

MESSER GRIESHEIM LIMITED
Financial Statements
31st December 2016

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MESSER GRIESHEIM LIMITED

Financial Statements

Year ended 31st December 2016

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MESSER GRIESHEIM LIMITED

Officers and Professional Advisers

The board of directors	J Mosser P Schaaf
Company secretary	A Cardwell
Registered office	Unit 4C Northumberland Business Park Dudley Cramlington Northumberland NE23 7RH
Auditor	Tait Walker LLP Chartered accountant & statutory auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Bankers	HSBC Bank plc Maingate Kingsway North Team Valley Trading Estate Gateshead NE11 0BE
Solicitors	Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

MESSER GRIESHEIM LIMITED

Strategic Report

Year ended 31st December 2016

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

Executive Summary

Messer Cutting Systems has been providing the highest quality gas flame, plasma and laser cutting equipment to industry for over 50 years in the UK. As well as machines MCS also supply a wide range of genuine consumables for gas flame, plasma and laser cutting. MCS also provide a comprehensive range of hand plasma cutters, CNC programming software and environmental equipment. Our market is General Engineering in Steel Fabrications.

Current Financial Performance

Turnover in the 2016 years was slightly down on the 2015 results which has resulted in the reduction in the operating profits achieved. The signs for 2017 are optimistic as enquiries are flowing and there is a high level of quotes for work being completed. The company is concentrating its efforts on converting these enquiries and quotes into Turnover. The company constantly reviews its cost base and looks to reduce this where possible.

Gross profit margins reduced in 2016 largely due to the competitive nature of the market place and the indication for the first quarter of 2017 is that they will remain the same. The company are looking at this and expect the margins to improve in line with Turnover.

Despite the reduction in Turnover and Gross profit margins in 2016 the company still managed to make an operating profit. However the company incurs interest charges and deferred tax charges in relation to the defined benefit scheme which have resulted in an overall loss in both 2016 and 2015.

The company also suffered an adverse movement in the actuarial valuation of the defined benefit scheme liabilities at 31st December 2016 of £1,100,000 which has increased the overall defined benefit plan liability to £5,974,000. The company continue to meet the repayments of the scheme as set by the independent actuary and there is no indication that the company will not continue to be able to meet these payments going forward.

The net assets of the company generated by trading activity continues to be strong at £4,862,623 however due to the adverse movement in the defined benefit pension plan the balance sheet show net liabilities of £1,111,377. The company have a guarantee in place with MEC Holding GmbH for £1m directly in relation to the defined benefit scheme plan liability, which is not included within the balance sheet total of the company. The defined benefit scheme liability on balance sheet will only crystallise if the company ceased trading and this balance is subject to annual revaluations based on an actuarial valuation. The valuation and movement in the liability is outside the control of the management team and is based upon a series of factors including external stock market conditions and predicted mortality rates.

The management team are confident for the future trading of the company and have budgeted for increased Turnover and profitability in 2017.

MESSER GRIESHEIM LIMITED

Strategic Report

Year ended 31st December 2016

KPI's

Category	2016	2015	2014
Turnover	£1,857,165	£1,993,000	£2,236,507
Gross Profit %	31.35%	32.96%	39.00%
Operating Profit	£12,566	£66,917	£283,111
EBITDA	£18,826	£75,108	£293,765

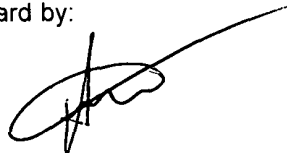
Environment and Market Conditions

Interest and Exchange rates may have an impact on our business especially with the outcome of leaving the European Market. We now have a number of competitors that can provide reconditioned cutting machines at a lower price, and can also provide smaller machines, but the quality of the cutting machines made is not in line with that of MCS and therefore in the longer term the costs of these machines are more expensive. We are continuing to review our activities to ensure the overall quality of the product continues to be strong utilising new technologies.

Risk and Opportunity

The principal risk Messer Cutting Systems Limited faces is due to the referendum decision of leaving the European Union, this caused a period of uncertainty in the United Kingdom. The company suffered a decline in Sales immediately following the vote to leave which impacted upon the 2016 results. The number of enquiries made at the start of 2017 are strong and the indications from customers is that they will continue to invest in machinery which will benefit the company. There will be further uncertainty within the market until the conditions of the exit from the European Union is known.

This report was approved by the board of directors on 27/9/17 and signed on behalf of the board by:



A Cardwell
Company Secretary

MESSER GRIESHEIM LIMITED

Directors' Report

Year ended 31st December 2016

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

Directors

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

J Mosser
P Schaaf

Dividends

The directors do not recommend the payment of a dividend.

Financial risk management objectives and policies

The company's principal financial investments comprise cash, cash equivalents and amounts due to and from associated companies. Other financial assets and liabilities, such as trade debtors, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

Credit risk

The company has external debtors some of whom are given extended credit; however, the company undertakes assessments of its customers in order to manage credit risk where there is a likelihood of default.

Liquidity risk

The company aims to mitigate risk by managing cash generated by its operations.

Foreign currency risk

The company trades in overseas markets and sources certain raw materials from overseas suppliers. The company aims to manage its foreign currency risks by broadly matching foreign currency assets and liabilities.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

MESSER GRIESHEIM LIMITED

Directors' Report *(continued)*

Year ended 31st December 2016

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on 27/9/17 and signed on behalf of the board by:



A Cardwell
Company Secretary

MESSER GRIESHEIM LIMITED

Independent Auditor's Report to the Members of Messer Griesheim Limited

Year ended 31st December 2016

We have audited the financial statements of Messer Griesheim Limited for the year ended 31st December 2016, on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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 the directors' 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.

Opinion on financial statements

In our opinion the financial statements:

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

MESSER GRIESHEIM LIMITED

Independent Auditor's Report to the Members of Messer Griesheim Limited

(continued)

Year ended 31st December 2016

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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

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

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



Brian Laidlaw BA CA (Senior Statutory Auditor)

For and on behalf of
Tait Walker LLP
Chartered accountant & statutory auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

28th September 2017

MESSER GRIESHEIM LIMITED

Profit and Loss Account

Year ended 31st December 2016

	Note	2016 £	2015 £
Turnover	4	1,857,165	1,993,000
Cost of sales		1,176,928	1,336,038
Gross profit		680,237	656,962
Distribution costs		109,001	115,793
Administrative expenses		558,670	474,252
Operating profit	5	12,566	66,917
Other interest receivable and similar income	8	75,359	77,434
Interest payable and similar expenses	9	180,000	187,000
Loss before taxation		(92,075)	(42,649)
Tax on loss	10	2,090	(2,820)
Loss for the financial year		<u>(94,165)</u>	<u>(39,829)</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

MESSER GRIESHEIM LIMITED

Statement of Comprehensive Income

Year ended 31st December 2016

	2016 £	2015 £
Loss for the financial year	(94,165)	(39,829)
Remeasurement of the net defined benefit plan	(1,100,000)	510,000
Tax relating to components of other comprehensive income	133,150	(209,700)
Other comprehensive income for the year	(966,850)	300,300
Total comprehensive income for the year	(1,061,015)	260,471

The notes on pages 12 to 23 form part of these financial statements.

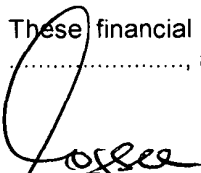
MESSER GRIESHEIM LIMITED

Balance Sheet

31st December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	8,314	12,203
Current assets			
Stocks	12	117,977	110,315
Debtors	13	5,041,764	5,188,937
Cash at bank and in hand		22,870	25,289
		<u>5,182,611</u>	<u>5,324,541</u>
Creditors: amounts falling due within one year	14	<u>328,302</u>	<u>473,102</u>
Net current assets		<u>4,854,309</u>	<u>4,851,439</u>
Total assets less current liabilities		<u>4,862,623</u>	<u>4,863,642</u>
Net assets excluding defined benefit pension plan liability		<u>4,862,623</u>	<u>4,863,642</u>
Defined benefit pension plan liability	16	<u>5,974,000</u>	<u>4,914,004</u>
Net liabilities including defined benefit pension plan liability		<u>(1,111,377)</u>	<u>(50,362)</u>
Capital and reserves			
Called up share capital	17	400,000	400,000
Profit and loss account	18	(1,511,377)	(450,362)
Members deficit		<u>(1,111,377)</u>	<u>(50,362)</u>

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



J Mosser
Director

Company registration number: 00656079

The notes on pages 12 to 23 form part of these financial statements.

MESSER GRIESHEIM LIMITED

Statement of Changes in Equity

Year ended 31st December 2016

		Called up share capital £	Profit and loss account £	Total £
At 1st January 2015		400,000	(710,833)	(310,833)
Loss for the year			(39,829)	(39,829)
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	16	–	510,000	510,000
Tax relating to components of other comprehensive income	10	–	(209,700)	(209,700)
Total comprehensive income for the year		–	260,471	260,471
At 31st December 2015		400,000	(450,362)	(50,362)
Loss for the year			(94,165)	(94,165)
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	16	–	(1,100,000)	(1,100,000)
Tax relating to components of other comprehensive income	10	–	133,150	133,150
Total comprehensive income for the year		–	(1,061,015)	(1,061,015)
At 31st December 2016		<u>400,000</u>	<u>(1,511,377)</u>	<u>(1,111,377)</u>

The notes on pages 12 to 23 form part of these financial statements.

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements

Year ended 31st December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 4C, Northumberland Business Park, Dudley, Cramlington, Northumberland, NE23 7RH.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of MEC Global GmbH which can be obtained from Amtsgericht Frankfurt, Heiligkreuzgasse 34, 60313 Frankfurt, Germany. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Depreciation is estimated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the depreciation accounting policy.

Estimates are included in the financial statements regarding the recoverability of trade debtors and the valuation of stock balances.

Revenue recognition

Turnover represents the value of sales made during the year net of discounts, returns and Value Added Tax. Turnover is recognised at the point of sale.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

3. Accounting policies *(continued)*

Corporation tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

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

Plant and machinery	- 20% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. It includes raw components that have been inspected and prepared for production and the attributable relevant element of overhead to bring it to that condition and location. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Defined benefit plans

The company operated a defined benefit pension scheme until the scheme's closure to future accrual in April 2002. Contributions continue to be made in relation to the scheme's existing deficit. Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company in accordance with FRS 102 Section 28.

From April 2002, the company has operated a money purchase pension scheme for its employees, which requires contributions to be made to an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The cost of providing benefits under the defined benefit plan is determined in accordance with FRS 102 Section 28, using the projected unit cost method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the profit and loss account on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the charge in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the profit and loss account as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published mid-market price.

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	1,142,358	1,232,281
Rendering of services	656,928	714,720
Commissions	57,879	45,999
	<u>1,857,165</u>	<u>1,993,000</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016 £	2015 £
United Kingdom	1,710,108	1,676,923
Rest of Europe	147,057	296,264
Rest of World	—	19,813
	<u>1,857,165</u>	<u>1,993,000</u>

5. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	6,260	8,191
Impairment of trade debtors	3,500	1,851
Operating lease rentals	5,558	5,792
Foreign exchange differences	<u>28,442</u>	<u>(738)</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>9,320</u>	<u>9,320</u>

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Production and indirect support	9	9
Selling and distribution	3	3
Administration and directors	3	3
	<u>15</u>	<u>15</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	394,944	528,250
Social security costs	38,529	44,207
Other pension costs	26,189	26,157
	<u>459,662</u>	<u>598,614</u>

There are no directors holding service contracts with the company. None of the directors received any remuneration from the company during the period.

There are no current directors participating in any company pension scheme arrangement.

8. Other interest receivable and similar income

	2016 £	2015 £
Interest from group undertakings	<u>75,359</u>	<u>77,434</u>

9. Interest payable and similar expenses

	2016 £	2015 £
Net finance costs in respect of defined benefit pension plans	<u>180,000</u>	<u>187,000</u>

10. Tax on loss

Major components of tax expense/(income)

	2016 £	2015 £
Deferred tax:		
Origination and reversal of timing differences	2,090	(2,820)
Tax on loss	<u>2,090</u>	<u>(2,820)</u>

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

10. Tax on loss *(continued)*

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(133,150) (2015: £209,700).

Reconciliation of tax expense/(income)

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.75%).

	2016 £	2015 £
Loss on ordinary activities before taxation	(92,075)	(42,649)
Loss on ordinary activities by rate of tax	(18,415)	(8,850)
Effect of expenses not deductible for tax purposes	(4,486)	465
Effect of capital allowances and depreciation	178	702
Utilisation of tax losses	22,723	13,997
Pension scheme liability timing differences	2,090	(9,134)
Tax on loss	2,090	(2,820)

11. Tangible assets

	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost				
At 1st January 2016	80,441	31,315	214,495	326,251
Additions	–	–	2,373	2,373
Disposals	–	–	(25,256)	(25,256)
At 31st December 2016	80,441	31,315	191,612	303,368
Depreciation				
At 1st January 2016	79,892	22,034	212,123	314,049
Charge for the year	270	3,987	2,003	6,260
Disposals	–	–	(25,255)	(25,255)
At 31st December 2016	80,162	26,021	188,871	295,054
Carrying amount				
At 31st December 2016	279	5,294	2,741	8,314
At 31st December 2015	549	9,281	2,372	12,202

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

12. Stocks

	2016 £	2015 £
Work in progress	28,041	26,490
Finished goods and goods for resale	89,936	83,825
	<u>117,977</u>	<u>110,315</u>

Included with stocks above is an amount of £49,451 (2015: £42,116) relating to stocks held at customer sites on a consignment basis.

Stock is stated after provisions of £9,538 (2015: £25,661). The amount of stock recognised as an expense during the year is £934,134 (2015: £953,429).

The impairment gain of £16,123 has been charged to cost of sales.

13. Debtors

	2016 £	2015 £
Trade debtors	244,308	229,936
Amounts owed by group undertakings	3,690,626	3,982,030
Deferred tax asset	1,015,580	884,520
Prepayments and accrued income	90,350	92,451
Corporation tax repayable	900	—
	<u>5,041,764</u>	<u>5,188,937</u>

The debtors above include the following amounts falling due after more than one year:

	2016 £	2015 £
Deferred tax asset	<u>978,100</u>	<u>844,920</u>

Trade debtors are stated after provisions of £3,060 (2015 : £6,365)

The impairment loss during the period of £3,500 (2015 : £1,851) has been charged to administration expenses.

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	106,648	154,275
Amounts owed to group undertakings	18,387	48,251
Accruals and deferred income	152,650	216,315
Social security and other taxes	50,617	54,261
	<u>328,302</u>	<u>473,102</u>

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

15. Deferred tax

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

	2016	2015
	£	£
Included in debtors (note 13)	<u>1,015,580</u>	<u>884,520</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Pension plan obligations	<u>1,015,580</u>	<u>884,520</u>

The net deferred tax liability expected to reverse in 2017/18 is £37,400. This relates to the reversal of timing differences on pension plan obligations.

16. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £26,189 (2015: £26,157).

The company contributes to a defined contribution scheme, the assets of which are held separately from those of the company, in an independently administered fund.

Defined benefit plans

DEFINED BENEFIT SCHEME

The company operated a funded defined benefit pension scheme, the Messer Griesheim Retirement and Death Benefits Plan until the scheme's closure to future accrual in April 2002. Contributions continue to be made in relation to the scheme's existing deficit, as agreed following each triennial valuation.

FRS 102 DISCLOSURES

The company has contributed £15,350 per month into the scheme since January 2009, which was based on the triennial valuation at 31 December 2008. In January 2013 the company further increased its monthly contributions to £18,333 (£220,000 per annum) following the preliminary results of the actuarial valuation of the plan at 31 December 2011. This remained unchanged after the latest actuarial valuation on 31st December 2014.

The FRS 102 disclosures have been based on the preliminary results of a formal actuarial valuation of the Plan at 31 December 2014 which have been updated by an independent actuary.

The scheme is subject to risks in relation to changes in inflations and to changes in the value of investments and the returns derived from such investments. An investment strategy is in place which has been developed by the pension trustee in order to manage investments and mitigate such risks.

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

16. Employee benefits *(continued)*

The balance sheet net defined benefit liability is determined as follows:

	2016	2015
	£	£
Present value of defined benefit obligations	(12,200,000)	(10,034,000)
Fair value of plan assets	6,226,000	5,120,000
	<u>(5,974,000)</u>	<u>(4,914,000)</u>

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

	2016
	£
At 1st January 2016	10,034,000
Interest expense	371,000
Benefits paid	(303,000)
Remeasurements:	
Actuarial gains and losses	2,098,000
At 31st December 2016	<u>12,200,000</u>

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

	2016
	£
At 1st January 2016	5,120,000
Interest income	191,000
Benefits paid	(303,000)
Contributions by employer	220,000
Remeasurements:	
Actuarial gains and losses	-
Return on plan assets, excluding amount included in interest income	998,000
At 31st December 2016	<u>6,226,000</u>

The total costs for the year in relation to defined benefit plans are as follows:

	2016	2015
	£	£
Recognised in profit or loss:		
Interest on scheme liabilities	<u>180,000</u>	<u>187,000</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	2,098,000	(583,000)
Return on plan assets, excluding amounts included in net interest	<u>(998,000)</u>	<u>73,000</u>
	<u>1,100,000</u>	<u>(510,000)</u>

The future contributions for 2016/17 are expected to be £220,000.

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

16. Employee benefits *(continued)*

The fair value of the major categories of plan assets are as follows:

	2016	2015
	%	%
Cash and cash equivalents	0.40	0.40
Frankfurt trust fund	99.60	99.60

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The principal actuarial assumptions as at the balance sheet date were:

	2016	2015
	%	%
Discount rate	2.50	3.75
Expected rate of increase in pensions	3.80	3.70
Future revaluation of pensions in deferment	<u>2.50</u>	<u>2.30</u>

The mortality rate is based on 109% of the S2NA tables and allowance for CMI 2015 future mortality improvements with a long term trend rate of 1.25% for both males and females.

17. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

18. Reserves

Called up share capital - This represents the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings and accumulated losses.

19. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	64,625	52,716
Later than 1 year and not later than 5 years	165,944	203,521
Later than 5 years	<u>127,500</u>	<u>170,000</u>
	<u>358,069</u>	<u>320,805</u>

MESSER GRIESHEIM LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

20. Related party transactions

The company has taken advantage under paragraph 33.1A of FRS 102, of not disclosing transactions with other group companies. There are no other transactions which are required to be disclosed under the terms of FRS 102.

21. Controlling party

The company is a wholly owned subsidiary of Messer Cutting Systems GmbH, a company incorporated in Germany.

In the directors opinion, the company's ultimate parent undertaking and controlling party is MEC Global GmbH, which is incorporated in Germany.

MEC Global GmbH is the parent company of the largest and smallest group of which the company is a member and for which the financial statements are drawn up.

Copies of MEC Global GmbH financial statements may be obtained from:

Amtsgericht Frankfurt
Heiligkreuzgasses 34
60313 Frankfurt
Germany