

Roballo Engineering Company Limited
Directors' report and financial statements
for the year ended 30 September 2012

Registered number 01234841



Roballo Engineering Company Limited

Directors' report and financial statements for the year ended 30 September 2012

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Roballo Engineering Company Limited

Directors' report for the year ended 30 September 2012

The directors present their annual report and audited financial statements of the company for the year ended 30 September 2012

Principal activities

The principal activities of the company during the year were the manufacture and sale of slewing rings and other bearings

Business review

The profit and loss account on page 6 of the financial statements shows the company's result for the year ended 30 September 2012. The balance sheet on page 7 of the financial statements shows the company's financial position at the year end.

The company has continued to invest in capital equipment and manufacturing capacity to deliver growth for the business into the future.

Future development

There have not been any changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Activity levels into the new financial year continue to be impacted upon by the global economic downturn with sales in 2013 expected to be similar to those in 2012.

Principal risks and uncertainties

Competitive pressure in Europe and the rest of the world are a continuing risk to the company which could result in the loss of key customers. The company manages this risk by providing, not only a quality product, but other added value services to its customers.

Financial risk management

The company's operations expose it to certain financial risks such as currency fluctuation and credit risk.

Currency fluctuation

The company's sales in the United Kingdom and overseas are to some extent in euros and it is therefore exposed to the movement in exchange rates. This is partially mitigated by the fact that the company also purchases components in the same foreign currency. The company, to further mitigate the risk, also utilises forward currency contracts and a foreign currency bank account.

Credit risks

The company utilises credit insurance cover on 95% of its non-group customers and continues to actively manage its credit risk across the customer base.

Environment

The company is ISO14001 approved and recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce the effects that might be caused by the company's activities. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling, energy consumption.

Roballo Engineering Company Limited

Director's report for the year ended 30 September 2012 (continued)

Dividends

The directors have proposed a final ordinary dividend in respect of the current financial year of £ Nil per ordinary share, totalling £ Nil (2011 £ Nil per ordinary share, totalling £ Nil)

No dividends were paid during the year in respect of the previous year ended 30 September 2011 (2011 £137,000 paid in respect of the year ended 30 September 2010)

Directors

The directors who held office during the year, and up to the date of signing these financial statements, were as follows

W Schulte

J Wozniak

EF Flood

A Schuppert Chairman

Statement of directors' responsibilities

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 prepared 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 and 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 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, 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.

Roballo Engineering Company Limited

Director's report for the year ended 30 September 2012 (continued)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

A handwritten signature in black ink, appearing to read 'J Cripps', is written over the printed name.

J Cripps
Company secretary
26 June 2013

Roballo Engineering Company Limited

Independent auditors' report to the members of Roballo Engineering Company Limited

We have audited the financial statements of Roballo Engineering Company Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities as set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

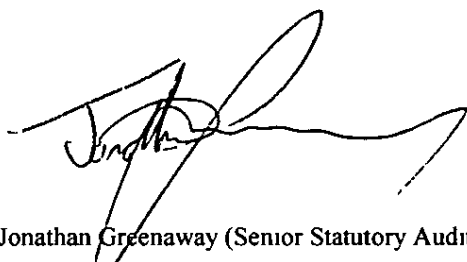
Roballo Engineering Company Limited

Independent auditors' report to the members of Roballo Engineering Company Limited (continued)

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



Jonathan Greenaway (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
26 June 2013

Roballo Engineering Company Limited

Profit and loss account for the year ended 30 September 2012

		2012	2011
	Note	£'000	£'000
Turnover	2	11,835	11,469
Cost of sales		(10,901)	(10,472)
Gross profit		934	997
Distribution costs		(607)	(612)
Administrative expenses		(493)	(492)
Other operating income		-	7
Operating loss		(166)	(100)
Interest receivable and similar income	6	17	17
Interest payable and similar charges	7	(76)	(34)
Other finance costs	8	21	(52)
Loss on ordinary activities before taxation	3	(204)	(169)
Tax on loss on ordinary activities	9	(212)	(10)
Loss for the financial year	17	(416)	(179)

The results of the company for the current and prior year arose entirely from continuing operations

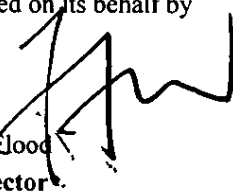
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

Roballo Engineering Company Limited

Balance sheet as at 30 September 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	11	4,248	4,739
Current assets			
Stocks	12	2,141	2,462
Debtors	13	2,314	2,385
Cash at bank and in hand		325	456
		4,780	5,303
Creditors: amounts falling due within one year	14	(3,693)	(4,061)
Net current assets		1,087	1,242
Total assets less current liabilities		5,335	5,981
Provisions for liabilities	15	(202)	(48)
Net assets excluding pension liability		5,133	5,933
Pension liability	21	(389)	(455)
Net assets including pension liability		4,744	5,478
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	3,744	4,478
Total shareholders' funds	18	4,744	5,478

The financial statements on pages 6 to 25 were approved by the Board of directors on 25 June 2013 and were signed on its behalf by


EF Flood
Director

Registered number: 01234841

Roballo Engineering Company Limited

Statement of total recognised gains and losses for the year ended 30 September 2012

	Note	2012 £'000	2011 £'000
Loss for the financial year		(416)	(179)
Actuarial losses recognised on the pension scheme	21	(323)	(234)
Deferred tax arising on actuarial losses		81	61
Change in deferred tax rate on actuarial losses brought forward		(76)	(97)
Total recognised gains and losses for the financial year		(734)	(449)

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable accounting standards in the United Kingdom and under the historical cost accounting rules

The company meets its day to day working capital requirements through cash balances and group facilities. The current economic conditions create an element of uncertainty over demand for the company's products and services but the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to have a sufficient level of financial resources available through current facilities and therefore the directors believe that the company is well placed to manage its business risks successfully despite the economic uncertainty. In addition, the company has received assurances from ThyssenKrupp AG, the company's ultimate parent undertaking, that group finance facilities will continue to be made available to the company for a period of at least 12 months from the date of approval of these financial statements, sufficient for it to meet its liabilities as they fall due.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Under Financial Reporting Standard 1 (Revised 1996) 'Cash flow statements', the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of the parent undertaking that publishes its own consolidated financial statements.

As the company is a wholly owned subsidiary of ThyssenKrupp AG, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ThyssenKrupp AG, within which this company is included, can be obtained from the address given in note 22.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold buildings	- 4% per annum
plant and machinery	- 10% per annum
Fixtures and fittings and office equipment	- 20% per annum

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Leases

The company is not subject to any leases which entail taking substantially all the risks and rewards of ownership of an asset.

All leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Post retirement benefits

Defined contribution scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

Defined benefit scheme

The company also participates in the TKUK Defined Benefit Scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

Provision is included where necessary against slow moving, obsolete or defective stock.

Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is measured on an undiscounted basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of slewing rings and other bearings (including carriage but net of returns and trade discounts) to customers during the year.

Turnover is recognised upon dispatch of goods.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Derivative financial instruments

The company uses forward contracts to manage its exposure to foreign exchange rate fluctuations. Gains and losses on foreign currency forward contracts are recognised on maturity of the underlying transaction. Changes in the derivatives' fair value are not recognised.

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

2 Turnover

Turnover is attributable to one class of business, being the sale of slewing rings and other bearings

	2012	2011
	£'000	£'000
By geographical market		
United Kingdom	10,530	10,573
Europe	778	736
Rest of World	527	160
	11,835	11,469

3 Loss on ordinary activities before taxation

	2012	2011
	£'000	£'000
Loss on ordinary activities before taxation is stated:		
After charging		
Depreciation	544	513
Operating leases rentals – plant and machinery	33	45
Operating leases rentals – other assets	29	26
Net exchange losses	109	211
After crediting		
Other operating income – grant release	-	7
Auditors' remuneration		
Audit of these financial statements	18	18

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

4 Remuneration of directors

	2012	2011
	£'000	£'000
Aggregate emoluments	107	106

Retirement benefits are accruing to one (2011: one) director under a defined benefit scheme

5 Staff numbers and costs

The monthly average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2012	2011
	Number	Number
Production	44	44
Production administration	6	6
Administration and clerical	11	11
Sales and commercial	6	7
	67	68

The aggregate payroll costs of these persons were as follows

	2012	2011
	£'000	£'000
Wages and salaries	2,070	1,983
Social security costs	213	223
Other pension costs (note 21)	119	116
	2,402	2,322

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

6 Interest receivable and similar income

	2012	2011
	£'000	£'000
Interest on loans to group undertakings	17	17

7 Interest payable and similar charges

	2012	2011
	£'000	£'000
Interest payable on loans from group undertakings	76	34

8 Other finance costs

	2012	2011
	£'000	£'000
Expected return on pension scheme assets (note 21)	223	147
Interest on pension scheme liabilities (note 21)	(202)	(199)
	21	(52)

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

9 Tax on loss on ordinary activities

Analysis of tax charge in year

	2012	2011
	£'000	£'000
Current tax		
UK Corporation tax	(36)	-
Group relief - no payment	36	-
Adjustments in respect of prior years	(12)	234
Total current tax	(12)	234
Deferred tax		
Pension deficit	(26)	-
Origination and reversal of timing differences	(133)	(10)
Adjustments in respect of prior years	(41)	(214)
Total tax on loss on ordinary activities	(212)	10

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2011 higher) than the standard rate of corporation tax in the UK 25% (2011 27%) The differences are explained below

	2012	2011
	£'000	£'000
(Loss)/Profit on ordinary activities before tax	(204)	(169)
(Loss)/ Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 25% (2011 27%)	(51)	(46)
Effects of		
Group relief surrendered – no payment	36	-
Expenses not deductible for tax purposes	4	6
Depreciation in excess of capital allowances	136	(10)
Other short term timing differences	(125)	50
Adjustments in respect of prior years	(12)	234
Total current tax	(12)	234

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

9 Tax on loss on ordinary activities (continued)

Factors affecting the tax charge in future years

The Finance Act 2012 substantively enacted a rate reduction such that the corporation tax rate was reduced from 26% to 24% with effect from 1 April 2012. The Finance Act 2012 also substantively enacted a corporation tax rate of 23% with effect from 1 April 2013. Following announcements in the 2012 Autumn Statement on 5 December 2012, it was proposed that the full rate of corporation tax be reduced to 21% with effect from 1 April 2014. It was further announced in the 2013 Budget Statement on 20 March 2013 that the rate of corporation tax would be reduced to 20% with effect from 1 April 2015. Accordingly the companies' results for this accounting period are taxed at an effective rate of 25% and should be taxed at 23.5% in the 2013 period.

There are no other factors expected to materially affect future tax charges.

10 Dividends

The aggregate amount of dividends comprises

	2012	2011
	£'000	£'000
Final dividends paid in respect of prior years but not recognised as liabilities in that year: £ Nil per ordinary share (2011: £0.137 per ordinary share)	-	137

The aggregate amount of dividends proposed and not recognised as liabilities at the year end is £ Nil (2011: £ Nil).

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

11 Tangible fixed assets

	Long leasehold buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 October 2011	1,428	10,390	256	12,074
Additions	-	53	-	53
At 30 September 2012	1,428	10,443	256	12,127
Accumulated depreciation				
At 1 October 2011	947	6,162	226	7,335
Charge for the year	25	510	9	544
At 30 September 2012	972	6,672	235	7,879
Net book amount				
At 30 September 2012	456	3,771	21	4,248
At 30 September 2011	481	4,228	30	4,739

12 Stocks

	2012 £'000	2011 £'000
Raw materials and consumables	1,076	1,302
Work in progress	245	342
Finished goods and goods for resale	820	818
	2,141	2,462

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

13 Debtors

	2012	2011
	£'000	£'000
Trade debtors	1,798	2,013
Loans to group undertakings	56	78
Other amounts owed by group undertakings	279	98
Other debtors	56	9
Prepayments and accrued income	125	187
	2,314	2,385

14 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	571	589
Amounts owed to group undertakings	331	454
Loans from group undertakings	2,396	2,049
Corporation tax	-	490
Other taxation and social security	281	346
Other creditors	30	45
Accruals	84	88
	3,693	4,061

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

15 Provisions for liabilities

	Deferred taxation £'000	Warranty provision £'000	Total £'000
At 1 October 2011	(18)	66	48
Charge to the profit and loss account for the year	148	6	154
At 30 September 2012	130	72	202

The warranty provision exists due to potential contractual obligations under normal terms of sale. The provision represents management's prudent estimate of the company's possible liability on past sales.

The elements of deferred taxation are as follows:

	At 1 October 2011 £'000	Credited to statement of total recognised gains and losses £'000	Charged to profit and loss account £'000	At 30 September 2012 £'000
Depreciation in excess of capital allowances	-	-	147	147
Other timing differences	(18)	-	1	(17)
Deferred tax liability / (asset)	(18)	-	148	130

The following amounts have been recognised in respect of the deferred tax asset arising on the pension deficit:

	At 1 October 2011 £'000	Credited to statement of total recognised gains and losses £'000	(Credited)/ charged to profit and loss account £'000	At 30 September 2012 £'000
Deferred tax asset on pension deficit (note 21)	(160)	11	26	(123)

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

16 Called up share capital

	2012	2011
	£'000	£'000
Authorised, allotted, and fully paid		
1,000,000 (2011 1,000,000) ordinary shares of £1 each	1,000	1,000

17 Profit and loss account

	£'000
At 1 October 2011	4,478
Loss for the financial year	(416)
Actuarial loss recognised in the pension scheme	(323)
Deferred tax arising on losses in the pension scheme	81
Deferred tax rate adjustment on actuarial losses brought forward	(76)
At 30 September 2012	3,744

18 Reconciliation of movements in shareholders' funds

	2012	2011
	£'000	£'000
Loss for the financial year	(416)	(179)
Dividends paid	-	(137)
Retained loss	(416)	(316)
Other recognised gains and losses relating to the year	(318)	(270)
Net deduction from shareholders' funds	(734)	(586)
Opening shareholders' funds	5,478	6,064
Closing shareholders' funds	4,744	5,478

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

19 Contingent liabilities

The sterling equivalent of liabilities for the future purchase and sale of foreign currencies to which the company is committed at 30 September 2012 amounted to £1,471,000 (2011 £1,803,000)

At the balance sheet date, the fair value of forward contracts not recognised on the balance sheet was £9,000 (asset) (2011 £26,000 (liability))

As part of the group's financing arrangements the company is jointly and severally liable for certain indebtedness of ThyssenKrupp AG At the balance sheet date the amounts outstanding in respect of these arrangements amounted to £ Nil (2011 £ Nil)

20 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	12	-	10
In the second to fifth years inclusive	-	45	-	46
In more than five years	43	-	43	-
	43	57	43	56

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

21 Pension scheme

Defined contribution pension scheme

The company operated a defined contribution scheme during the year. The pension charge for the year in respect of this scheme was £48,000 (2011 £46,000). There were no outstanding contributions at the year end (2011 £ Nil).

Defined benefit pension scheme

Roballo Engineering Company Limited is the Section Employer to the Roballo Section of the ThyssenKrupp UK PLC 2006 Retirement and Death Benefits Plan ("TKUK 2006 Plan"). ThyssenKrupp UK PLC has given a Funding Guarantee to the trustees of the TKUK 2006 Plan, in respect of all present and future obligations and liabilities for all sections of the TKUK 2006 Plan, enforceable by the trustees, should any of the Section Employers or Associated Employers fail to meet their obligations to the plan.

The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2012	2011
	£'000	£'000
Present value of funded defined benefit obligations	(4,644)	(3,812)
Fair value of plan assets	4,132	3,197
Deficit in pension scheme	(512)	(615)
Related deferred tax asset (note 15)	123	160
Net liability presented on the balance sheet	(389)	(455)

Movements in present value of defined benefit obligation

	2012	2011
	£'000	£'000
At 1 October	(3,812)	(3,833)
Current service cost	(119)	(112)
Interest cost	(202)	(199)
Benefits paid	-	328
Actuarial (losses)/gains	(501)	16
Contributions by members	(10)	(12)
At 30 September	4,644	(3,812)

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

21 Pension scheme (continued)

Movements in fair value of plan assets

	2012	2011
	£'000	£'000
At 1 October	3,197	3,097
Expected return on plan assets	223	147
Actuarial gains/(losses)	178	(250)
Benefits paid	-	(328)
Contributions by employer	524	519
Contributions by members	10	12
At 30 September	4,132	3,197

Expense recognised in the profit and loss account

	2012	2011
	£'000	£'000
Current service cost	(119)	(112)
Interest on defined benefit pension plan obligation (note 8)	(202)	(199)
Expected return on defined benefit pension plan assets (note 8)	223	147
Total	(98)	(164)

The expense is recognised in the following line items in the profit and loss account

	2012	2011
	£'000	£'000
Administrative expenses	(119)	(112)
Other finance costs (note 8)	21	(52)
	(98)	(164)

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

21 Pension scheme (continued)

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £323,000 (2011 £234,000)

Cumulative actuarial gains and losses reported in the statement of total recognised gains and losses are net losses of £1,447,000 (2011 £1,124,000)

The fair value of the plan assets and the return on those assets were as follows

	2012	2011
	£'000	£'000
Cash	53	50
Bonds	67	-
Equity	2,670	1,916
Gifts	17	-
With profit policy	1,325	1,231
Total plan assets	4,132	3,197
Actual return on plan assets	(99)	(103)

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio

Principal actuarial assumptions (expressed as weighted average) at the year end were as follows

	2012	2011
	%	%
Discount rate	4.4	5.3
Expected rate of return on plan assets	7.4	7.5
Future salary increases	3.8	4.4
Future pension increases	2.7	3.2

Roballo Engineering Company Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

21 Pension scheme (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.8 years (male), 23.7 years (female)
- Future retiree upon reaching 65: 21.8 years (male), 24.9 years (female)

The history of the plan for the current and prior years is as follows:

	2012	2011	2008	2009	2010
	£'000	£'000	£'000	£'000	£'000
Present value of scheme	(4,644)	(3,812)	(3,833)	(3,550)	(3,269)
Fair value of scheme assets	4,132	3,197	3,097	2,727	2,594
Deficit	(512)	(615)	(736)	(823)	(675)
<i>Experience adjustments</i>					
Experience adjustments on scheme liabilities	(94)	(29)	(223)	(98)	(275)
Experience adjustments on scheme assets	178	(250)	(38)	144	(33)

The company expects to contribute approximately £489,000 (2011: £508,000) to its defined benefit plans in the next financial year.

22 Ultimate parent company

The company is a wholly owned subsidiary undertaking of ThyssenKrupp AG, which is the ultimate parent company incorporated in Germany, and the ultimate controlling party.

The only group in which the results of the company are consolidated is that headed by ThyssenKrupp AG incorporated in Germany. The consolidated financial statements of this group are available to the public from their headquarters in Germany.

Thyssenkrupp Allee 1
45143 Essen
Germany