</u>	<u>25</u>
	<u>390</u>	<u>346</u>

The number of directors who were members of the money purchase pension scheme was two (2016: two).

HIGHEST PAID DIRECTOR

	2017	2016
	£'000	£'000
Aggregate emoluments	<u>194</u>	<u>207</u>
	<u>194</u>	<u>207</u>

COMAU U.K. LIMITED**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017****4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2017	2016
	£'000	£'000
Interest received from group companies	152	261
	<u>152</u>	<u>261</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£'000	£'000
Interest payable to related undertakings	102	1
Net interest cost on pension	91	65
Bank charges	2	3
	<u>195</u>	<u>69</u>

6. OPERATING PROFIT**OTHER OPERATING EXPENSES**

	2017	2016
	£'000	£'000
Selling and distribution costs	1,852	1,632
Administrative expenses	2,737	2,470
	<u>4,589</u>	<u>4,102</u>

Operating profit is stated after charging:

	2017	2016
	£'000	£'000
Depreciation: Tangible assets	244	279
Amortisation of intangible assets	2	-
Fees payable to the Company's auditor for the audit of the company's annual accounts	24	20
Operating lease rentals:		
Land and buildings	201	142
Other	311	339
	<u>311</u>	<u>339</u>

COMAU U.K. LIMITED

**Notes to the Financial Statements – continued
for the Year Ended 31 December 2017**

7. TAXATION

Tax on profit on continuing operations

a) Current tax

The tax charge comprises:

	2017	2016
	£'000	£'000
Current tax: Current year 19.25% (2016 : 20%)	-	462
Prior year adjustment	22	-
Total current tax	<u>22</u>	<u>462</u>

Deferred Tax

Origination and reversal of timing difference	140	2,727
Prior year adjustment	73	
Valuation allowance	310	(968)
Impact of change in tax laws and rates	(16)	105
Total deferred tax	<u>507</u>	<u>1,864</u>
Total tax on profit on continuing operations	<u>529</u>	<u>2,326</u>

Tax included in statement of total other comprehensive income

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

Deferred Tax

Actuarial gain/(loss) on pension scheme	16	(338)
Release of valuation allowance	-	(356)
Effect on decreased tax rate on deferred tax balance	(2)	70
	<u>14</u>	<u>(624)</u>

b) Profit on ordinary activities

The differences between the total tax shown above and amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2017	2016
	£'000	£'000
Profit on ordinary activities before tax	<u>1,998</u>	<u>15,875</u>
Profit on ordinary activities multiplied by standard rate of corporation tax 19.25% (2016: 20%)	384	3,175
Effects of:		
Expenses not deductible for tax purposes	(270)	14
Valuation allowance/Temporary timing difference	308	(968)
Tax losses not utilised	25	-
Prior year adjustment	95	-
Change in tax laws and rate	(13)	105
Overall tax charge	<u>529</u>	<u>2,326</u>

COMAU U.K. LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

7. **TAXATION - continued**

Change in corporation tax rate

The Finance Act 2016 provides for the main rate of Corporation Tax to 17% from 1 April 2020.

The 17% rate has been substantively enacted at the Balance Sheet date and accordingly this rate has been applied in the measurement of the company's deferred tax assets and liabilities at 31 December 2017.

Under FRS101 deferred tax balances should be calculated at the rate at which they are expected to unwind, based on the tax rates that have been substantively enacted at the balance sheet date. The corporation tax rate of 17% was substantively enacted on 15th September 2017 and accordingly this rate has been applied in the measurement of the Company's deferred tax assets and liabilities at 31 December 2017. The deferred tax balances may unwind, in full or in part, before the 1 April 2020 which would mean the company would obtain tax relief at a higher tax rate. The maximum possible effect of this would be to increase the value of the deferred tax asset by £134k from that recognised on the balance sheet.

DEFERRED TAX

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

	2017	2016
	£'000	£'000
Deferred tax assets		
Accelerated capital allowances	467	552
Other short term timing differences	1	72
Pension deficit	542	596
Tax losses carried forward	23	-
Valuation allowance	(333)	-
	<u>700</u>	<u>1,220</u>

	2017	2016
	£'000	£'000
Deferred tax in the income statement		
Accelerated capital allowances	97	126
Other short term timing differences	(2)	(86)
Pension deficit	45	8
Utilisation of tax losses	-	2,679
Change in tax laws and rate	(16)	105
Valuation allowance	310	(968)
Prior year adjustment	73	-
	<u>507</u>	<u>1,864</u>

COMAU U.K. LIMITED**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017****8. INTANGIBLE FIXED ASSETS**

	2017 £'000
Cost	
As at 1 January 2017	-
Addition during the year	80
As at 31 December 2017	<u>80</u>
Accumulated Depreciation	
As at 1 January 2017	-
Charge for the year	2
As at 31 December 2017	<u>2</u>
Net Book Value	
As at 31 December 2016	-
As at 31 December 2017	<u>78</u>

Intangible asset comprises of software licenses.

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £'000	Total of Motor vehicles, plant and equipment £'000	Total £'000
Cost			
At 1 January 2017	144	1,330	1,474
Additions	-	216	216
At 31 December 2017	<u>144</u>	<u>1,546</u>	<u>1,690</u>
Accumulated depreciation			
At 1 January 2017	101	887	988
Charge for the year	29	215	244
At 31 December 2017	<u>130</u>	<u>1,102</u>	<u>1,232</u>
Net book value			
At 31 December 2016	<u>43</u>	<u>443</u>	<u>486</u>
At 31 December 2017	<u>14</u>	<u>444</u>	<u>458</u>

COMAU U.K. LIMITED

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£'000	£'000
Trade debtors	2,518	11,536
Amounts owed by group undertakings	22,226	12,327
Other debtors	543	45
Amount recoverable on contract	1,757	3,597
Deferred tax asset	700	1,220
Prepayments and accrued income	<u>287</u>	<u>143</u>
	<u>28,031</u>	<u>28,868</u>

The amounts due from fellow group undertakings includes £94,007 (2016: £49,327) relating to trading activities and are unsecured, interest free and have no fixed repayment date.

There was £6,000,000 loan due from fellow group undertaking with accrued interest of £41,306 as at 31 December 2016. The loan with interest has been settled in full in 2017.

Included in the amounts due from group undertakings is £21,868,000 (2016: £6,226,706) relating to a cash pool balance owed by the Group's centralised treasury Fiat Chrysler Finance Europe Ltd. The interest earned is the monthly average of the daily Euribor 1M. £263,600 (2016: £7,500) is part of asset derivatives.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£'000	£'000
Trade creditors	7,691	8,288
Amounts owed to group undertakings	7,095	1,066
Tax	548	526
Social security and other taxes	333	971
Payment received on account	1,115	8,832
Accruals and deferred income	<u>578</u>	<u>614</u>
	<u>17,360</u>	<u>20,297</u>

The £4,394,865 (2016: £1,066,000) due to fellow group undertakings relate to trading activities and are unsecured, interest free and have no fixed repayment date, £2,404,966 (2016: nil) is owed on account of factored debt and £294,731 (2016: nil) relates to derivative financial instruments.

12. LEASING AGREEMENTS

	2017		2016	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
The Company has total lease commitments under non-cancellable operating leases as follows:				
Amounts payable:				
Within one year	169	229	182	300
Within two to five years	<u>300</u>	<u>177</u>	<u>548</u>	<u>143</u>
	<u>469</u>	<u>406</u>	<u>730</u>	<u>443</u>

COMAU U.K. LIMITED**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017****13. PROVISIONS FOR LIABILITIES**

	Long Term Contracts	Warranty	Pension Liability	Employee Bonus	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	203	1,262	3,505	402	5,372
Charged to profit and loss account	1,980	137	115	256	2,488
Released to profit and loss account	(591)	-	-	(36)	(627)
Reserves			(76)		(76)
Utilisation	-	(444)	(357)	(380)	(1,181)
At 31 December 2017	<u>1,592</u>	<u>955</u>	<u>3,187</u>	<u>242</u>	<u>5,976</u>

The accounting policy regarding these provisions have been disclosed in note 1. Long term contract amount contains £1,006k relating to the additional contract costs to be borne by Comau UK due to the closure of Comau Poland, as Comau UK is responsible for completion of these contracts. The decision of the closure of the Comau Poland was made prior to the balance sheet date making this an adjusting event.

14. CALLED UP SHARE CAPITAL

	2017	2016
	£'000	£'000
Authorised 2,502,500 ordinary shares of GBP £1 each	<u>2,502</u>	<u>2,502</u>
Called up, allotted and fully paid 2,502,500 ordinary shares of GBP £1 each	<u>2,502</u>	<u>2,502</u>

COMAU U.K. LIMITED

notes to the Financial Statements - continued **for the Year Ended 31 December 2017**

15. PENSION OBLIGATIONS

The company belongs to the Fiat Group Pension scheme, operated by Fiat Chrysler Automobiles UK Ltd for Fiat Chrysler group companies. This is a defined benefit scheme covering the obligations to provide pensions to its retired and present employees. The scheme is closed to new entrants. The assets of the defined benefit scheme are held in a separate trustee administration fund. There are two managing Employers defined within the Deed and Rules relating to the scheme; Fiat Chrysler Automobiles UK Limited and Fiat Chrysler Automobiles NV.

The latest actuarial valuation has been updated to 31 December 2017 by an independent actuary.

The scheme exposes the Company to actuarial risks such as longevity risk, interest rate risk and market (investment) risk. The Trustees of the plan are cognisant of these risks and work with the Employers to manage these risks appropriately. Actions implemented or being implemented includes diversification of investments and the introduction of Liability Driven Investment strategies to remove interest rate and inflation risks at the appropriate time.

Changes in the Present Value of the defined benefit obligation are as follows:

	2017	2016
	£'000	£'000
Opening defined benefit obligation	7,241	5,100
Opening balance adjustment	10	28
Net current service cost	15	19
Employee Contributions	1	1
Curtailment gain on leavers	9	-
Interest cost	191	191
Actuarial Losses/ (gains)	(30)	1,981
Benefits Paid	(81)	(79)
	<u>7,356</u>	<u>7,241</u>

Changes in the Fair Value of Plan Assets are as follows:

	2017	2016
	£'000	£'000
Opening fair value of plan assets	3,736	3,245
Opening balance adjustment	5	25
Expected return on plan assets	100	125
Actuarial (losses) gains arising on the plan assets	51	283
Employer Contributions	357	135
Employee Contributions	1	2
Benefits Paid	(81)	(79)
Fair value of plan assets at end of year	<u>4,169</u>	<u>3,736</u>
Pension net deficit	<u>3,187</u>	<u>3,505</u>

Amount recognised in the Income statement

	2017	2016
	£'000	£'000
Service costs	24	19
Net interest costs	91	65
	<u>115</u>	<u>84</u>

COMAU U.K. LIMITED**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**15. **PENSION OBLIGATIONS** continued**Amount recognised in the statement of Comprehensive Income**

	2017 £'000	2016 £'000
Actuarial losses arising from changes in financial assumptions	76	(1,691)
	<u>76</u>	<u>(1,691)</u>

Financial assumptions

	2017	2016
Discount Rate	2.60%	2.70% pa
Expected return on plan assets at start of year	2.70%	3.80% pa
Expected return on plan assets at end of year	2.60%	2.70% pa
Future Inflation	3.40%	3.60% pa
Future pensionable salary increases	2.90%	3.10% pa
Future pension increase RPI (max 5%)	3.30%	3.45% pa
Future pension increase CPI (max 3%)	2.10%	2.20% pa

Life expectancy

	2017	2016
Life expectancy of male age 65 - active	24.2	24.1
Life expectancy of female age 65 - active	26.5	26.4
Life expectancy of male age 65 - pensioner	22.5	22.4
Life expectancy of female age 65 - pensioner	24.6	24.5

Asset composition

	2017	2016
Equities	15%	14%
Fixed Interest	-	-
Interest rate Contracts	22%	23%
Property/Other	63%	60%
Cash	0%	3%
	<u>100%</u>	<u>100%</u>

Sensitivity

The table below shows the impact on the defined benefit obligation of a small change in the significant assumptions. Unless otherwise indicated where one assumption has been changed all the other assumptions are kept the same.

	£'000
0.1% increase in discount rate	(142)
0.1% decrease in discount rate	146

The above sensitivity analysis has been calculated by approximate methods which take into account the expected cash flows of the members, the normal retirement age and pension increase provisions and the maximum and minimum pension increase for each significant tranche of pension, both in payment and in deferment.

COMAU U.K. LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

15. **PENSION OBLIGATIONS** continued

Under the Schedule of Contributions and Recovery Plan dated 23 July 2013 the Company made contributions of £357,000 till end of 2017 with the cost of benefits being accrued by active members of the scheme. The contribution expected to be paid in 2018 amounts to £231,600.

The duration of the defined benefit obligation for the whole scheme is approximately 20 years.

Expected contributions and benefit payments	2017	2016
	£'000	£'000
Expected Employer contributions: current year +1	232	240
Expected benefit payments: current year +1	86	87
Expected benefit payments: current year +2	97	89
Expected benefit payments: current year +3	105	93
Expected benefit payments: current year +4	106	101
Expected benefit payments: current year +5	98	103
Expected benefit payments: current year +6 to +10	606	555

COMAU U.K. LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2017**

16. CONTINGENT LIABILITIES

The company has a duty deferment bond in the value of £15,000 (2016:£15,000) with HMRC that permits it to import goods from outside the EU and to defer the payment of that duty until the end of the accounting period, up to 45 days deferment of payment is permitted. The condition of having this bond is that the company must provide a guarantee that the duty will be paid in any event, hence the contingent liability. There is no date that can be set for the crystallisation of this liability as the company will always pay the duty due.

17. RELATED PARTY TRANSACTIONS

The company is a qualifying entity for the purpose of FRS101 and takes advantage of disclosure exemptions of IAS 24 Related Party disclosures

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard Fiat Chrysler Automobiles N.V., a company incorporated in Netherlands, as the ultimate parent company and controlling party.

FCA Italy SpA is the parent undertaking of the smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from 250 Via Nizza, Turin, Italy.

FCA Italy SpA is the parent company of the largest group of which the company is a member and for which group accounts are available from Corso G Matteotti 26, 10121, Turin, Italy.