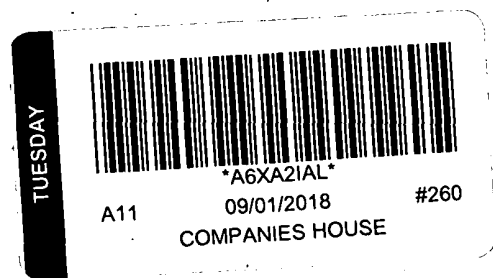


thyssenkrupp Woodhead Limited

Annual report and financial statements

Registered number 02479379

Year ended 30 September 2016



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Strategic report for the year ended 30 September 2016

The directors present their strategic report and the audited financial statements of the Company for the year ended 30 September 2016.

Principal activities

The principal activities of the Company was the manufacture of suspension coil springs for the automotive industry. Trade is now being wound down in advance of an expected liquidation of the Company. See below for further details.

Review of the business

The company was a major exporter with a large proportion of sales going overseas.

On December 26th 2015 the River Aire broke its banks and flooded large part of Leeds, the factory at Kirkstall Road, Leeds was completely flooded to a depth of over 1.6 metres all operations ceased at this point. Coil spring production was transferred to thyssenkrupp subsidiaries around the world, Germany, Mexico & China. A site deep clean was initiated, but after a complete financial and operational review the decision to close the site and permanently transfer the business to fellow subsidiaries of the thyssenkrupp group was taken in March 2016. As a consequence of the flood, large amounts of the property, plant and equipment was damaged and subsequently disposed of as part of the site closures at a significant loss. Furthermore, it was publically announced to staff that they would be made redundant.

The damage caused by the flood and redundancy costs incurred during the year have led to the entity making a loss of £17,682,000 (2015: £1,365,000 profit).

The Kirkstall road site has now been sold to a third party and management have an intention to liquidate the Company in due course. Whilst every effort has been made by the Directors to fully substantiate the balances recognised within the financial statements, unfortunately due to the flooding and the loss and damage to documentation it has not been possible. This has also meant to that the Company's auditors, PricewaterhouseCoopers LLP, was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Principal risks and uncertainties facing the Company

The key elements of financial risk management for the Company are disclosed in the Directors' report on page 2.

Future Developments

In light of the decision taken by the Directors to cease trading, trading activity is expected to continue to decrease with all the Company's business being passed onto other thyssenkrupp Group subsidiaries. Following cessation of trading the Directors intend to liquidate the Company, and anticipate to start the liquidation proceedings in advance of 30 June 2018.

Accordingly these financial statements have been prepared on a basis other than going concern due to the Directors' decision to liquidate the entity.

By order of the board



Mr M Whetton
Director

Dist. December 2017

Directors' report *for the year ended 30 September 2016*

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2016.

Future developments

These are detailed in the review of the business in the strategic report on page 1.

Dividends

During the year ended 30 September 2016, a final dividend was paid of £880,000 in relation to the year ended 30 September 2015 (2015: £600,000 paid within the year ended 30 September 2015 in relation to the year ended 30 September 2014).

At the time the dividend was paid the directors were not aware that there were insufficient profits available for distribution due to the costs incurred by the flood and the transfer of the pension scheme. The directors acknowledge that no further distributions can be made until there are sufficient profits available for that purpose and the directors are seeking to recover the dividend from the Company's parent.

Financial risk management

The company's operations expose it to a variety of financial risks that include:

Foreign currency risk

The company has transactional currency exposures. These arise from sales or purchases which are denominated in currencies other than pound sterling. The company's policy is to hedge any significant net currency risks by way of forward currency contracts.

Liquidity Risk

During active trading, the Company managed liquidity risk through normal payment terms from its customers. The main cash account is held through intercompany pooling, and the liquidation of the Company is not expected to require significant additional cash balances and would be required by a fellow Group company if required. It is therefore not anticipated that any credit arrangements will be necessary and no risk is seen to be applicable in this area.

Price risk

The company is exposed to commodity price risk. Agreements exist with most customers to pass through changes in key raw material components.

Credit risk

The principal credit risk arises from the company's trade debtors. The company's finance department manages credit risk through a combination of payment history and third party credit reference agencies.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

J Sandground (resigned 14 October 2016)

P Bearfield (resigned 10 June 2016)

M Whetton

T Sargeant (appointed 14 October 2016)

Directors' report

for the year ended 30 September 2016 (continued)

Post balance sheet events

After the balance sheet date the Company's land and buildings were sold for £525,000 to an external third party. As part of the purchase agreement the purchaser of the land and buildings agreed to remediate the environmental damages caused by the Company for which a provision of £800,000 was held at year-end. Following the sale, the Company has no future obligations in relation to this site.

Employees

As a result of the flood and subsequent liquidation of the Company mentioned within the Strategic Report on page 1, the Directors took the decision to make all employees redundant. Previous to this our policy was to fulfil our obligations under current employment legislation and to offer career and training opportunities to disabled persons commensurate with their aptitudes and abilities. It was also our policy to carry on business so as to avoid causing any unnecessary or unacceptable safety risks to any of our employees. Employees were kept informed of matters affecting them as employees and were also made aware of financial and economic factors affecting the group. We attached great importance to good communications at all levels throughout the organisation.

Basis of preparation

The financial statements have been prepared on a basis other than going concern as the Company has ceased to trade following the year-end and the directors intend to liquidate the company. Adjustments have been made to reduce assets to their residual values and provide for liabilities arising from the decision.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' disclaimer of opinion

As described within the Strategic Report on page 1, the independent auditors' have issued a disclaimer of opinion on the financial statements of the Company for the year ended 30 September 2016 due to the damage and loss of documentation caused by the flood.

Directors' report

for the year ended 30 September 2016 (continued)

Disclosure of information to auditors


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information

Independent auditors

Should the company need further audits the auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board



M Whetton
Director

21st December 2017

Independent auditors' report to the members of thyssenkrupp Woodhead Limited

Report on the financial statements

- **Disclaimer of opinion**

Because of the significance of the matter described in the Basis for disclaimer of opinion paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on thyssenkrupp Woodhead Limited's financial statements (the "financial statements").

Basis for disclaimer of opinion

On 26 December 2015 the factory site was flooded which meant that a large amount of documentation was lost or damaged. This has led to management not being able to provide us with appropriate documentation to support the financial statements.

- **Emphasis of matter - Basis of preparation**

Notwithstanding our disclaimer of an opinion on the financial statements, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. During the year the directors decided that the entity would cease trading shortly after the year end and the entity will be liquidated in the near future. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. Adjustments have been made in these financial statements to provide for liabilities arising from the decision, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

- **What we were engaged to audit**

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

- the Statement of financial position as at 30 September 2016;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

- **Adequacy of accounting records and information and explanations received**

Arising from the limitation of our work referred to in the Basis for disclaimer of opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
 - we were unable to determine whether adequate accounting records have been kept.
- the financial statements are not in agreement with the accounting records and returns.

Independent auditors' report to the members of thyssenkrupp Woodhead Limited (continued)

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

returns adequate for our audit have not been received from branches not visited by us; or

We have no exceptions to report arising from this responsibility.

• Directors' remuneration

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

Responsibilities for the financial statements and the audit

• Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. Because of the matter described in the Basis for disclaimer of opinion paragraph above, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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

• What an audit of financial statements involves

We were engaged to audit the financial statements in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;

the reasonableness of significant accounting estimates made by the directors; and

the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
21 December 2017

Income Statement
for the year ended 30 September 2016

	<i>Note</i>	2016 £000	2015 £000
Revenue	4	10,815	15,325
Cost of sales		(17,737)	(12,178)
Gross profit		(6,922)	3,147
Administrative expenses		(12,911)	(2,123)
Other operating income		7,629	6
Operating (Loss) / Profit before exceptional items	5	(12,204)	1,030
Pension Settlement Costs	18	(5,850)	-
(Loss) / Profit from ordinary activities before interest and taxation		(18,054)	1,030
Finance income	7	142	198
Finance costs	7	(10)	-
Finance – net		132	198
(Loss) / Profit on ordinary income before tax		(17,922)	1,228
Income tax credit on ordinary activities	8	240	137
(Loss) / Profit for the financial year		(17,682)	1,365

Statement of comprehensive income
for the year ended 30 September 2016

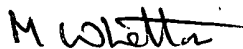
	<i>Note</i>	2016 £000	2015 £000
Loss for the year		(17,682)	1,365
Other comprehensive income: Items that will not be reclassified to profit or loss			
Actuarial gain on pensions scheme	<i>18</i>	2,987	(413)
Movement on deferred tax relating to pension deficit	<i>8</i>	(597)	(173)
Other comprehensive income for the year, net of tax		2,390	(586)
Total comprehensive income for the year		(15,292)	779

Statement of financial position
at 30 September 2016

	<i>Notes</i>	2016 £000	2015 £000
Fixed assets			
Property, plant and equipment	9	-	5,261
		-----	-----
		-	5,261
Current assets			
Pension net asset value	18	-	2,320
Inventory	10	-	1,184
Property, plant and equipment	9	1,325	-
Trade and other receivables	11	1,047	9,504
Cash and cash equivalents		-	2
		-----	-----
		2,372	13,010
Creditors: amounts falling due within one year			
Provisions for liabilities	12 13	(3,322) (800)	(3,849) -
		-----	-----
Net current assets/(liabilities)		(2,275)	9,161
		-----	-----
Total assets less current liabilities		(950)	14,422
		-----	-----
Net assets/(liabilities)		(1,750)	14,422
		=====	=====
Equity			
Ordinary shares	14	7,610	7,610
Share premium account		3,513	3,513
Special reserve		557	557
Retained earnings		(13,430)	2,742
		-----	-----
Equity shareholders' funds		(1,750)	14,422
		=====	=====

The notes on pages 11 to 29 are an integral part of these financial statements.

The financial statements on pages 7 to 29 were authorised for issue by the board of directors on 21 December 2017 and were signed on its behalf.



M Whetton
Director

9th December 2017

Registered number: 02479379

Statement of changes in equity

(Period up to 30 September 2016)

	Called up share capital	Share premium account	Special reserve	Retained earnings	Total
	£000	£000	£000	£000	£000
Balance as at 1 April 2014	7,610	3,513	557	2,563	14,243
Profit for the year	-	-	-	1,365	1,365
Other Comprehensive Income Items	-	-	-	(586)	(586)
Total comprehensive income for the year	-	-	-	779	779
Dividends	-	-	-	(600)	(600)
Balance as at 30 September 2015	7,610	3,513	557	2,742	14,422
Profit for the year	-	-	-	(17,682)	(17,682)
Other Comprehensive Income Items	-	-	-	2,390	2,390
Total comprehensive income for the year	-	-	-	(15,292)	(15,292)
Dividends	-	-	-	(880)	(880)
Balance as at 30 September 2016	7,610	3,513	557	(13,430)	(1,750)

Notes to the financial statements

1 General information

thyssenkrupp Woodhead Limited manufactured suspension coil springs for the automotive industry before this manufacture was transferred to fellow thyssenkrupp group subsidiaries as set out in the Strategic Report on page 1.

The company is wholly owned by thyssenkrupp Automotive (UK) Limited, and is incorporated and domiciled in the UK. The address of the registered office Third Floor, Friar Gate 1, 1011 Stratford Road, Solihull, England, B90 4BN.

2 Summary of significant accounting policies

The current year's principal accounting policies which have been applied in the preparation of the current year financial statements as a result of the directors' decision to liquidate the Company, along with those principal accounting policies which were previously applied in the preparation of the financial statements whilst the Company was a going concern, are listed below.

2.1 Basis of preparation, including going concern

The financial statements of thyssenkrupp Woodhead Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

In light of the decision taken by the Directors to cease trading, trading activity is expected to continue to decrease with all the Company's business being transferred to other thyssenkrupp group subsidiaries. Following cessation of trading the Directors intend to liquidate the Company; and anticipate to start the liquidation proceedings in advance of 30 June 2018.

Accordingly, the current year financial statements have been prepared under a basis other than going concern due to the Directors' decision to liquidate the entity.

As a result of the adoption of the basis other than going concern adjustments have been made in these financial statements to provide for liabilities arising as a result of the planned liquidation and to reclassify fixed assets and long term liabilities as current assets and liabilities. No adjustments were required to reduce their realisable value.

Comparatives as at 30 September 2015 presented within these financial statements continue to be presented on a going concern basis.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3. The impact of the adoption of FRS 101 is shown in note 22.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1
 - paragraph 73(e) of IAS 16 Property, plant and equipment
- The following paragraphs of IAS 1, 'Presentation of financial statements'
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
 - 16 (statement of compliance with all IFRS)

Notes to the financial statements *(continued)*

2.1 Basis of preparation, including going concern

- 38A (requirement for minimum of two primary statements, including cash flow statements)
- 38B-D (additional comparative information)
- 40A-D (requirements for a third statement of financial position)
- 111 (cash flow statement information), and
- 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
 - Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

2.2 Consolidation

The company is a wholly owned subsidiary of thyssenkrupp Aufzuge Limited and of its ultimate parent, thyssenkrupp AG. It is included in the consolidated financial statements of thyssenkrupp AG which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Property, plant and equipment

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the assets to its working condition for its intended use.

Depreciation is provided to write off the historic cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold Land	-	0 % per annum
Freehold Buildings	-	1 ^{1/4} % per annum
Plant, machinery and equipment	-	6 ^{2/3} % to 33 ^{1/2} % per annum

Following the flood all assets were disposed of in the business with the exception of freehold land and building. This has been impaired to its recoverable value at 30 September 2016 and as such no further depreciation will be charged.

2.5 Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Notes to the financial statements *(continued)*

2.6 Financial assets

2.6.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges (see Note 2.8). Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables, cash and commercial paper in the balance sheet.

2.6.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

2.7 Impairment of financial assets

(a) Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.8 Derivative financial instruments and hedging activities

The company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

2.9 Inventory

Inventories are stated at the lower of cost and net realisable value. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Provision is made where necessary for obsolete, slow moving and defective inventory.

No inventories are held at 30 September 2016.

Notes to the financial statements *(continued)*

2.10 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements *(continued)*

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.16 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.17 Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in Creditors – amounts falling due after more than one year. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2.18 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.19 Financial guarantees

Financial guarantees are initially recognised at fair value and are subsequently measured at the higher of (a) the amount determined in accordance with IAS 37 and (b) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18.

2.20 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Reorganisation provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgments

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.

3.1 Critical accounting estimates and assumptions

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

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 2.4 for the useful economic lives for each class of assets.

(b) Environmental provision

When calculating the environmental provision management have used their past experience combined with their understanding of the nature of the work required to be performed over the Woodhead site to give a best estimate of £800,000.

Notes to the financial statements (continued)

4 Revenue

Analysis of revenue by geography:

	2016	2015
	£000	£000
United Kingdom	4,585	6,498
Germany	1,102	1,561
Rest of Europe	5,128	7,266
	<u>10,815</u>	<u>15,325</u>

5 Operating (Loss) / Profit

Operating (Loss) / Profit is stated after charging:

	2016	2015
	£000	£000
Wages and salaries	1,977	2,689
Social security costs	244	269
Other pension costs	299	232
	<u>2,520</u>	<u>3,190</u>
Staff costs	2,520	3,190
Depreciation of tangible fixed assets	226	820
Redundancy costs	2,883	-
Loss on disposal of property, plant and equipment	3,393	-
Impairment of land and buildings	327	-
Operating lease charges	55	72
Auditors Remuneration	20	17
	<u>76</u>	<u>93</u>

6 Employees and directors

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

By activity	Number of employees	
	2016	2015
Productions	66	81
Administration	8	10
Sales	2	2
	<u>76</u>	<u>93</u>

6 Employees and directors (continued)

Directors

The directors' emoluments were as follows:

	2016	2015
	£000	£000
Aggregate emoluments	210	285
	<u>210</u>	<u>285</u>

Post-employment benefits are accruing for £nil (2016: nil) under a defined benefit scheme.

Highest paid director

The total emoluments for the highest paid director was £210,000.

7 Finance income and expense

7a Finance income

	2016	2015
	£000	£000
Defined benefit pension scheme interest income	46	117
Other interest receivable	96	81
	<u>142</u>	<u>198</u>

7b Finance expense

	2016	2015
	£000	£000
Other interest payable	(10)	-
Total finance expense	<u>(10)</u>	<u>-</u>

7c Net finance income

	2016	2015
	£000	£000
Net finance income	<u>132</u>	<u>198</u>

Notes to the financial statements *(continued)*

8 Income tax

Tax expenses included in profit or loss

	2016	2015
	£000	£000
Current tax:		
– UK Corporation tax on profits for the year	-	-
– Adjustment in respect of prior periods	-	-
	<u> </u>	<u> </u>
Total current tax	<u> </u>	<u> </u>
Deferred tax:		
Origination and reversal of timing differences	(538)	(137)
Adjustments in respect of prior period	298	-
	<u> </u>	<u> </u>
Total deferred tax	<u>(240)</u>	<u>(137)</u>
Tax on profit on ordinary activities	<u>(240)</u>	<u>(137)</u>

Tax expense (income) included in other comprehensive income

	2016	2015
	£000	£000
Current tax	-	-
Deferred tax:		
– Origination and reversal of temporary differences	597	173
	<u> </u>	<u> </u>
Total tax expense (income) included in other comprehensive income	<u>597</u>	<u>173</u>

8 Income tax (continued)

Tax expense for the period is higher (2015: higher) than the standard rate of corporation tax in the UK for the year ended 30 September 2016 of 20.0% (2015: 20.5%). The differences are explained below:

	2016	2015
	£000	£000
Profit on ordinary activities before tax	(17,922)	1,288
Profit multiplied by the standard rate of tax in the UK of 20% (2015: 20.5%)	(3,584)	252
Effects of:		
- Fixed Asset Differences	71	7
- Expenses not deductible for tax purposes	2	1
- Other reconciling items	-	(264)
- Group relief surrendered / (Claimed)	-	(136)
- Adjustments to tax charge in respect of prior periods – Deferred tax	298	-
- Adjust closing deferred tax to average rate of 20%	-	3
Deferred tax not recognised	2,973	-
	<hr/>	<hr/>
Tax Charge	(240)	(137)
	<hr/> <hr/>	<hr/> <hr/>

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were substantively enacted to reduce the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020. The deferred tax assets and liabilities have been updated to reflect the reduction in the rates.

Notes to the accounts *(continued)*

9 Property, plant and equipment

	Freehold land and buildings	Plant and Machinery	Total
	£000	£000	£000
<i>Cost</i>			
At 1 October 2016	2,860	14,831	17,691
Additions	-	19	19
Disposals	-	(14,850)	(14,850)
At 30 September 2016	2,860	-	2,860
<i>Accumulated Depreciation</i>			
At 1 October 2016	1,182	11,248	12,430
Charge for year	26	209	235
Impairment	327	-	327
Disposals	-	(11,457)	(11,457)
At 30 September 2016	1,535	-	1,535
<i>Net book value</i>			
At 30 September 2016	1,325	-	1,325
At 30 September 2015	1,678	3,583	5,261

As at 30 September 2016 the property, plant and equipment held by the Company was reclassified from Non-Current Assets to Current Assets due to the financial statements being prepared on a basis other than going concern.

10 Inventories

	2016	2015
	£000	£000
Raw materials and consumables	-	240
Work in progress	-	57
Finished goods and goods for resale	-	887
	<u>-</u>	<u>1,184</u>

Notes to the accounts *(continued)*

11 Trade and other receivables

	2016	2015
	£000	£000
Due within one year:		
Trade receivables	64	2,139
Amounts owed by group undertakings	640	6,914
Deferred tax	-	357
Prepayments	-	94
Other debtors	343	-
	<hr/> 1,047 <hr/>	<hr/> 9,504 <hr/>

Trade receivables of £nil (2015: £nil) fall due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The group cash facility bears interest of 1.75% for positive balances and 3.47% for negative balances.

12 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Amounts falling due within one year		
Trade creditors	28	2,477
Amounts owed to group undertakings	2,295	61
Taxation and Social Security	1	155
Accruals and deferred Income	998	1,156
	<hr/> 3,322 <hr/>	<hr/> 3,849 <hr/>

Amounts owed to group undertakings are unsecured and are repayable on demand. The group cash facility bears interest of 1.75% for positive balances and 3.47% for negative balances.

Notes to the accounts *(continued)*

13 Provisions for liabilities

Environmental Provision

The directors have charged £800,00 (2015: £nil) to the income statement in the year for the creation of an environmental provision in respect of the damage caused to the land of the thyssenkrupp Woodhead site. At year end the provision in place totalled £800,000 (2015: £nil). The provision was utilised in full on the sale of the property subsequent to the year end as disclosed in the post balance sheet events note (note 20).

Deferred Tax

The provision for deferred tax consists of the following deferred tax liabilities / (assets):

	2016	2015
	£000	£000
Deferred tax assets due within 12 months	-	(821)
Deferred tax liabilities due within 12 months	-	464
	<hr/>	<hr/>
Total provision	-	(357)
	<hr/> <hr/>	<hr/> <hr/>
	2016	2015
	£000	£000
Total deferred tax liability / (asset)	-	(357)
	<hr/>	<hr/>
Total provision	-	(357)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the accounts *(continued)*

13 Provisions for liabilities *(continued)*

Deferred tax *(continued)*

Deferred tax liabilities

	Statement of financial position		Movement in Income £'000	Movement in OCI £'000
	2016 £'000	2015 £'000		
Pension and post retirement benefits	-	464	(1,061)	597
Other taxable temporary differences	-	-	-	-
Total Liabilities	-	464	(1,061)	597
Deferred tax asset				
Deferred tax asset				
PPE and tangible assets	-	(648)	648	-
Provisions	-	(173)	173	-
Total assets	-	(821)	821	-
Net deferred tax asset / (liability)	-	(357)	(240)	597

14 Share capital

Ordinary shares of £1 each

Allotted and fully paid	2016 £000	2015 £000
7,610,000 ordinary shares of £1 each (2015: 2,300,000 ordinary shares of £1 each)	7,610	7,610

At 30 September 2016 the company had 10,000,000 (2015: 10,000,000) ordinary shares of £1 (2015: £1) each authorised for issue.

15 Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016	2015
	£000	£000
Not later than one year	5	110
Later than one year and not later than five years	-	5
	<u>5</u>	<u>115</u>

16 Related party transactions

As the company is a wholly owned subsidiary of thyssenkrupp AG, the company has taken advantage of the exemption contained within FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of thyssenkrupp AG, within which this company is included, can be obtained from the address stated in Note 20.

17 Controlling parties

The immediate parent undertaking is thyssenkrupp Automotive (UK) Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is ThyssenKrupp AG. Copies of the ThyssenKrupp AG consolidated financial statements can be obtained from ThyssenKrupp, Allee 1, Postfach 45063, 45143 Essen, Germany

The ultimate controlling party is Thyssenkrupp AG.

18 Pensions

The company did participate in a pension plan providing benefits based on final pensionable pay, the thyssenkrupp UK PLC 2006 Retirement and Benefits Plan (TKUK 2006 Plan). Previously the company operated one defined benefit scheme, the Woodhead Retirement and Death Benefits Scheme. The scheme is closed to future benefits. During the year ended 30 September 2016 the TKUK 2006 Plan was transferred to thyssenkrupp UK PLC from thyssenkrupp Woodhead Limited. As a result no valuation of the plan is held on the balance sheet at the end of the year of the plan.

Notes to the accounts *(continued)*

18 Pensions (continued)

The risks of the schemes

The risks of the scheme was as follows:

(a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The first stage of this process was completed in 2015 with the sale of a number of equity holdings and purchase of a mixture of government and corporate bonds. The government bonds represent investments in UK government securities only. The corporate bonds are securities with an emphasis on the UK.

However, the company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the group's long term strategy to manage the plans efficiently.

(b) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(c) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

(d) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

A comprehensive actuarial valuation of the company pension scheme, using the projected unit basis, was carried out at 28 February 2016 by AON, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2016	2015
Expected rate of salary increases	N/A	N/A
Expected rate of increase of pensions in payment (RPI maximum 5% pa)	N/A	3.10%
Expected rate of increase in pensions in payment (RPI maximum 2.5% pa)	N/A	2.20%
Discount rate	N/A	3.80%
Rate of inflation (RPI)	N/A	3.20%
Rate of inflation (CPI)	N/A	2.10%

Notes to the accounts (continued)

18 Pensions (continued)

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2016 years	2015 years
Longevity at age 65 for current pensioners		
– Men	N/A	21.5
– Women	N/A	24.7
Longevity at age 65 for future pensioners		
– Men	N/A	23.3
– Women	N/A	26.6

Financial information of the scheme

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 October 2015	47,800	(45,480)	2,320
Benefits paid	(772)	772	-
Interest expense on scheme defined benefit obligation	-	(709)	(709)
Interest income on scheme assets	755	-	755
Employer contributions	532	-	532
Scheme Participants contributions	-	-	-
Settlement	(47,915)	42,065	(5,850)
Administration costs incurred	(35)	-	(35)
Actuarial gains/(losses)	(365)	3,352	2,987
At 30 September 2016	-	-	-

Total cost recognised as an expense:

	2016 £'000	2015 £'000
Administration costs	35	74
	35	74

Notes to the accounts *(continued)*

18 Pensions *(continued)*

Financial information of the scheme *(continued)*

The fair value of the plan assets was:

	2016	2015
	£'000	£'000
Equity instruments	-	6,833
Bonds	-	20,414
Gilts	-	4,103
Cash	-	1,045
Absolute Return Fund	-	13,131
Diversified Growth Fund	-	2,274
With profits	-	-
LDI	-	-
	-	47,800

The return on the plan assets was:

	2016	2015
	£'000	£'000
Interest income	46	81
Remeasurements	365	9
Total return on plan assets	411	90

Notes to the accounts *(continued)*

19 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 September 2016 and the comparative information presented in these financial statements for the year ended 30 September 2015. The transition date was 1 October 2014.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of profit and equity from old UK GAAP to FRS 101

	Note	Profit for 2015 £000	Other comprehensive income 2015 £000	Equity as at 30 September 2015 £000	Equity as at 1 October 2014 £000
Amount under old GAAP as previously reported		1,360	(1,279)	12,566	13,085
Pension Movement	A	7	866	2,320	1,447
Deferred tax adjustment	B	(2)	(173)	(464)	(289)
Amount under FRS 101		1,365	(586)	14,422	14,243

Notes to the reconciliation of profit and equity

A) Recognition of Pension Asset held

Adjustment to the pension scheme balance recognised on the balance sheet due to differences between UK GAAP and FRS101. Under FRS101 there is less stringent recognition criteria for a pension asset than there is under UK GAAP and as such pension assets have been recognised as at 1 October 2014 and 30 September 2015.

B) Deferred tax liability

Adjustment to deferred tax balance required as a result of the recognition of the pension asset as noted above.

20 Post Balance Sheet Events

After the balance sheet date the Company's land and buildings were sold for £525,000 to an external third party. As part of the purchase agreement the purchaser of the land and buildings agreed to remediate the environmental damages caused by the Company for which a provision of £800,000 was held at year-end. Following the sale, the Company has no future obligations in relation to this site.