

COMPANY REGISTRATION NUMBER 00656079

**MESSER GRIESHEIM LIMITED**  
**FINANCIAL STATEMENTS**  
**31st DECEMBER 2014**

THURSDAY



\*A4ASX11J\*

A24

02/07/2015

#209

COMPANIES HOUSE

**MESSER GRIESHEIM LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31st DECEMBER 2014**

---

<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>3 to 5</b>
Independent auditor's report to the shareholder	<b>6 to 7</b>
Profit and loss account	<b>8</b>
Statement of total recognised gains and losses	<b>9</b>
Balance sheet	<b>10</b>
Notes to the financial statements	<b>11 to 22</b>
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	<b>24</b>
Notes to the detailed profit and loss account	<b>25</b>

---

# **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 Accountants  
& 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 2014

---

The directors present their strategic report for the year ended 31st December 2014.

### Review of the business

The principal activities of the company throughout the year were and continue to be sale, distribution and service of industrial thermal cutting machinery.

### Development and performance during the year

2014 was a very good year where the company has continued to maintain its customer base and increased sales by 12% over 2013 with gross profit margins also increasing slightly. Due to the continuation of performance excellence and challenging costs overheads have decreased compared to 2013 whilst the expected high standards have still been maintained.

### Position at the year end

The company is in a stable and strong position to continue with the principal activities as above and already has some excellent prospects for 2015. The negative position on the Balance Sheet is due only to the increase in the defined benefit pension scheme liability. This liability has, in part, been covered by a £1m guarantee from MEC Holding GmbH. The company also has an agreed Covenant/Recovery Plan in place with the Trustees to pay agreed amounts in to the fund which is reviewed on an annual basis.

### Principal risks and uncertainties

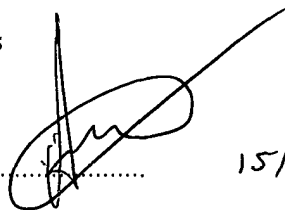
The difficult economic climate throughout the UK and Ireland provides a challenging back drop against which the company plans to grow further. Competition is as strong as ever therefore close contact with customers will be key to the further growth of the company.

### Financial KPIs

Despite market conditions the company has maintained profit margins in line with previous years. The company has also been able to maintain excellent cash collection figures from customers and in turn is able to achieve on time payments to suppliers.

Signed on behalf of the directors  
A Cardwell  
Company Secretary

Approved by the directors on .....



15/6/15

# **MESSER GRIESHEIM LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31st DECEMBER 2014**

---

The directors present their report and the financial statements of the company for the year ended 31st December 2014.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year continued to be that of the sale, distribution and maintenance of industrial thermal cutting machinery.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £228,189. The directors have not recommended a dividend.

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

Given that the majority of the risks below derive from transactions with other MEC group companies, the company does not undertake any hedging activity locally. Significant financial risks from a MEC group perspective are addressed on a case-by-case basis at group level.

#### **Interest rate risk**

The company invests surplus cash in a floating rate interest yielding intercompany cash pool. Therefore financial assets, interest income and cash flows can be affected by movements in interest rates.

#### **Price risk**

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates.

#### **Credit risk**

Group policies are aimed at minimising such losses, and require that deferred terms are granted only to customers that demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant. Goods may be sold on a cash-with-order basis to mitigate credit risk.

#### **Liquidity risk**

The company aims to mitigate risk by managing cash generated by its operations. Capital expenditure is approved at group level. Flexibility is maintained by retaining surplus cash in readily accessible bank accounts and a group cash pool.

At the year end the company has a deficit in shareholders funds which has been created due to the increase in the defined benefit pension scheme liability. The company have a guarantee of an amount up to £1 million in relation to the defined benefit pension scheme liability which is provided by MEC Holding GmbH.

#### **Foreign currency risk**

The company's principal transactions in foreign currency are with MEC group companies and arise directly from the company's operating activities. As a result, the company's cash flows arising from the transactions can be affected by movements in foreign exchange rates. No hedging activity is undertaken locally to mitigate this risk.

# **MESSER GRIESHEIM LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31st DECEMBER 2014**

---

### **DIRECTORS**

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

J Mosser

P Schaaf

### **POLICY ON THE PAYMENT OF CREDITORS**

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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.

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

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

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

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# MESSER GRIESHEIM LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2014

---

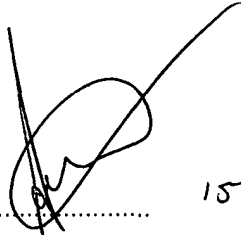
### AUDITOR

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.

Signed on behalf of the directors

A Cardwell  
Company Secretary

Approved by the directors on .....



15/6/15

# **MESSER GRIESHEIM LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MESSER GRIESHEIM LIMITED**

**YEAR ENDED 31st DECEMBER 2014**

---

We have audited the financial statements of Messer Griesheim Limited for the year ended 31st December 2014 set out on pages 8 to 22. 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).

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder 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 4, 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 (APB'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 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.

### **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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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.



# MESSER GRIESHEIM LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MESSER GRIESHEIM LIMITED *(continued)*

YEAR ENDED 31st DECEMBER 2014

---

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Tait Walker LLP

Brian Laidlaw BA CA (Senior Statutory Auditor)

For and on behalf of

Tait Walker LLP

Chartered Accountants & Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

24th June 2015

**MESSER GRIESHEIM LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31st DECEMBER 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>		<b>2,236,507</b>	<b>1,994,368</b>
Cost of sales		<u>1,364,301</u>	<u>1,246,457</u>
<b>GROSS PROFIT</b>		<b>872,206</b>	<b>747,911</b>
Distribution costs		112,379	116,098
Administrative expenses		476,716	511,446
Other operating income		—	(952)
<b>OPERATING PROFIT</b>	<b>3</b>	<b>283,111</b>	<b>121,319</b>
Profit on disposal of fixed assets	<b>5</b>	—	3,000
		<u>283,111</u>	<u>124,319</u>
Interest receivable and similar income	<b>6</b>	73,908	74,125
Other finance costs	<b>7</b>	(42,000)	(35,000)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>315,019</b>	<b>163,444</b>
Tax on profit on ordinary activities	<b>8</b>	86,830	132,778
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>228,189</u></b>	<b><u>30,666</u></b>

All of the activities of the company are classed as continuing.

The notes on pages 11 to 22 form part of these financial statements.

# MESSER GRIESHEIM LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31st DECEMBER 2014

---

	2014 £	2013 £
Profit for the financial year attributable to the shareholder	228,189	30,666
Actuarial gain/(loss) in respect of defined benefit pension scheme in year	(329,000)	246,000
Deferred tax in respect of defined benefit pension scheme	270,400	242,550
Actuarial loss in respect of changes in defined benefit scheme calculations	<u>(1,023,000)</u>	<u>(1,401,000)</u>
Total gains and losses recognised since the last annual report	<u>(853,411)</u>	<u>(881,784)</u>

The notes on pages 11 to 22 form part of these financial statements.

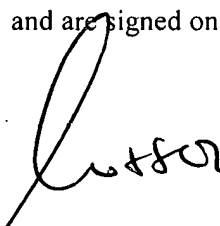
---

**MESSER GRIESHEIM LIMITED**  
**COMPANY REGISTRATION NUMBER: 00656079**  
**BALANCE SHEET**

**31st DECEMBER 2014**

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	9	19,238	28,928
<b>CURRENT ASSETS</b>			
Stocks	10	187,658	151,609
Debtors	11	4,401,352	4,154,753
Cash at bank and in hand		17,534	3,156
		<u>4,606,544</u>	<u>4,309,518</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>571,015</u>	<u>380,698</u>
<b>NET CURRENT ASSETS</b>		<u>4,035,529</u>	<u>3,928,820</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,054,767</u>	<u>3,957,748</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>4,054,767</u>	<u>3,957,748</u>
Defined benefit pension scheme liability	14	<u>(4,365,600)</u>	<u>(3,415,170)</u>
<b>NET (LIABILITIES)/ASSETS INCLUDING PENSION LIABILITY</b>		<u>(310,833)</u>	<u>542,578</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	400,000	400,000
Profit and loss account	18	<u>(710,833)</u>	<u>142,578</u>
<b>(DEFICIT)/SHAREHOLDER'S FUNDS</b>		<u>(310,833)</u>	<u>542,578</u>

These financial statements were approved by the directors and authorised for issue on 15/06/15, and are signed on their behalf by:

 15/06/2015  
J Mosser  
Director

The notes on pages 11 to 22 form part of these financial statements.

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

---

### 1. GOING CONCERN

At the balance sheet date, the company had a net deficit position of £310,833. The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. The validity of the use of this basis depends upon the following:-

The net deficit position has arisen due to the increase in the defined benefit pension scheme liability which is disclosed as a long term liability. The company made a profit for the financial year of £228,189 and has net current assets of £4,035,529. The company forecasts and projections, taking account of reasonable possible changes in trading performance, show that the company should be able to operate within the level of its current banking facilities. The directors are confident that the forecast sales volumes and margins are achievable. From the date the accounts are to be signed the company is expected to generate positive cash flows and sustain profitability over the following twelve months. The company also has in place a guarantee from MEC Holding GmbH for up to £1 million in relation to the pension scheme deficit.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

If the going concern basis proved to be invalid, the financial statements would have to be prepared on a break up basis in which the balance sheet would be restated to include all assets at estimated realisable values and all liabilities would become current and would have to be increased to include those liabilities contingent on the company ceasing to trade.

### 2. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

#### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

#### **Turnover**

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.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

---

### 2. ACCOUNTING POLICIES *(continued)*

#### **Depreciation**

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:

Plant & Machinery	- 10% straight line
Motor Vehicles	- 25% straight line
Equipment	- 10% - 50% straight line

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

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Pension costs and other post-retirement benefits**

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 17.

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.

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

---

### 2. ACCOUNTING POLICIES *(continued)*

The cost of providing benefits under the defined benefit plan is determined in accordance with FRS 17, using the projected unit 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 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.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

**MESSER GRIESHEIM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st DECEMBER 2014**

---

**2. ACCOUNTING POLICIES** *(continued)*

**Deferred taxation** *(continued)*

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.



**MESSER GRIESHEIM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31st DECEMBER 2014**

---

**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Directors' remuneration	—	—
Depreciation of owned fixed assets	10,654	15,445
Auditor's remuneration		
- as auditor	9,050	9,050
Operating lease costs:		
- Plant and equipment	6,035	6,529
- Other	82,216	88,258
Net (profit)/loss on foreign currency translation	<u>(2,352)</u>	<u>5,813</u>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	2014 No	2013 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 of the above were:

	2014 £	2013 £
Wages and salaries	439,272	408,838
Social security costs	48,325	48,628
Other pension costs	29,633	33,192
	<u>517,230</u>	<u>490,658</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income and charged to finance costs (see note 7), and amounts recognised in the statement of recognised gains and losses.

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.

**MESSER GRIESHEIM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st DECEMBER 2014**

---

**5. PROFIT ON DISPOSAL OF FIXED ASSETS**

	2014	2013
	£	£
Profit on disposal of fixed assets	—	3,000
	<u>—</u>	<u>3,000</u>

The above relates to profit on disposal of tangible fixed assets;

	2014	2013
	£	£
Motor Vehicles	—	3,000
	<u>—</u>	<u>3,000</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2014	2013
	£	£
Interest from group undertakings	73,792	74,125
Other similar income receivable	116	—
	<u>73,908</u>	<u>74,125</u>

**7. OTHER FINANCE COSTS**

	2014	2013
	£	£
Interest on pension scheme liabilities	42,000	35,000
	<u>42,000</u>	<u>35,000</u>

**8. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2014	2013
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 21.49% (2013 - 23%)	—	(6,662)
Total current tax	—	(6,662)
Deferred tax:		
Origination and reversal of timing differences	86,830	139,440
Tax on profit on ordinary activities	<u>86,830</u>	<u>132,778</u>

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

### 8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### **(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.49% (2013 - 23%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>315,019</u>	<u>163,444</u>
Profit on ordinary activities by rate of tax	67,698	37,592
Expenses not deductible for tax purposes	109	345
Capital allowances for period in excess of depreciation	1,146	(2,466)
Tax chargeable at higher rates	-	(406)
FRS17 pension scheme liability timing differences	(46,855)	(42,550)
Group relief received	(22,256)	-
Other timing differences	158	823
Total current tax (note 8(a))	<u>-</u>	<u>(6,662)</u>

### 9. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>				
At 1st January 2014	80,726	60,616	212,675	354,017
Additions	300	-	664	964
Disposals	(585)	(29,301)	-	(29,886)
<b>At 31st December 2014</b>	<u>80,441</u>	<u>31,315</u>	<u>213,339</u>	<u>325,095</u>
<b>DEPRECIATION</b>				
At 1st January 2014	79,812	41,752	203,525	325,089
Charge for the year	317	5,595	4,742	10,654
On disposals	(585)	(29,301)	-	(29,886)
<b>At 31st December 2014</b>	<u>79,544</u>	<u>18,046</u>	<u>208,267</u>	<u>305,857</u>
<b>NET BOOK VALUE</b>				
<b>At 31st December 2014</b>	<u>897</u>	<u>13,269</u>	<u>5,072</u>	<u>19,238</u>
At 31st December 2013	<u>914</u>	<u>18,864</u>	<u>9,150</u>	<u>28,928</u>

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

---

### 10. STOCKS

	2014	2013
	£	£
Work in progress	123,302	85,935
Finished goods	64,356	65,674
	<u>187,658</u>	<u>151,609</u>

Included with stocks above is an amount of £32,791 (2013: £40,725) relating to stocks held at customer sites on a consignment basis. Such stocks are invoiced to the customer as and when they are used.

### 11. DEBTORS

	2014	2013
	£	£
Trade debtors	553,371	399,679
Amounts owed by group undertakings	3,733,276	3,671,827
Corporation tax repayable	—	6,662
Prepayments and accrued income	114,705	76,585
	<u>4,401,352</u>	<u>4,154,753</u>

### 12. CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	219,084	106,405
Amounts owed to group undertakings	39,217	18,252
PAYE and social security	28,523	24,541
VAT	38,881	54,777
Accruals and deferred income	245,310	176,723
	<u>571,015</u>	<u>380,698</u>

### 13. DEFERRED TAXATION

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

	2014	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>610</u>	<u>383</u>

The deferred tax asset has not been recognised as the directors do not believe that it is material.

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

---

### 14. PENSIONS AND OTHER POST RETIREMENT BENEFITS

#### DEFINED CONTRIBUTION SCHEME

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.

The pensions charge for the period represents contributions payable to the scheme and amounted to £29,632 (2013: £33,192). At 31st December 2014 contributions amounting to £Nil (2013: £3,579) were payable to the scheme and are included in accruals and deferred income.

#### 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 17 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.

The FRS 17 disclosures have been based on the preliminary results of a formal actuarial valuation of the Plan at 31 December 2011 which have been updated by an independent actuary.

The amounts recognised in the profit and loss account are as follows:

	2014 £	2013 £
Amounts included in other finance cost:		
Expected return on scheme assets	(362,000)	(297,000)
Interest on scheme liabilities	404,000	332,000
Other finance cost	42,000	35,000
Total charge to the profit and loss account	42,000	35,000
Actual return on scheme assets	33,000	543,000

Other finance cost is included in the profit and loss account within interest payable and similar charges.

Actuarial losses of £(1,352,000) (2013: £(1,155,000)) have been recognised in the statement of total recognised gains and losses.

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

### 14. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(10,573,000)	(9,423,000)
Fair value of scheme assets	5,116,000	5,100,000
	<u>(5,457,000)</u>	<u>(4,323,000)</u>
Related deferred tax asset	1,091,400	907,830
Net pension liability	<u>(4,365,600)</u>	<u>(3,415,170)</u>

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

	2014 £	2013 £
Opening defined benefit obligation	9,423,000	7,936,000
Interest on scheme liabilities	404,000	332,000
Actuarial loss	1,023,000	1,401,000
Benefits paid	(277,000)	(246,000)
Closing defined benefit obligation	<u>10,573,000</u>	<u>9,423,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	5,100,000	4,583,000
Expected return on scheme assets	362,000	297,000
Contributions by employer	260,000	220,000
Actuarial (loss)/gain	(329,000)	246,000
Benefits paid	(277,000)	(246,000)
Closing fair value of scheme assets	<u>5,116,000</u>	<u>5,100,000</u>

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014 %	2013 %
Cash	1.00	1.00
Unconstrained investment fund	99.00	99.00

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.

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

### 14. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

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

	2014	2013
	%	%
Discount rate	3.50	4.35
Expected return on scheme assets	5.95	7.10
Rate of increase in pensions in payment	3.70	3.80
Rate of increase in deferred pensions	2.25	2.55

The mortality rate is based on 109% of the SINA tables and allowance for CMI 2011 future mortality improvements with a long term trend rate of 1% for both males and females.

Amounts for the current and previous four periods are as follows:

	2014	2013	2012	2011	2010
	£	£	£	£	£
Defined benefit obligation	(10,573,000)	(9,423,000)	(7,936,000)	(7,104,000)	(6,645,000)
Fair value of scheme assets	5,116,000	5,100,000	4,583,000	4,274,800	4,491,600
Deficit in the scheme	<u>(5,457,000)</u>	<u>(4,323,000)</u>	<u>(3,353,000)</u>	<u>(2,829,200)</u>	<u>(2,153,400)</u>
Experience adjustments on scheme liabilities (%)	<u>-</u>	<u>15</u>	<u>(1)</u>	<u>3</u>	<u>(2)</u>
Experience adjustments on scheme assets (%)	<u>(6)</u>	<u>(5)</u>	<u>2</u>	<u>(12)</u>	<u>(8)</u>

### 15. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings	Other Items	Land and buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	5,940	-	9,282
After 1 year but within 5 years	-	28,124	-	18,547
After 5 years	42,500	-	42,500	-
	<u>42,500</u>	<u>34,064</u>	<u>42,500</u>	<u>27,829</u>

### 16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by FRS 8 not to disclose related party transactions between members of wholly owned group companies.

# MESSER GRIESHEIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2014

---

### 17. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

### 18. PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
Balance brought forward	142,578	1,024,362
Profit for the financial year	228,189	30,666
Defined pension benefit scheme	<u>(1,081,600)</u>	<u>(912,450)</u>
Balance carried forward	<u>(710,833)</u>	<u>142,578</u>

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014	2013
	£	£
Profit for the financial year	228,189	30,666
Actuarial gain/(loss) in respect of defined benefit pension scheme	<u>(1,081,600)</u>	<u>(912,450)</u>
Net reduction to shareholder's funds	<u>(853,411)</u>	<u>(881,784)</u>
Opening shareholder's funds	<u>542,578</u>	<u>1,424,362</u>
Closing shareholder's (deficit)/funds	<u>(310,833)</u>	<u>542,578</u>

### 20. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of its immediate parent company, 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 also 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  
Heiligkreuzgasse 34  
60313 Frankfurt  
Germany