

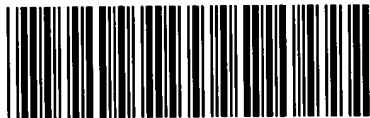
Gnutti Carlo (UK) Limited

Report and Financial Statements

31 December 2016

Registered No. 3047921

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COMPANIES HOUSE

Directors

P C Gnutti

M Gnutti

P Groff

S P Shaw

Auditors

Ernst & Young LLP

24 Marina Court

Castle Street

Hull HU1 1TJ

Registered Office

33 West Street

Alford

Lincolnshire LN13 9DQ

Registered No. 3047921

Strategic report

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

Principal activities and review of the business

The company's principle activity continues to be general engineering, primarily for the valve actuation heavy duty diesel engine sector.

The company's key financial and other performance indicators during the year were as follows:

	2016 £000	2015 £000	Change %
Turnover	9,981	11,235	(11.16%)
Operating Profit	1,047	1,498	(30.10%)
Profit after tax	863	1,220	(29.26%)

2016 turnover again witnessed a reduction against prior year due to a stagnant market and continued customer trend to move to a local-to-local sourcing strategy. The company budgeted a 20% reduction in turnover for 2016 due to this, however the final result was a reduction of only 11% as demand was stronger than predicted. The expectation is that customer demand will remain stable through 2017, with a small reduction in budgeted turnover, but due to price reductions rather than volume.

Profits for 2016 were higher than budgeted due to delays in introduction of expected material cost increases. A reduction in pre tax profits to around 3.5% is still anticipated for 2017 as margins become squeezed by reduced selling prices and higher material costs. The level of value added assembly work will continue to reduce through 2017 as these operations are transitioned to sister companies affecting the UK cost and organisation structures, and we will become increasingly focused on providing a logistics service to our customers, both external and within the Gnutti group, rather than on assembly work.

Headcount will continue to decline as our customers maintain their strategy to relocate final engine assembly to new emerging markets, reducing UK volume, and as the level of sub-assembled components from sister companies increases.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the company's management.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The board will reconsider the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed investments.

Strategic report (continued)

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The company retains sufficient cash to ensure it has available funds for operations and capital expenditure. The company also has access to longer term funding from its ultimate parent undertaking if required.

Interest rate cash flow risk

The company does not have interest bearing assets, but has interest bearing liabilities with its parent undertaking at fixed rates which ensures certainty of future interest cash flows. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will reconsider the appropriateness of this policy should the company's operations change in size or nature.

On behalf of the Board



S Shaw
Director
11 July 2017

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to £863,000 (2015 – profit of £1,220,000). No dividends were paid during the year (2015 – £nil). The directors do not recommend a final dividend (2015 – £nil).

Future developments

The company continues to change and develop its business as part of the Gnutti Carlo group to meet the requirements of its customers.

Research and development

The company and group continue to develop and improve its products

Financial instruments

Details of financial instruments are provided in the strategic report.

Going concern

At the balance sheet date the company has net assets of £3,014,000 (2015 – £2,828,000). Having made a profit in 2016 and 2015, this trend should continue and in future years the company is anticipated to make profits and generate cash. The directors have prepared budgets and cash flows for at least the next twelve months that support the company's ability to make profits, generate cash and meet its liabilities as they fall due. Based on the above, the directors consider that it is appropriate to draw up these financial statements on a going concern basis.

Directors

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

P C Gnutti
M Gnutti
P Groff
S P Shaw

Disclosure of information to the auditors

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

Auditors

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

On behalf of the Board



S Shaw
Director

11 July 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements;

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

Independent auditors' report

to the members of Gnutti Carlo (UK) Limited

We have audited the financial statements of Gnutti Carlo (UK) Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profits for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- ▶ 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.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditors' report (continued)

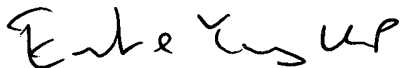
to the members of Gnutti Carlo (UK) Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Frostick (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull

12 July 2017

Profit and loss account

for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Turnover	2	9,981	11,235
Cost of sales		(8,270)	(8,979)
Gross Profit		1711	2,256
Distribution costs		3	(1)
Administrative expenses		(667)	(757)
Operating Profit	3	1,047	1,498
Interest payable and similar charges	6	(5)	(28)
Other finance costs		-	-
Profit on ordinary activities before taxation		1,042	1,470
Tax	7	(179)	(250)
Profit for the financial year		863	1,220

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2016

	2016 £000	2015 £000
Profit for the financial year	863	1,220
Other comprehensive income/(loss) in the year:		
Actuarial loss on pension scheme (note 17)	(783)	(382)
Movement on deferred tax relating to pension scheme	106	28
Other comprehensive loss for the year	(677)	(354)
Total recognised gains for the year	186	866

Statement of changes in equity

for the year ended 31 December 2016

	<i>Share capital</i> £	<i>Share premium</i> £	<i>Other reserves</i> £	<i>Retained earnings</i> £	<i>Total equity</i> £
At 1 January 2015	619	3,281	1,500	(3,438)	1,962
Profit for the financial year				1,220	1,220
Other comprehensive income	-	-	-	(354)	(354)
At 31 December 2015	619	3,281	1,500	(2,572)	2,828
Profit for the financial year				863	863
Other comprehensive income	-	-	-	(677)	(677)
At 31 December 2016	619	3,281	1,500	(2,386)	3,014

Statement of financial position

at 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Tangible assets	8	110	136
Intangible assets	9	36	36
Investments	10	1	1
		<u>147</u>	<u>173</u>
Current assets			
Stocks	11	1,392	1,678
Debtors	12	2,342	2,698
Cash at bank and in hand		1,438	668
		<u>5,172</u>	<u>5,044</u>
Creditors: amounts falling due within one year	13	<u>(2,079)</u>	<u>(2,078)</u>
Net current assets		<u>3,093</u>	<u>2,966</u>
Total assets less current liabilities		<u>3,240</u>	<u>3,139</u>
Creditors: amounts falling after more than one year	14	<u>-</u>	<u>(700)</u>
Net assets excluding pension liability		<u>3,240</u>	<u>2,439</u>
Pension asset / (liability)	17	<u>(226)</u>	<u>389</u>
Net assets including pension liability		<u><u>3,014</u></u>	<u><u>2,828</u></u>
Capital and reserves			
Called up share capital	15	619	619
Share premium account		3,281	3,281
Other reserves		1,500	1,500
Profit and loss account		<u>(2,386)</u>	<u>(2,572)</u>
Shareholders' funds		<u><u>3,014</u></u>	<u><u>2,828</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 11 July 2017 and signed on its behalf by:



S Shaw

Director

11 July 2017

Notes to the financial statements

at 31 December 2016

1. Accounting policies

The following accounting policies set out below were applied in preparing the financial statements for the year ended 31 December 2016.

Statement of compliance with FRS 101

Gnutti Carlo (UK) Limited (the "Company") is a company incorporated and domiciled in the UK. The financial statements for the year ended 31 December 2016 were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101). The financial statements are prepared under the historical cost convention. The results of Gnutti Carlo (UK) Limited are included in the consolidated financial statements of Gnutti Carlo Holding Sweden AB (see Note 20 below).

Basis of preparation

The company's financial statements are presented in Sterling its functional currency.

The company transitioned from previously extant UK Generally Accepted Accounting Practice to FRS101 for all periods presented. A qualifying entity may apply FRS101 for accounting periods beginning on or after 1 January 2015. Transition tables showing all material adjustments are shown in Note 20.

In these financial statements, the company has applied the exemptions available under FRS101 in respect of the following disclosures;

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed asset;
- financial instruments;
- the effects of new but not yet effective International Financial Reporting Standards;
- group related party transactions and information about key management personnel.
- Fair value measurement and financial instrument disclosure

After making enquiries, the directors have a reasonable expectation that the company and its group will be able to generate positive cash flows from its business operations and have adequate resources to continue in operational existence for the foreseeable future. In addition, overall liquidity is supported by the group where required. The company will be maintained as a dormant entity in the future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported in revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

Revenue Recognition

Revenue from the sale of goods is recognised, exclusive of value added tax, when the risks and rewards of ownership of the goods have passed to the buyer, generally on delivery to the customer

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. The brought forward carrying amount of property, plant and equipment has been used as deemed cost at date of transition to FRS 101.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	–	20 years
Plant and machinery	–	4 to 10 years
Fixtures and fittings	–	3 to 10 years

Notes to the financial statements

at 31 December 2016

Accounting policies (continued)

The carrying values of tangible fixed assets are reviewed for impairment at each reporting date to assess whether events or changes in circumstances indicate the carrying values may not be recoverable and are written down immediately to their recoverable amount. Impairment losses are recognised in the profit and loss account. Useful lives and residual values are reviewed annually.

Investments

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first-in first out method is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

The company reviews inventories for slow moving or obsolete items on an ongoing basis and establishes appropriate adjustment provisions if necessary.

Income taxes

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

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

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

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

Notes to the financial statements

at 31 December 2016

Accounting policies (continued)

Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

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.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Leasing and hire purchase commitments

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease. Leasing and hire purchase agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the commitment is shown as obligations under finance leases and hire purchase agreements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Pension costs

The company contributes to the individual personal pension schemes of its employees. The cost of these contributions is recognised in the year in which payments are made.

The company operates a defined benefit pension scheme which is now closed to new members and future accruals covering the majority of its employees up to 31 October 2006. The assets of the scheme are held independently of the company.

The regular service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. The full cost of providing amendments to benefits in respect of past service is also charged to operating profit in the year.

Income representing the expected return on assets of the fund during the year is included within other finance income. This is based on the market value of the assets of the fund at the start of the financial year. A cost representing the interest on the liabilities of the fund during the year is also included within other finance income. This arises from the liabilities of the fund being one year closer to payment.

Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions underlying the present value of scheme liabilities and experience gains and losses arising on scheme liabilities.

Research and development expenditure

Research and development costs are expensed as incurred.

Notes to the financial statements

at 31 December 2016

2. Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. All revenue is recognised at the date of supply.

Turnover by destination for the year was as follows:

	2016 £000	2015 £000
United Kingdom	9,438	10,913
Other EU	4	5
Rest of the world	539	317
	<u>9,981</u>	<u>11,235</u>

3. Operating Profit

This is stated after charging/(crediting):

	2016 £000	2015 £000
Auditors' remuneration		
Audit work	24	24
Non audit work – tax compliance	<u>7</u>	<u>7</u>
Depreciation of property, plant and equipment	72	82
Cost of stock recognised as an expense in cost of sales including; write-down of stocks to net realisable value	7,839	8,418
Net foreign exchange differences	(86)	49
Operating lease payments – minimum lease payments	23	23
Profit/(loss) on disposal of Assets	<u>-</u>	<u>(2)</u>

4. Directors' remuneration

	2016 £000	2015 £000
Remuneration	64	82
Company contributions to defined contribution pension scheme	<u>4</u>	<u>4</u>
	<u>68</u>	<u>86</u>

Certain directors are remunerated for services to the Gnutti group and this company by the ultimate parent undertaking with no separate charge being made to the company.

Notes to the financial statements

at 31 December 2016

5. Staff costs

The aggregate payroll costs of these persons, including directors, were as follows:

	2016	2015
	£000	£000
Wages and salaries	391	543
Social security costs	18	18
Other pension costs	20	13
	<u>429</u>	<u>574</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Management and administration	7	7
Production and distribution	13	15
	<u>20</u>	<u>22</u>

6. Interest payable and similar charges

	2016	2015
	£000	£000
Interest payable to group undertaking	<u>5</u>	<u>28</u>

7. Taxation

(a) Tax on ordinary activities

The tax charged in the income statement is made up as follows:

	2016	2015
	£000	£000
Current income tax:		
UK corporation tax on the profit for the year	148	235
Prior year credit	-	(46)
Total current tax	<u>148</u>	<u>189</u>
Deferred tax:		
Current year	31	19
Prior year charge	-	42
Total deferred tax	<u>31</u>	<u>61</u>
Tax expense in the income statement	<u>179</u>	<u>250</u>

Notes to the financial statements

at 31 December 2016

7. Taxation (continued)

The tax charged to items charged or credited to other comprehensive income is made up as follows:

	2016	2015
	£000	£000
Current income tax:		
Current year	-	-
Total current tax	-	-
Deferred tax:		
Movement on deferred tax relating to pension scheme	(106)	(28)
Total deferred tax	(106)	(28)
Tax credit in the statement of other comprehensive income	(106)	(28)

(b) Reconciliation of total tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%). The differences are explained below:

	2016	2015
	£000	£000
Profit on ordinary activities before tax	1,042	1,470
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%)	208	298
Effects of:		
Expenses not deductible for tax purposes	5	-
Pension cost relief in excess of pension cost charge	(30)	(46)
Tax rate changes	(4)	2
Adjustments in respect of prior years	-	(4)
Total tax expense reported in the income statement (note 7(a))	179	250

Factors affecting future tax charges

The Finance (No.2) Act 2015 obtained Royal Assent on 18 November 2015 and enacted a reduction in the UK corporation tax rate from 20% to 19% effective 1 April 2017 and a further reduction to 18% effective 1 April 2020.

The Finance Act 2016 obtained Royal Assent on 15 September 2016 and determined that the tax rate effective from 1 April 2020 would, in fact, be 17%.

Deferred tax has therefore been provided at 17% being the rate enacted at the balance sheet date and at which the temporary differences are expected to reverse.

Notes to the financial statements

at 31 December 2016

7. Taxation (continued)

(c) Deferred tax

The movement in the deferred tax asset was:

	<i>£'000</i>
At 1 January 2016	46
Profit and loss movement arising during the year	(31)
Other comprehensive income movement during the year	106
	<u>121</u>
At 31 December 2016	<u>121</u>

The deferred taxation included in the company statement of financial position:

	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>
Accelerated capital allowances	64	83
Pension scheme liability	38	(70)
Other timing differences	19	33
	<u>121</u>	<u>46</u>
Deferred taxation included in debtors		

Deferred taxation in the income statement:

	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>
Accelerated capital allowances	19	61
Other timing differences	14	6
Pension	(2)	(6)
Deferred tax expense	<u>31</u>	<u>61</u>

Notes to the financial statements

at 31 December 2016

8. Tangible fixed assets

	<i>Freehold land and building £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2016	1,718	1,135	1,284	4,137
Additions	4	37	5	46
Disposals	-	-	-	-
At 31 December 2016	1,722	1,172	1,289	4,183
Depreciation:				
At 1 January 2016	1,631	1,094	1,276	4,001
Charge for the year	40	28	4	72
Disposals	-	-	-	-
At 31 December 2016	1,671	1,122	1,280	4,073
Net book value:				
At 31 December 2016	51	50	9	110
At 1 January 2016	87	41	8	136

Assets held under finance leases

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 31 December 2016 was £nil (2015: £nil). Additions during the year include £nil (2015: £nil) of plant and equipment held under finance leases and hire purchase. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Notes to the financial statements

at 31 December 2016

9. Intangible fixed assets

	<i>Software licenses & development £000</i>	<i>Total £000</i>
Cost:		
At 1 January 2016	36	36
Additions	-	-
Disposals	-	-
At 31 December 2016	<u>36</u>	<u>36</u>
Depreciation:		
At 1 January 2016	-	-
Charge for the year	-	-
Disposals	-	-
At 31 December 2016	<u>-</u>	<u>-</u>
Net book value:		
At 31 December 2016	<u>36</u>	<u>36</u>
At 1 January 2016	<u>36</u>	<u>36</u>

10. Investments

	<i>Other Investments £000</i>
Cost:	
At 1 January 2016 and 31 December 2016	<u>1</u>

The company holds a debenture issued by Kenwick Park Conference Centre.

11. Stocks

	<i>2016 £000</i>	<i>2015 £000</i>
Raw materials and consumables	401	422
Work in progress	829	1,167
Finished goods and goods for resale	162	89
	<u>1,392</u>	<u>1,678</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Notes to the financial statements

at 31 December 2016

12. Debtors

	2016	2015
	£000	£000
Trade debtors	1,830	1,782
Other debtors	5	5
Prepayments	29	31
Amounts due from group undertakings	357	834
Deferred Tax	121	46
	<u>2,342</u>	<u>2,698</u>

13. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	308	325
Amounts owed to group undertakings	1,015	1,244
Current tax liability	77	123
Other taxes and social security costs	11	14
Other creditors	655	363
Accruals and deferred income	13	9
	<u>2,079</u>	<u>2,078</u>

Trade creditors are non-interest bearing and are normally settled on 60 day end of month terms. All other creditors are non-interest bearing on variable terms.

14. Creditors: amounts falling due after more than one year

	2016	2015
	£000	£000
Amounts owed to group undertakings	<u>-</u>	<u>700</u>

15. Issued share capital

		2016		2015
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	619,150	<u>619</u>	619,150	<u>619</u>

16. Reserves

Share premium accounts comprises premium received on the issue of shares

Other reserves consist of a capital contribution received from Gnutti Powertrain Components AB, the company's immediate parent undertaking.

Notes to the financial statements

at 31 December 2016

17. Pensions

IAS 19 disclosures

The most recent actuarial valuation of the company pension scheme was at 1 July 2013. The scheme closed to new members and future accruals as at 31 October 2006. The valuation of the scheme used the projected unit method and was carried out by independent, professionally qualified actuaries.

An actuarial estimate performed by independent qualified actuaries, based on the last full valuation as at 1 July 2013 updated to 31 December 2016 has been undertaken to provide the information required for IAS 19. The major assumptions used by the actuaries to calculate the Scheme liabilities under IAS 19 are as follows:

	2016	2015
Rate of increase in pension payment	2.40%	2.20%
Discount rate	2.60%	3.90%
Retail price inflation assumption	3.40%	3.20%
Consumer price inflation assumption	2.40%	2.20%
Life expectancy of a male age 65	22.6	22.5
Life expectancy at age 65 of a male aged 45	24.3	24.2
Life expectancy of a female age 65	24.8	24.7
Life expectancy at age 65 of a female aged 45	26.7	26.6

Scheme assets are stated at their market value at the respective balance sheet dates and comprise:

	<i>Gnutti Pension and Life Assurance scheme value at</i>	
	2016	2015
	£000	£000
Equities	5,052	4,620
Bonds	10,663	8,535
Other	65	51
	<u>15,780</u>	<u>13,206</u>

The scheme assets are invested in unit-linked contracts of long term insurance, the value of which is represented by the units in the pooled fund. They are classified as level 2 instruments under IFRS13 Fair Value Measurement.

The scheme has no investments in the company's financial instruments.

Notes to the financial statements

at 31 December 2016

17. Pensions (continued)

IAS19 disclosures (continued)

The following amounts at the year-end were measured in accordance with the requirements of IAS 19:

	Gnutti Pension and Life Assurance Scheme	
	2016	2015
	£000	£000
Fair value of scheme assets	15,780	13,206
Present value of scheme liabilities	(16,006)	(12,817)
Net pension liability	(226)	389

Analysis of amount charged to operating profit:

	2016	2015
	£000	£000
Current service cost	-	-

Analysis of amount charged to other finance income:

	2016	2015
	£000	£000
Past service cost	-	-
Interest on pension Scheme liabilities	(18)	(24)
Net credit recognised in profit and loss account	(18)	(24)

Analysis of statement of comprehensive income:

	2016	2015
	£000	£000
Return on pension scheme assets	(2,381)	393
Loss arising from changes in financial assumptions	4,225	(11)
Experience gain	(1,061)	-
Charge recognised in comprehensive income	783	382

Notes to the financial statements

at 31 December 2016

17. Pensions (continued)

Changes in the fair value of plan assets and analysed as follows:

	2016 £000	2015 £000
At 1 January	13,206	13,271
Interest income	509	501
Return on assets	2,381	(393)
Contribution by employer	150	225
Benefits paid	(466)	(398)
At 31 December	15,780	13,206

Changes in the present value of the defined benefit obligations are analysed as follows:

	2016 £000	2015 £000
At 1 January	12,817	12,749
Interest cost	491	477
Actuarial losses arising from changes in financial assumptions	4,225	(11)
Other experience items	(1,061)	-
Benefits paid	(466)	(398)
At 31 December	16,006	12,817

The company has agreed the following funding objectives with trustees:

The trustees of the scheme have powers under the trust deed to set the contribution rate payable by the company to the Scheme. They also have powers under certain circumstances to trigger a wind up of the Scheme and to transfer the pension obligations on a buy-out basis to an insurer.

The Company expects to contribute £50,000 to the scheme during the year ending 31 December 2017.

Responsibility for making good any deficit within the scheme lies with the Company.

Sensitivity of the liability to change in the principal assumptions

If the discount rate was 0.1% higher, the scheme liabilities would decrease by approximately £348,000 if all other assumptions remain unchanged

If the inflation assumption was 0.1% higher the scheme liabilities would increase by approximately £332,000. All inflation assumptions have been appropriately adjusted in this case, the other assumptions remain unchanged.

If life expectancies were to increase by one year, the scheme liabilities would increase by approximately £649,000 if all other assumptions remained unchanged.

Notes to the financial statements

at 31 December 2016

18. Other financial commitments

At 31 December 2016 the company had future minimal rentals under non-cancellable operating leases as set out below:

	2016	2015
	£000	£000
Operating leases which expire:		
Within one year	23	20
In two to five years	10	24
	<u>33</u>	<u>44</u>

19. Related party transactions

Under IAS 24 the company is exempt from the requirement to disclose details of transactions with its ultimate parent and group undertakings.

20. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Gnutti Carlo Holding Sweden AB, incorporated in Sweden.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Gnutti Carlo Holding Sweden AB, which is incorporated in Sweden. Copies of the group financial statements are available from Lasarettgatan 3, Box 103, S-331 21 Varnamo, Sweden.

The parent undertaking and controlling party of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Gnutti Carlo SPA, a company incorporated in Italy. Copies of the group financial statements are available from Via Artigiani 2 – 25030, Macclodio (BS), Italy.