

COMPANY REGISTRATION NUMBER: 773331

NUMATIC INTERNATIONAL LIMITED
Financial Statements
31 December 2015



STEWART & CO
Chartered accountant & statutory auditor
Knoll House, Knoll Road
Camberley, Surrey
GU15 3SY

NUMATIC INTERNATIONAL LIMITED

Financial Statements

Year ended 31 December 2015

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NUMATIC INTERNATIONAL LIMITED

Strategic Report

Year ended 31 December 2015

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was that of design, manufacture and distribution of professional cleaning equipment and there has been no change during the year.

BUSINESS REVIEW

Generally, throughout the first half year of 2015, our confidence grew in leaps and bounds with an active market growing over 2014 and putting the austerity years behind us.

During the first 2015 quarter we confirmed our building contract for the new 60,000 sq. ft. central warehouse facility with a planned completion date of May 2016.

Once the earlier than expected Brexit referendum became a reality we noticed a lack of confidence creeping into the market.

Our new product developments are well under way and will be presented at the InterClean Exhibition early in 2016.

By virtue of the coming Brexit referendum, and the unsettled European economy propped up by even more Quantitative Easing for the ECB, we see 2016 being a difficult year and certainly a struggle to be equal to 2015 but, having said that, a very good prelude to 2017.

INCLUSION

Chard remains our main production facility. We support a full range of Equal Opportunity and Capability policies with appropriate support, training and intervention to assist all prospective and existing employees through their careers with Numatic.

We also support and encourage employee involvement particularly within our Works Council and Health and Safety committee structures both to consult and share information for the mutual benefit of employees and the Company as a whole.

This report was approved by the director on 17 August 2016 and signed by order of the director by:



Mr S Whitlock
Company Secretary

Registered office:
Knoll House
Knoll Road
Camberley
Surrey
GU15 3SY

NUMATIC INTERNATIONAL LIMITED

Director's Report

Year ended 31 December 2015

The director presents his report and the financial statements of the group for the year ended 31 December 2015.

Director

The director who served the company during the year was as follows:

Mr C R Duncan

Dividends

The director does not recommend the payment of a dividend.

Employment of disabled persons

It is the group's policy to consider applications for employment from disabled people on the same basis as other potential employees. Ability and aptitude are the determining factors in the selection, training, career development and promotion of all employees. If an employee becomes disabled during the period of employment the group will, if necessary and to the extent possible, retrain the employee for duties suited to that employee's abilities following disablement.

Employee involvement

The group involves employees in the business in various ways. Regular meetings are held between managers and the Union Representatives of staff to discuss any issues arising and the Health and Safety Committee liaises with staff.

Financial instruments

The group does not use any financial instruments to hedge its risks associated with price, credit, liquidity or cash flow. The group reviews its' exposure to foreign exchange risk on an ongoing basis.

Disclosure of information in the strategic report

The group in accordance with section 414C(11) of the Companies Act 2006(Strategic Report and Directors' Report) Regulations 2013 has set out in the group's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

NUMATIC INTERNATIONAL LIMITED

Director's Report *(continued)*

Year ended 31 December 2015

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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 group and 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 group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the director on 17 August 2016 and signed by order of the director by:



Mr S Whitlock
Company Secretary

Registered office:
Knoll House
Knoll Road
Camberley
Surrey
GU15 3SY

NUMATIC INTERNATIONAL LIMITED

Independent Auditor's Report to the Shareholder of NUMATIC INTERNATIONAL LIMITED

Year ended 31 December 2015

We have audited the financial statements of Numatic International Limited for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 director and auditor

As explained more fully in the director's responsibilities statement, the director is 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; 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 director's 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 group's and of the parent company's affairs as at 31 December 2015 and of the group's 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NUMATIC INTERNATIONAL LIMITED

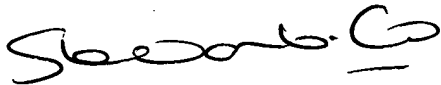
Independent Auditor's Report to the Shareholder of NUMATIC INTERNATIONAL LIMITED *(continued)*

Year ended 31 December 2015

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



Knoll House, Knoll Road
Camberley, Surrey
GU15 3SY

17 August 2016

David Hartley FCA
(Senior Statutory Auditor)
For and on behalf of
Stewart & Co
Chartered Accountants & Statutory Auditor

NUMATIC INTERNATIONAL LIMITED

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover	3	137,355	129,143
Cost of sales		<u>87,357</u>	<u>84,367</u>
Gross profit		49,998	44,776
Distribution costs		2,484	2,439
Administrative expenses		34,202	32,044
Other operating income	4	<u>95</u>	<u>92</u>
Operating profit	5	13,407	10,385
Other interest receivable and similar income		79	26
Interest payable and similar charges	9	<u>571</u>	<u>412</u>
Profit on ordinary activities before taxation		12,915	9,999
Tax on profit on ordinary activities	10	<u>2,445</u>	<u>1,278</u>
Profit for the financial year		10,470	8,721
Remeasurement of the net defined benefit plan		5,342	(7,388)
Foreign currency retranslation		(558)	(335)
Tax relating to components of other comprehensive income		<u>(1,068)</u>	<u>1,427</u>
Other comprehensive income for the year		3,716	(6,296)
Total comprehensive income for the year		14,186	2,425

All the activities of the group are from continuing operations.

The notes on pages 12 to 34 form part of these financial statements.

NUMATIC INTERNATIONAL LIMITED
Consolidated Statement of Financial Position
31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Intangible assets	12	72	89
Tangible assets	13	<u>36,076</u>	<u>29,801</u>
		36,148	29,890
Current assets			
Stocks	15	19,525	20,087
Debtors	16	19,820	18,856
Cash at bank and in hand	17	<u>22,448</u>	<u>20,259</u>
		61,793	59,202
Creditors: amounts falling due within one year	18	<u>19,025</u>	<u>19,018</u>
Net current assets		42,768	40,184
Total assets less current liabilities		78,916	70,074
Creditors: amounts falling due after more than one year	19	4,334	5,394
Provisions			
Taxation including deferred tax	22	13	-
Other provisions	22	<u>1,705</u>	<u>1,798</u>
		1,718	1,798
Net assets excluding defined benefit pension plan liability		72,864	62,882
Defined benefit pension plan liability	23	<u>5,404</u>	<u>9,608</u>
Net assets including defined benefit pension plan liability		67,460	53,274
Capital and reserves			
Called up share capital	25	5,000	5,000
Profit and loss account	26	<u>62,460</u>	<u>48,274</u>
Shareholder funds		67,460	53,274

These financial statements were approved and signed by the director and authorised for issue on 17 August 2016.


Mr C R Duncan
Director

Company registration number: 773331

The notes on pages 12 to 34 form part of these financial statements.

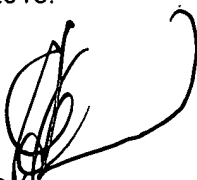
NUMATIC INTERNATIONAL LIMITED

Company Statement of Financial Position

31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Intangible assets	12	72	81
Tangible assets	13	31,089	24,656
Investments	14	3,215	3,783
		<u>34,376</u>	<u>28,520</u>
Current assets			
Stocks	15	13,221	14,730
Debtors	16	21,043	18,645
Cash at bank and in hand	17	20,454	18,769
		<u>54,718</u>	<u>52,144</u>
Creditors: amounts falling due within one year	18	<u>15,903</u>	<u>16,047</u>
Net current assets		<u>38,815</u>	<u>36,097</u>
Total assets less current liabilities		<u>73,191</u>	<u>64,617</u>
Creditors: amounts falling due after more than one year	19	3,090	3,933
Provisions			
Taxation including deferred tax	22	<u>173</u>	<u>133</u>
Net assets excluding defined benefit pension plan liability		<u>69,928</u>	<u>60,551</u>
Defined benefit pension plan liability	23	<u>5,404</u>	<u>9,608</u>
Net assets including defined benefit pension plan liability		<u>64,524</u>	<u>50,943</u>
Capital and reserves			
Called up share capital	25	5,000	5,000
Profit and loss account	26	59,524	45,943
Shareholder funds		<u>64,524</u>	<u>50,943</u>

These financial statements were approved and signed by the director and authorised for issue on 17 August 2016.



Mr C R Duncan
Director

Company registration number: 773331

The notes on pages 12 to 34 form part of these financial statements.

NUMATIC INTERNATIONAL LIMITED
Consolidated Statement of Changes in Equity
Year ended 31 December 2015

		Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2014		5,000	45,849	50,849
Profit for the year			8,721	8,721
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	23	–	(7,388)	(7,388)
Foreign currency retranslation		–	(335)	(335)
Tax relating to components of other comprehensive income	10	–	1,427	1,427
Total comprehensive income for the year		–	2,425	2,425
At 31 December 2014		5,000	48,274	53,274
Profit for the year			10,470	10,470
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	23	–	5,342	5,342
Foreign currency retranslation		–	(558)	(558)
Tax relating to components of other comprehensive income	10	–	(1,068)	(1,068)
Total comprehensive income for the year		–	14,186	14,186
At 31 December 2015		<u>5,000</u>	<u>62,460</u>	<u>67,460</u>

The notes on pages 12 to 34 form part of these financial statements.

NUMATIC INTERNATIONAL LIMITED

Company Statement of Changes in Equity

Year ended 31 December 2015

		Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2014		5,000	44,851	49,851
Profit for the year			7,053	7,053
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	23	—	(7,388)	(7,388)
Tax relating to components of other comprehensive income	10	—	1,427	1,427
Total comprehensive income for the year		—	1,092	1,092
At 31 December 2014		5,000	45,943	50,943
Profit for the year			9,307	9,307
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	23	—	5,342	5,342
Tax relating to components of other comprehensive income	10	—	(1,068)	(1,068)
Total comprehensive income for the year		—	13,581	13,581
At 31 December 2015		<u>5,000</u>	<u>59,524</u>	<u>64,524</u>

The notes on pages 12 to 34 form part of these financial statements.

NUMATIC INTERNATIONAL LIMITED

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Profit for the financial year		10,470	8,721
<i>Adjustments for:</i>			
Depreciation of tangible assets		3,132	2,740
Amortisation of intangible assets		15	18
Other interest receivable and similar income		(79)	(26)
Interest payable and similar charges		571	412
Loss/(gains) on disposal of tangible assets		51	(28)
Tax on profit on ordinary activities		2,445	1,278
Accrued expenses		403	78
FRS 102 Pension cost adjustment		(325)	(645)
Exchange differences arising on consolidation		(573)	(336)
Exchange rate adjustments on fixed assets		300	352
<i>Changes in:</i>			
Stocks		562	(1,598)
Trade and other debtors		(1,098)	136
Trade and other creditors		(1,041)	826
Provisions and employee benefits		(93)	(135)
Cash generated from operations		14,740	11,793
Interest paid		(159)	(218)
Interest received		79	26
Tax paid		(1,753)	(2,005)
Net cash from operating activities		12,908	9,596
Cash flows from investing activities			
Purchase of tangible assets		(9,805)	(3,610)
Proceeds from sale of tangible assets		47	96
Net cash used in investing activities		(9,758)	(3,514)
Cash flows from financing activities			
Proceeds from borrowings		(1,060)	(550)
Net cash used in financing activities		(1,060)	(550)
Net increase in cash and cash equivalents		2,090	5,532
Cash and cash equivalents at beginning of year		19,636	14,104
Cash and cash equivalents at end of year	17	21,726	19,636

The notes on pages 12 to 34 form part of these financial statements.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements

Year ended 31 December 2015

1. Statement of compliance

Numatic International Limited is a limited company incorporated in England. The Registered Office is Knoll House, Knoll Road, Camberley, Surrey, GU15 3SY.

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

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 30.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

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

Consolidation

The financial statements consolidate the financial statements of Numatic International Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. 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. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Lease commitments: The Group obtains use of property, plant and equipment as lessee through operating leases. The Group also acts as lessor under finance leases on property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

The following are the Group's key sources of estimation uncertainty:

Pension benefits:

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates and retail price inflation. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 23.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income 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.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Income 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.

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.

Amortisation

Amortisation 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:

Goodwill	- 5 or 15 years
Patents	- Between 10 and 20 years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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:

Freehold Property	- 2% per annum straight line (France 15 years)
Plant & Machinery	- On a straight line monthly basis over the first 6 years to 10% of cost, thereafter its value in use is reassessed on an annual basis and 20% reducing balance (France over 5 and 10 years straight line)
Computer Equipment	- On a straight line basis over the first 3 years to 10% of cost, thereafter its value in use is reassessed on an annual basis (France between 3 and 5 years straight line)
Motor Vehicles	- 20%-33% per annum straight line
Tooling	- On a straight line monthly basis over 4 to 10 years

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

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. An impairment loss is reversed in a subsequent period if the reasons for the initial impairment loss have ceased to apply.

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.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. 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.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts as lessor are recognised in the statement of financial position as receivables at the value of the net investment in the lease. Any initial direct costs are included in the receivable.

Lease income is recognised so as to reflect a constant periodic rate of return on the net investment in the lease.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Financial instruments *(continued)*

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined benefit plans

The group operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the group.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the profit and loss account. Past service costs are recognised over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the profit and loss account as other finance costs or income. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme deficits are recognised in full on the balance sheet, net of related deferred tax.

The overseas subsidiary undertakings make contributions (where applicable) on behalf of their employees into private funds, contributions to these schemes are charged to the profit and loss account as they are incurred.

The parent undertaking also operates a defined contribution self-administered scheme for directors, contributions to this scheme are charged to the profit and loss account as they are incurred.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

3. Turnover

The turnover for the year was derived from the group's principal activity. In the opinion of the director all geographical markets are supplied under similar terms conditions and prices, and the products supplied form one class of business. Inter group trading is eliminated on consolidation. The director considers that any further disclosure in terms of turnover analysis would be commercially sensitive and therefore prejudicial to the group.

4. Other operating income

	2015 £000	2014 £000
Other operating income	<u>95</u>	<u>92</u>

5. Operating profit

Operating profit or loss is stated after charging:

	2015 £000	2014 £000
Amortisation of intangible assets	15	18
Depreciation of tangible assets	3,132	2,740
Loss/(gains) on disposal of tangible assets	51	(28)
Research and development expenditure written off	854	1,035
Operating lease rentals	405	358
Foreign exchange differences	34	20
Pension cost charge	<u>2,729</u>	<u>2,378</u>

6. Auditor's remuneration

	2015 £000	2014 £000
Fees payable to Stewart & Co		
Fees payable for the audit of the financial statements	<u>64</u>	<u>64</u>

	2015 £000	2014 £000
Fees payable to overseas auditors		
Fees payable for the audit of the financial statements	<u>83</u>	<u>74</u>

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

7. Staff costs

The average number of persons employed by the group during the year, including the director, amounted to:

	2015 No.	2014 No.
Production staff	690	665
Administrative staff	263	242
	<u>953</u>	<u>907</u>

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

	2015 £000	2014 £000
Wages and salaries	32,322	29,917
Social security costs	2,025	1,895
Other pension costs	2,729	2,378
	<u>37,076</u>	<u>34,190</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 9), and amounts recognised in the statement of other comprehensive income.

8. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2015 £000	2014 £000
Remuneration	<u>831</u>	<u>520</u>

Remuneration of the highest paid director in respect of qualifying services:

	2015 £000	2014 £000
Aggregate remuneration	<u>831</u>	<u>520</u>

9. Interest payable and similar charges

	2015 £000	2014 £000
Net finance costs in respect of defined benefit pension plans	412	194
Other interest payable and similar charges	159	218
	<u>571</u>	<u>412</u>

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

10. Tax on profit on ordinary activities

Major components of tax expense

	2015 £000	2014 £000
Current tax:		
UK current tax expense	1,982	1,348
Adjustments in respect of prior periods	–	(192)
Total UK current tax	1,982	1,156
Foreign current tax expense	316	328
Total current tax	2,298	1,484
Deferred tax:		
Origination and reversal of timing differences	147	(206)
Tax on profit on ordinary activities	2,445	1,278

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 £1,068,000 (2014: £1,427,000 credit).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20% (2014: 21%).

	2015 £000	2014 £000
Profit on ordinary activities before taxation	12,915	9,999
Profit on ordinary activities by rate of tax	2,583	2,396
Adjustment to tax charge in respect of prior periods	–	(192)
Effect of expenses not deductible for tax purposes	29	46
Effect of capital allowances and depreciation	20	36
Effect of different UK tax rates on some earnings	29	37
Overseas taxation	316	328
Tax adjustment for overseas subsidiaries	(281)	(496)
Tax adjustment for pension costs under FRS102	17	(274)
Sundry tax adjusting items	(415)	(397)
Deferred tax on origination and reversal of timing differences	147	(206)
Tax on profit on ordinary activities	2,445	1,278

11. Profit for the year of the parent company

The profit for the financial year of the parent company was £9,307,000 (2014: £7,053,000).

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

12. Intangible assets

Group	Patents, trademarks and licences £000
Cost	
At 1 January 2015	167
Exchange adjustments	(5)
At 31 December 2015	162
Amortisation	
At 1 January 2015	78
Charge for the year	15
Exchange adjustments	(3)
At 31 December 2015	90
Carrying amount	
At 31 December 2015	72
At 31 December 2014	89
Company	Patents, trademarks and licences £000
Cost	
At 1 Jan 2015 and 31 Dec 2015	136
Amortisation	
At 1 January 2015	55
Charge for the year	9
At 31 December 2015	64
Carrying amount	
At 31 December 2015	72
At 31 December 2014	81

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

13. Tangible assets

Group	Land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Motor vehicles £000	Tooling £000	Total £000
Cost						
At 1 Jan 2015	27,329	13,824	4,251	671	9,326	55,401
Additions	4,931	2,536	1,052	261	1,025	9,805
Disposals	–	(327)	(400)	(48)	–	(775)
Transfers	214	(214)	–	–	–	–
Exchange adjustments	(254)	(118)	(89)	(109)	(12)	(582)
At 31 Dec 2015	<u>32,220</u>	<u>15,701</u>	<u>4,814</u>	<u>775</u>	<u>10,339</u>	<u>63,849</u>
Depreciation						
At 1 Jan 2015	6,361	9,359	3,119	475	6,286	25,600
Charge for the year	578	1,081	500	101	872	3,132
Disposals	–	(229)	(399)	(49)	–	(677)
Transfers	45	(45)	–	–	–	–
Exchange adjustments	(75)	(61)	(59)	(78)	(9)	(282)
At 31 Dec 2015	<u>6,909</u>	<u>10,105</u>	<u>3,161</u>	<u>449</u>	<u>7,149</u>	<u>27,773</u>
Carrying amount						
At 31 Dec 2015	<u>25,311</u>	<u>5,596</u>	<u>1,653</u>	<u>326</u>	<u>3,190</u>	<u>36,076</u>
At 31 Dec 2014	<u>20,968</u>	<u>4,465</u>	<u>1,132</u>	<u>196</u>	<u>3,040</u>	<u>29,801</u>

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

13. Tangible assets *(continued)*

Company	Land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Motor vehicles £000	Tooling £000	Total £000
Cost						
At 1 Jan 2015	22,439	11,554	3,175	53	9,200	46,421
Additions	4,893	2,183	900	6	1,020	9,002
Disposals	–	(133)	(363)	(6)	–	(502)
Transfers	214	(214)	–	–	–	–
At 31 Dec 2015	27,546	13,390	3,712	53	10,220	54,921
Depreciation						
At 1 Jan 2015	4,925	8,179	2,409	52	6,200	21,765
Charge for the year	483	787	385	–	864	2,519
Disposals	–	(84)	(362)	(6)	–	(452)
Transfers	45	(45)	–	–	–	–
At 31 Dec 2015	5,453	8,837	2,432	46	7,064	23,832
Carrying amount						
At 31 Dec 2015	22,093	4,553	1,280	7	3,156	31,089
At 31 Dec 2014	17,514	3,375	766	1	3,000	24,656

14. Investments

The group has no investments.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

14. Investments *(continued)*

Company	Shares in group undertakings £000
Cost	
At 1 January 2015	10,167
Additions	77
At 31 December 2015	10,244
Impairment	
At 1 January 2015	6,384
Impairment losses	766
Reversal of impairment losses	(121)
At 31 December 2015	7,029
Carrying amount	
At 31 December 2015	3,215
At 31 December 2014	3,783

Impairment has been recognised where the value of the investments in Numatic International SAS, Numatic International B.V., Numatic International (Proprietary) Ltd and Numatic International ULDA were found to be disproportionate to their net asset value.

All subsidiary undertakings are involved in the sale and distribution of group and associated products.

The increased investment in subsidiary undertakings relates to the capital investment in a Portuguese subsidiary undertaking Numatic International ULDA.

In the parent company financial statements investments in subsidiaries are accounted for at cost less impairment.

All subsidiary undertakings are included in the consolidated accounts.

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Numatic International SAS	France	Ordinary	100
Numatic International GmbH	Germany	Ordinary	100
Numatic International B.V.	Netherlands	Ordinary	100
Numatic International (Proprietary) Ltd	South Africa	Ordinary	100
Numatic International Schweiz AG	Switzerland	Ordinary	100
Numatic International ULDA	Portugal	Ordinary	100

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

15. Stocks

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Raw materials and consumables	9,238	11,005	9,238	11,005
Work in progress	977	1,062	977	1,062
Finished goods and goods for resale	9,280	7,990	2,976	2,633
Small tools	30	30	30	30
	<u>19,525</u>	<u>20,087</u>	<u>13,221</u>	<u>14,730</u>

16. Debtors

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Trade debtors	16,212	15,352	10,901	9,789
Amounts owed by group undertakings	—	—	9,486	8,279
Deferred tax asset (note 21)	—	134	—	—
Assets held under finance leases and hire purchase contracts	374	148	—	—
Prepayments and accrued income	716	607	656	577
Other debtors	2,518	2,615	—	—
	<u>19,820</u>	<u>18,856</u>	<u>21,043</u>	<u>18,645</u>

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

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Assets held under finance leases and hire purchase contracts	234	54	—	—

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2015	2014
	£000	£000
Cash at bank and in hand	22,448	20,259
Bank overdrafts	(722)	(623)
	<u>21,726</u>	<u>19,636</u>

18. Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bank loans and overdrafts	722	623	24	108
Trade creditors	7,943	8,768	7,169	7,983
Accruals and deferred income	6,673	6,270	6,372	5,962
Corporation tax	982	436	982	436
Social security and other taxes	1,558	1,746	1,356	1,558
Other creditors	1,147	1,175	—	—
	<u>19,025</u>	<u>19,018</u>	<u>15,903</u>	<u>16,047</u>

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

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

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bank loans and overdrafts	<u>4,334</u>	<u>5,394</u>	<u>3,090</u>	<u>3,933</u>

Included within creditors: amounts falling due after more than one year is an amount of £812,000 (2014: £926,000) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The amounts falling due for payment after more than five years are mortgages with repayment terms between 20 and 25 years and interest rates between 3.54% and 5.58%.

20. Finance leases and hire purchase contracts

As lessor

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Gross investment in finance leases	434	158	—	—
Less : unearned finance income	<u>(60)</u>	<u>(10)</u>	<u>—</u>	<u>—</u>
Present value of minimum lease payments	<u>374</u>	<u>148</u>	<u>—</u>	<u>—</u>

Group and company

The gross investment in finance leases and present value of minimum lease payments receivable are aged as follows at the year end:

	Gross investment		Present value of minimum lease payments	
	2015	2014	2015	2014
	£000	£000	£000	£000
Not later than 1 year	170	102	140	94
Later than 1 year and not later than 5 years	<u>264</u>	<u>56</u>	<u>234</u>	<u>54</u>
	<u>434</u>	<u>158</u>	<u>374</u>	<u>148</u>

The group entered into finance leasing arrangements for use of its equipment, with lease terms between 2 and 3 years.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Included in debtors (note 16)	–	134	–	–
Included in provisions (note 22)	<u>(13)</u>	<u>–</u>	<u>(173)</u>	<u>(133)</u>

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

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Accelerated capital allowances	(173)	(133)	(173)	(133)
Other timing differences	<u>160</u>	<u>267</u>	<u>–</u>	<u>–</u>
	<u>(13)</u>	<u>134</u>	<u>(173)</u>	<u>(133)</u>

22. Provisions

Group	Deferred tax	Other	Total
	(note 21)	provisions	
	£000	£000	£000
At 1 January 2015	(134)	1,798	1,664
Additions	39	–	39
Charge against provision	108	(93)	15
At 31 December 2015	<u>13</u>	<u>1,705</u>	<u>1,718</u>

Company	Deferred tax
	(note 21)
	£000
At 1 January 2015	133
Additions	40
At 31 December 2015	<u>173</u>

Other provisions at a group level relate to misappropriation of assets at an overseas subsidiary. Legal avenues continue to be pursued for recovery or compensation and until these are concluded the assets continue to be shown as recoverable at subsidiary level hence the need to provide for them at group level. Management remains optimistic of securing financial redress and to the extent they do provisions may be reversed in future accounting periods.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

23. Employee benefits

Defined benefit plans

The group operates a number of pension schemes for its employees.

Defined benefit pension scheme (company only)

Employees contribute 7% of salary (2014: 7%) with the balance of required contributions being met by the company (15% of pensionable salaries at the balance sheet date). An actuary reviews the assets and liabilities of the scheme on a triennial basis for funding purposes, the last valuation being as at 1 April 2015. Interim valuations will continue to be performed at the end of each accounting year for the purposes of FRS 102 disclosures.

The actuarial assessment considers the assets and liabilities at the date of calculation and forecasts assets and liabilities in the future according to a set of assumptions, the most important of which are the rate of return on the assets and the rate of increase in remuneration and pensions.

At the date of the last full valuation in 2015, the actuarial valuation of the assets was £49,310,000 and of the liabilities £56,065,000, representing a shortfall of £6,755,000 and a funding level of 88%. This underfunding is being reduced by adjusting the employer's deficit-contribution £773,651 per annum for the year to 31 December 2016 and thereafter. The employer's contribution to provide benefits accruing in the future remains 15% of pensionable salaries.

The position will be reviewed at the next actuarial valuation, which should have an effective date not more than three years from the date of the latest valuation.

The statement of financial position net defined benefit liability is determined as follows:

	2015 £000	2014 £000
Present value of defined benefit obligations	(56,065)	(60,288)
Fair value of plan assets	49,310	48,278
	(6,755)	(12,010)
Related deferred tax asset	1,351	2,402
	<u>(5,404)</u>	<u>(9,608)</u>

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

	2015 £000
At 1 January 2015	60,288
Current service cost	1,150
Interest expense	2,205
Benefits paid	(1,809)
Contributions by plan participants	444
Remeasurements:	
Actuarial gains and losses	(6,213)
At 31 December 2015	<u>56,065</u>

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

23. Employee benefits *(continued)*

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

	2015 £000
At 1 January 2015	48,278
Interest income	1,793
Benefits paid	(1,809)
Contributions by employer	1,705
Contributions by plan participants	444
Scheme expenses	(230)
Remeasurements:	
Actuarial gains and losses	—
Return on plan assets, excluding amount included in interest income	(871)
At 31 December 2015	49,310

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

	2015 £000	2014 £000
Recognised in profit or loss:		
Current service cost	1,150	906
Net interest expense	412	194
Scheme expenses	230	159
	<u>1,792</u>	<u>1,259</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	6,213	(9,982)
Return on plan assets, excluding amounts included in net interest	(871)	2,594
	<u>5,342</u>	<u>(7,388)</u>

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

	2015 %	2014 %
Equity instruments	80.00	79.00
Debt instruments	19.00	20.00
Cash and cash equivalents	1.00	1.00

The pension scheme has not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The return on plan assets are as follows:

	2015 £000	2014 £000
Return on assets of benefit plan	<u>922</u>	<u>4,588</u>

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

23. Employee benefits *(continued)*

The principal actuarial assumptions as at the statement of financial position date were:

	2015	2014
	%	%
Discount rate	4.00	3.70
Expected rate of salary increase	3.70	3.60
Expected rate of increase in pensions	3.10	3.10
Inflation assumption	3.20	3.10
Mortality rates:		
Current pensioners at 65 - male	86.00	86.30
Current pensioners at 65 - female	87.90	88.20
Future pensioners at 65 - male	87.30	87.50
Future pensioners at 65 - female	<u>89.40</u>	<u>89.70</u>

Other pension schemes

The overseas subsidiary undertakings make contributions into employees' personal pension schemes.

Total pension costs

The total pension cost charge represents contributions payable by the group to the funds and amounted to £2,729,000 (2014: £2,378,000), including contributions payable by overseas subsidiary undertakings. All contributions deducted from employees and payable by the employer have been paid to the UK schemes.

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2015	2014
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>16,648</u>	<u>15,567</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(12,661)</u>	<u>(14,557)</u>

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. No transactions have been deferred beyond normal credit terms or financed at non-market rates of interest. The cumulative amortisation on the recognised financial assets and liabilities is £nil (2014: £nil).

25. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000</u>	<u>5,000,000</u>	<u>5,000</u>

26. Reserves

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

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

27. Operating leases

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

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Not later than 1 year	891	820	432	366
Later than 1 year and not later than 5 years	1,165	1,290	672	504
Later than 5 years	7	—	7	—
	<u>2,063</u>	<u>2,110</u>	<u>1,111</u>	<u>870</u>

28. Charges on assets

Bank borrowings covering the bank treasury loan and the overdraft facility are secured by specific legal charges over freehold land and property.

29. Related party transactions

Company

The company was under the control of Mr C R Duncan throughout the current and previous year. Mr C R Duncan is the director and sole shareholder.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the group. The director and sole shareholder, Mr C R Duncan, is considered to be key management personnel of the group. Total remuneration is disclosed in note 8.

30. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 January 2014.

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

30. Transition to FRS 102 *(continued)*

Reconciliation of equity

Group	1 January 2014			31 December 2014		
	As previously stated £000	Effect of transition £000	FRS 102 (as restated) £000	As previously stated £000	Effect of transition £000	FRS 102 (as restated) £000
Fixed assets	29,459	–	29,459	29,890	–	29,890
Current assets	53,717	–	53,717	59,202	–	59,202
Creditors:						
amounts falling due within one year	(20,274)	–	(20,274)	(19,018)	–	(19,018)
Net current assets	33,443	–	33,443	40,184	–	40,184
Total assets less current liabilities	62,902	–	62,902	70,074	–	70,074
Creditors:						
amounts falling due after more than one year	(5,944)	–	(5,944)	(5,394)	–	(5,394)
Provisions	(2,101)	–	(2,101)	(1,798)	–	(1,798)
Defined benefit pension plan liability	(4,008)	–	(4,008)	(9,608)	–	(9,608)
Net assets including defined benefit pension plan liability	50,849	–	50,849	53,274	–	53,274
Capital and reserves	50,849	–	50,849	53,274	–	53,274

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

30. Transition to FRS 102 *(continued)*

Reconciliation of equity

Company	1 January 2014			31 December 2014		
	As previously stated £000	Effect of transition £000	FRS 102 (as restated) £000	As previously stated £000	Effect of transition £000	FRS 102 (as restated) £000
Fixed assets	34,283	(6,499)	27,784	28,406	114	28,520
Current assets	47,630	—	47,630	52,144	—	52,144
Creditors:						
amounts falling due within one year	(17,484)	—	(17,484)	(16,047)	—	(16,047)
Net current assets	30,146	—	30,146	36,097	—	36,097
Total assets less current liabilities	64,429	(6,499)	57,930	64,503	114	64,617
Creditors:						
amounts falling due after more than one year	(3,952)	—	(3,952)	(3,933)	—	(3,933)
Provisions	(119)	—	(119)	(133)	—	(113)
Defined benefit pension plan liability	(4,008)	—	(4,008)	(9,608)	—	(9,608)
Net assets including defined benefit pension plan liability	56,350	(6,499)	49,851	50,829	114	50,943
Capital and reserves	56,350	(6,499)	49,851	50,829	114	50,943

NUMATIC INTERNATIONAL LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

30. Transition to FRS 102 *(continued)*

Reconciliation of profit or loss for the year

	Year ended 31 December 2014		
	As previously stated £000	Effect of transition £000	FRS 102 (as restated) £000
Turnover	129,143	–	129,143
Cost of sales	(83,515)	(852)	(84,367)
Gross profit	45,628	(852)	44,776
Distribution costs	(2,439)	–	(2,439)
Administrative expenses	(32,044)	–	(32,044)
Other operating income	92	–	92
Operating profit	11,237	(852)	10,385
Other interest receivable and similar income	26	–	26
Interest payable and similar charges	(412)	–	(412)
Tax on profit on ordinary activities	(1,448)	170	(1,278)
Profit for the financial year	9,403	(682)	8,721

Defined benefit pension scheme: There is a presentation change under FRS 102 whereby net interest on the net defined benefit pension liability is presented in the profit and loss account using the liability discount rate. Under previous UK GAAP the interest on the expected return on net assets was calculated using an expected asset return discount rate. This had no impact on shareholders equity on transition but affects the allocation of interest between the profit and loss account and other comprehensive income.

Net interest on net defined pension liability: Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate. FRS 102 requires that the net interest on the net defined benefit liability is calculated using the liability discount rate for the scheme. As such there was a decrease in profit arising from this adjustment which was offset by a corresponding increase in other comprehensive income.

Impairment of subsidiaries: The parent company has, under FRS 102, adopted a policy of cost less impairment for its subsidiary undertakings. As such on transition there has been an impairment recognised on the investments as at 31 December 2013, and subsequent reversal of impairment for the year ended 31 December 2014, shown in amounts written back to investments within the parent company profit and loss account.