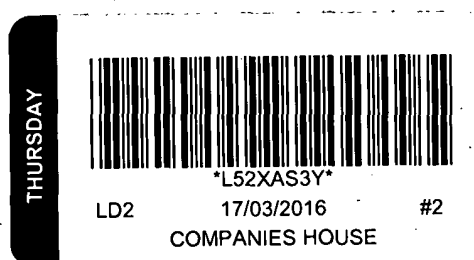


Lombard Pressings Limited
Registered Number 01104650

Annual report and financial statements for the year ended 31 December 2015



Lombard Pressings Limited

Contents	Page
Officers and professional advisers	3
Strategic report	4
Directors' report	5
Directors' responsibilities statement	6
Independent auditor's report	7
Statement of other comprehensive income, incorporating the profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

Lombard Pressings Limited
Officers and Professional Advisers

Directors

Giles Hudson
Edward Ufland
Philip Deakin
MaryAnn Spiegel

Company Secretary

S&J Registrars Limited

Registered Office

13th Floor
5 Aldermanbury Square
London EC2V 7HR

Independent Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

Lombard Pressings Limited

Strategic Report

for the year ended 31 December 2015

The directors present their strategic report for Lombard Pressings Limited for the year ended 31 December 2015. The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Results and dividends

The profit for the year after tax was £219,000 (2014: loss £284,000). The directors do not recommend the payment of a dividend (2014: £nil).

Business review and principal activities

The principal activity of the company is the holding of intangible assets used in the production and sale of products and components.

The turnover of £769,000 (2014: £795,000) for the year is marginally lower than last year. The only expense incurred relates to the amortisation of the intangible asset from which the turnover is derived. With effect from 1 January 2015 the royalty agreement with another company outside the UK was terminated. At the year end, the company held net assets of £23,024,000 (2014: £22,806,000). The company expects the general level of activity to be maintained in the forthcoming year.

Principal risks and uncertainties

The company's success is dependant on the performance of those businesses to whom it has licensed the intellectual property. They all operate in highly competitive markets which could result in losing sales to their competitors.

Key performance indicators (KPIs)

The main indicator that the management measure is the performance of the intellectual property rights. Management regularly review the performance of those companies that have a licence for the intellectual property.

Management measure the performance of this KPI by monitoring the operating profit of the entity. Operating profit for the year was £298,000 (2014: loss of £193,000). At 31 December 2015, the value of the intellectual property was £1,890,000. The company has entered into a licence agreement with a related company. Management expect that the royalty received from the licensee will be at least equal to this value.

On behalf of the board
Mr. G Hudson
Director
15 March 2016

Lombard Pressings Limited

Directors' Report for the year ended 31 December 2015

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditor's report, for the year ended 31 December 2015.

Principal Activity

The principal activity of the company is the holding of intangible assets used in the production and sale of products and components.

Financial risk management policies

The directors are very aware of the need to review all aspects of risk (and annually carry out a detailed internal risk assessment analysis on all aspects of the business), which are likely to affect the financial stability of the company, whether it be from either the sales or the cost side of the business. Although the general economy has improved, the risk of global recession is still a potential risk; therefore the management of company feels it is vitally important to continue with the need to reassess operating procedures and processes of the company.

The company's principal financial assets are bank balances. The company has policies in place to ensure that deposits are placed with high-credit quality banks.

Going Concern

The company has both positive net assets and net current assets as set out in the balance sheet on page 11. In addition, the company has a substantial cash balance, it consequently has sufficient cash resources to meet any reasonably foreseeable obligation despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who served during the year and up to the date of signing were as follows:

Giles Hudson
Edward Ufland
Philip Deakin
Mary Ann Spiegel

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors propose to reappoint Deloitte LLP as the auditor for the ensuing year.

Deloitte LLP have expressed their willingness to continue in office as the auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the board

Mr. G Hudson
Director

15 March 2016

Lombard Pressings Limited

Directors' Responsibilities Statement for the year ended 31 December 2015

The directors are responsible for preparing the Annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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: 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 proper adequate 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.

Lombard Pressings Limited

Independent auditor's report for the year ended 31 December 2015

To the members of Lombard Pressings Limited

We have audited the financial statements of Lombard Pressings Limited for the year ended 31 December 2015 which comprise the statement of other comprehensive income incorporating the profit and loss account, the balance sheet, the statement of changes in equity and the related notes numbered 1 to 12. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.



Andrew Hornby (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

15/03/2016

Lombard Pressings Limited

The Statement of Other Comprehensive Income, incorporating the Profit and Loss Account

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	3	769	795
Cost of sales		<u>(471)</u>	<u>(988)</u>
Gross profit/ (loss)		<u>298</u>	<u>(193)</u>
Operating profit/ (loss)		<u>298</u>	<u>(193)</u>
Intercompany interest receivable		<u>96</u>	<u>102</u>
Profit/ (loss) on ordinary activities before taxation	4	<u>394</u>	<u>(91)</u>
Tax on profit/ (loss) on ordinary activities	6	<u>(175)</u>	<u>(193)</u>
Profit/ (loss) on ordinary activities after taxation		<u>219</u>	<u>(284)</u>
Other comprehensive income		-	-
Total profit/(loss) for the year		<u>219</u>	<u>(284)</u>

The results reported above are all derived from continuing operations.

The notes 1 to 12 form part of the financial statements.

Lombard Pressings Limited

Balance Sheet

As at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intellectual property	7	1,890	2,362
Goodwill	7	-	-
Intangible assets		<u>1,890</u>	<u>2,362</u>
Current assets			
Debtors: amounts falling due within the year	8	281	-
Cash at bank and in hand		<u>21,028</u>	<u>20,671</u>
		21,309	20,671
Creditors: Amounts falling due within one year	9	(175)	(227)
Net current assets		<u>21,134</u>	<u>20,444</u>
Total assets less current liabilities		<u>23,024</u>	<u>22,806</u>
Capital and reserves			
Called-up share capital	10	-	-
Capital redemption reserve		21	21
Profit and loss account		<u>23,004</u>	<u>22,785</u>
Shareholder's funds		<u>23,024</u>	<u>22,806</u>

The notes 1 to 12 form part of the financial statements.

The financial statements of Lombard Pressings Limited, registered number 01104650, were approved and authorised for issue by the board of directors and signed on its behalf by:

On behalf of the board

Mr. G Hudson

Director

15

March 2016

Lombard Pressings Limited

Statement of changes in equity

As at 31 December 2015

	Called-up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	-	21	23,069	23,090
Loss for the financial year	-	-	(284)	(284)
Total comprehensive income for the year	-	-	(284)	(284)
At 31 December 2014	-	21	22,785	22,806
At 1 January 2015	-	21	22,785	22,806
Loss for the financial year	-	-	219	219
Total comprehensive income for the year	-	-	219	219
At 31 December 2015	-	21	23,004	23,025

The notes 1 to 12 form part of the financial statements.

Lombard Pressings Limited

Notes to the financial statements for the year ended 31 December 2015

I Statement of accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Lombard Pressings Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on page 3. The nature of the company's operations and its principal activities are set out in the director's report on page 5.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, the Financial Standard applicable in the United Kingdom. There have been no changes in accounting policy that have impacted the financial statements as a result of the adoption of FRS 102 - more detail is given in note 11.

The functional currency of Lombard Pressings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out below.

Qualifying entity disclosure exemptions

In preparing the financial statements of the company, advantage has been taken of the disclosure exemption for qualifying entities. Lombard Pressings Limited is a qualifying entity as it is a member of a group whose parent prepares publically available consolidated financial statements which includes the results of the company (further details in note 10). Therefore Lombard Pressings Limited has claimed the available exemption not to present a cash flow statement and to disclose key management personnel total compensation.

Going concern

The company has both positive net assets and net current assets as set out in the balance sheet on page 9. In addition, the company has a substantial cash balance, it consequently has sufficient cash resources to meet any reasonably foreseeable obligation despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses (including on hive up), represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. It is capitalised and written off on a straight line basis over its useful economic life, which is between 15 to 20 years. Provision is made for any impairment.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Intangible assets - intellectual property

Intellectual property is included at cost and amortised using the straight-line method over a period of 20 years which is its useful economic life. The useful economic life equates to the length of time that the royalty agreement is in place with the licensee. The directors periodically review the value of intellectual property rights with a view to future royalty income and should the need arise, provision is made for any impairment.

Lombard Pressings Limited

Notes to the financial statements (continued) **for the year ended 31 December 2015**

1 Statement of accounting policies (continued)

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current UK, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Lombard Pressings Limited

Notes to the financial statements

for the year ended 31 December 2015

1 Statement of accounting policies (continued)

Turnover

Turnover is stated net of VAT and trade discounts.

Turnover represents royalty income receivable. By its nature royalty income is only recorded to the extent that related cash has been received or is known to be receivable.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimations and uncertainty regarding intangibles

Determining the value of intangibles, the useful economic lives and whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the intangibles has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of intangibles at the balance sheet date was £1,375,000 (2014: £2,362,000) after an impairment loss of £nil (2014: £nil) was recognised during the year.

3 Turnover

The company's turnover arose exclusively from royalty income.

An analysis of company's turnover by geographical market is set out below.

	2015	2014
	£'000	£'000
United Kingdom	768	779
Rest of Europe	1	16
	<u>769</u>	<u>795</u>

Lombard Pressings Limited

Notes to the financial statements for the year ended 31 December 2015

4 Profit/ (loss) on ordinary activities before taxation

Operating profit/ (loss) is stated after charging:

	2015	2014
	£'000	£'000
Amortisation charged to cost of sales	471	988

Audit fees are borne by another group company. The audit fee for the year, if allocated to the company, would be £4,000 (2014: £4,000).

5 Staff costs and directors' emoluments

There were no employees of the company during either year.

Three directors (2014: four) are also directors of ITW Limited, a fellow group company. ITW Limited paid the directors £718,707 (2014: £958,717) of emoluments and the directors accrued benefits under a defined benefit scheme. The directors' emoluments have not been apportioned between each fellow group company for which the director acted. The emoluments of the highest paid director were £389,269 (2014: £434,070) and the accrued pension entitlement under the company's defined benefit schemes of the highest paid director at 31 December 2015 was £27,808 (2014: £23,963).

6 Tax on profit/ (loss) on ordinary activities

The corporation tax charge comprises:

	2015	2014
	£'000	£'000
Current tax on profit on ordinary activities		
UK corporation tax	175	193
Total current tax	175	193
Total tax on profit on ordinary activities	175	193

The standard rate of tax applied to reported profit on ordinary activities is 20.25% (2014: 21.5%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2013 on 2 July 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to profit before tax is as follows:

	2015	2014
	£'000	£'000
Profit/ (loss) on ordinary activities before taxation	394	(91)
Tax credit on profit/ (loss) on ordinary activities at effective UK corporation tax rate of 20.25% (2014: 21.5%)	80	(19)
Expenses not deductible for tax purposes	95	212
Total tax charge for year	175	193

Lombard Pressings Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Intangible fixed assets

	Intellectual property £000	Goodwill £000	Total £000
Cost			
At 1 January 2015 and 31 December 2015	25,824	5,827	31,651
Impairment			
At 1 January 2015 and 31 December 2015	1,700	-	1,700
Amortisation			
At 1 January 2015	21,762	5,827	27,589
Charge for the year	471	-	471
At 31 December 2015	22,233	5,827	28,060
Net book value			
At 31 December 2015	1,891	-	1,891
At 31 December 2014	2,362	-	2,362

The Rocol customer base intangible, which was purchased in 1999, is considered material to the company. The carrying amount as at 31 December 2015 was £1,891,000 (2014: £2,362,000) and the brand has an estimated remaining useful life of 4 years.

8 Debtors

	2015 £'000	2014 £'000
Amounts owed by group undertakings	281	-
	281	-

9 Creditors: Amounts falling due within one year

	2015 £'000	2014 £'000
VAT	-	36
UK corporation tax	175	191
	175	227

Lombard Pressings Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

10 Called-up share capital and reserves

	2015	2014
	£	£
Called-up, allotted and fully paid - 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

The capital redemption reserve is a non-distributable reserve into which amounts were transferred following the redemption or purchase of the company's own shares.

The profit and loss reserve represents cumulative profits, losses and other comprehensive income made by the company, as well as distributions and other adjustments.

11 Ultimate parent undertaking

The company's immediate parent company is International Leasing Company, a company incorporated in Delaware, USA.

The ultimate parent company is Illinois Tool Works Inc., a company incorporated in Delaware, USA.

The smallest and largest group in which the results of the company are consolidated is that headed by Illinois Tool Works Inc.. Copies of these financial statements are available from Illinois Tool Works Inc., 3600 West Lake Avenue, Glenview, Illinois, 60025, United States of America.

12 Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosure is required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014.

Reconciliation of equity

	At 1 January 2014	At 31 December 2014
	£'000	£'000
Equity reported under previous UKGAAP	23,090	22,806
Adjustments to equity on transition to FRS 102	-	-
Equity reported under FRS 102	<u>23,090</u>	<u>22,806</u>

Reconciliation of profit or loss for 2014

Loss for the financial year under previous UK GAAP	(284)
Adjustments to profit or loss on transition to FRS 102	-
Loss for the financial year under FRS 102	<u>(284)</u>