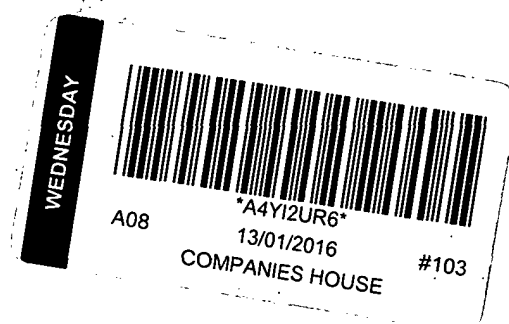


Konecranes Machine Tool Service Limited

Report and Financial Statements

31 December 2014



Directors

R J Beale
P A Campbell
D F Reece

Secretary

R J Beale

Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

Registered Office

Unit 1B Sills Road
Willow Farm Business Park
Castle Donington
Leicestershire DE74 2US

Registered No. 03285714

Directors' report

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

Principal activity and review of the business

The Company's trade and net assets were sold to another Group company on 31 December 2013 and Konecranes Machine Tool Service no longer trades. Transactions in 2014 represented the settlement of final transactions.

The directors are of the opinion that an analysis using KPI's is not relevant to an understanding of the development, performance or position of the business. There are no principle risks or uncertainties which are considered significant to the company.

Going concern

Following the sale of the trade and net assets of the company on 31 December 2013 and the recapitalisation which occurred on 17 December 2013, the company has minimal liabilities which have a lower value than the company's current assets, as a result the financial statements have been prepared on a going concern basis which assumes the company will be in a position to meet its obligations as they fall due for a period of 12 months from the date of the signing of the accounts.

Results and dividends

The profit for the year after taxation amounted to £166 (2013 – loss of £50,693). The directors do not recommend a final dividend (2013 – £nil).

Turnover in the year was £Nil (2013: £2,598,000) following the transfer of trade and net assets of the company to a fellow group subsidiary.

Directors

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

R J Beale
P A Campbell
D F Reece

Policy and practice on payment of creditors

The company seeks to discharge its liability to creditors under normal settlement terms, in accordance with the individual agreement held with each creditor.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report


Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



R J Beale
Director

Date: 6th January 2016

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 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 judgments 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 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.

Independent auditors' report

to the members of Konecranes Machine Tool Service Limited

We have audited the financial statements of Konecranes Machine Tool Service Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Report and Financial Statements 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 the 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.

Independent auditors' report

to the members of Konecranes Machine Tool Service Limited

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.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Andrew Merrick (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date: 8 January 2016

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	-	2,598,052
Cost of sales		-	(1,769,280)
Gross profit	3	-	828,771
Operating expenses		(2,700)	(856,063)
Operating loss		(2,700)	(27,292)
Net Interest	7	1,019	(28,239)
Loss on ordinary activities before taxation		(1,681)	(55,531)
Tax	8	1,847	4,838
Profit for the financial year	15	166	(50,693)

All amounts relate to discontinued activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014


There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £166 in the year ended 31 December 2014 (year ended 31 December 2013 – loss of £50,693).

Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	9	–	–
Investments	10	–	–
		<u>–</u>	<u>–</u>
Current assets			
Debtors	11	332,851	373,736
		<u>332,851</u>	<u>373,736</u>
Creditors: amounts falling due within one year		–	(41,051)
Net current assets		<u>332,851</u>	<u>332,685</u>
Net assets		<u>332,851</u>	<u>332,685</u>
Capital and reserves			
Called up share capital	14	4,100,000	4,100,000
Profit and loss account	15	(3,767,149)	(3,767,315)
Shareholders' funds	17	<u>332,851</u>	<u>332,685</u>

These financial statements were approved by the director and authorised for issue and are signed on their behalf by:



P A Campbell
Director

Date: 6th January 2016

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

Following the sale of the trade and net assets of the company on 31 December 2013 and the recapitalisation which occurred on 17 December 2013, the company has minimal liabilities which have a lower value than the company's current assets, as a result the financial statements have been prepared on a going concern basis which assumes the company will be in a position to meet its obligations as they fall due for a period of 12 months from the date of the signing of the accounts.

Group financial statements

The financial statements contain information about Konecranes Machine Tool Service Limited as an individual company and do not contain group financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare group financial statements as it and its subsidiary undertakings are included by full consolidation in the group financial statements of its ultimate parent, Konecranes PLC.

Statement of cash flows

Exemption has been taken from preparing a statement of cash flows on the grounds that the ultimate parent undertaking includes the subsidiary in its published financial statements.

Turnover

Turnover represents the provision of goods and services in the machine tools industry, net of sales taxes and is calculated after accounting for any work completed, but not billed for, at the balance sheet date.

Deferred taxation

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

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

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

Operating leases

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

2. Turnover

Turnover comprises the invoice value of goods and services supplied, excluding VAT, originating in the United Kingdom. Continuing turnover is attributable to the company's principal activity of the sale and maintenance of machine tools.

Notes to the financial statements

at 31 December 2014

3. Operating loss

This is stated after charging/(crediting):

	2014	2013
	£	£
Auditors' remuneration – audit	3,500	12,000
– tax	–	3,000
Depreciation of owned fixed assets	–	3,632

The auditor's remuneration for the year ended 31 December 2014 is borne by other undertakings in the group.

4. Sale of business

On 31 December 2013, the company sold its trade and net assets to a fellow group subsidiary. The disposal is analysed as follows:

Net assets disposed of:	£
Tangible assets	20,746
Stock	41,182
Trade debtors	527,572
Cash	61,878
Trade creditors and accruals	(414,833)
Net assets	236,545
Satisfied by:	
Loan receivable	236,545

5. Directors' remuneration

The costs relating to the company directors are borne by other undertakings in the group. The directors do not spend a significant portion of time in respect of Konecranes Machine Tool Services Ltd. This was the case for the years ending 31 December 2013 and 31 December 2014.

6. Staff costs

	2014	2013
	£	£
Wages and salaries	-	974,760
Social security costs	-	95,592
Other pension costs	-	30,125
	-	1,100,478

Notes to the financial statements

at 31 December 2014

6. Staff costs (continued)

The average monthly number of employees during the year was made up as follows:

	2014 No.	2013 No.
Administration	-	6
Operational	-	23
	<u>-</u>	<u>39</u>

7. Interest payable

	2014 £	2013 £
Bank interest	-	28,239
	<u>-</u>	<u>28,239</u>

Interest receivable

	2014 £	2013 £
Group interest	1,019	-
	<u>1,019</u>	<u>-</u>

8. Tax

(a) Tax on loss on ordinary activities

There is a tax credit arising in respect of the period (2013 – £4,838), this is made up of the following:

	2014 £	2013 £
UK Corporation tax on losses of the period	-	(8,300)
Group Relief in respect of year ended 31 December 2014	-	-
Adjustments in respect of previous years	(1,847)	3,462
Current tax for the year (note 9(a))	<u>(1,847)</u>	<u>(4,838)</u>

(b) Factors affecting the current tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5 % (2013 – 23.25%). The differences are explained below:

Notes to the financial statements

at 31 December 2014

Tax - Continued

	2014 £	2013 £
Profit/(loss) on ordinary activities before tax	<u>(1,681)</u>	<u>(55,331)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	(361)	(12,909)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	580	12,009
Income not taxable for tax purposes	-	(2,678)
Losses carried forward	(219)	-
Capital Allowances for period in excess of depreciation	-	54
Movement in short term timing differences	-	(4,776)
Adjustments in respect of previous years	(1,847)	3,462
Current tax for the year (note 9(a))	<u>(1,847)</u>	<u>(4,838)</u>

(c) Deferred tax

	2014 £	2013 £
Carried forward losses	<u>219</u>	<u>-</u>

The company has £219 of tax losses carried forward at the balance sheet date. Deferred tax is not recognised due to the uncertainty over the future profitability of the company.

(d) Factors that may affect future tax charges

The standard rate of corporation tax in the UK reduced from 23% to 21% with effect from 1 April 2014. Accordingly the company's profits for this accounting period are taxed at a rate of 21.5%. A further reduction in the corporation tax rate to 20% from 1 April 2015 has also been enacted and therefore the closing deferred tax balances of the company are calculated at a tax rate of 20%.

On 8 July 2015 the Budget announced further proposed reductions in the tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes were not substantively enacted at the balance sheet date no account has been taken of them in these numbers.

Notes to the financial statements

at 31 December 2014

9. Intangible fixed assets

	<i>Goodwill £</i>
Cost:	
At 1 January 2014 and 31 December 2014	<u>1,404,073</u>
Amortisation:	
At 1 January 2014 and 31 December 2014	<u>1,404,073</u>
Net book value:	
At 1 January 2014 and 31 December 2014	<u><u>-</u></u>

10. Investments

	<i>Shares in group undertakings £</i>
Cost:	
At 1 January 2014 and 31 December 2014	<u>1,187,013</u>
Provisions:	
At 1 January 2014 and 31 December 2014	<u>(1,187,013)</u>
Net book value:	
At 1 January and 31 December 2014	<u><u>-</u></u>

The company's investments during the year in the share capital of companies included the following:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Holding proportion of voting rights and shares</i>	<i>Nature of business</i>
Axis Machine Tool Engineering Limited	United Kingdom	Ordinary Shares 100%	Dormant

On 7 August 2015 Axis Machine Tool Engineering Limited was placed in Member's Voluntary Liquidation; subsequently the company ceased to exist.

11. Debtors

	<i>2014 £</i>	<i>2013 £</i>
Amounts due from group companies	321,856	236,545
Amounts due from group relief	10,995	137,191
	<u>332,851</u>	<u>373,736</u>

12. Creditors: amounts falling due within one year

	<i>2014 £</i>	<i>2013 £</i>
Other taxes and social security costs	-	41,051
	<u>-</u>	<u>41,051</u>

Notes to the financial statements

at 31 December 2014

13. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2014</i>	<i>No.</i>	<i>2013</i>
		<i>£</i>		<i>£</i>
Ordinary shares of £1 each	4,100,000	<u>4,100,000</u>	2,100,000	<u>2,100,000</u>

14. Movements on reserves

	<i>Profit and loss account</i>
	<i>£</i>
At 1 January 2014	(3,767,315)
Profit for the year	166
At 31 December 2014	<u>(3,767,149)</u>

15. Reconciliation of shareholders' funds

	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
Share capital increase	-	2,000,000
Profit/(loss) for the financial year	166	(50,693)
Net increase to shareholders' funds	166	1,949,307
Opening shareholders' funds/(deficit)	332,685	(1,616,622)
Closing shareholders' funds	<u>332,851</u>	<u>332,685</u>

16. Other financial commitments

At 31 December 2013 and 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>2014</i>		<i>2013</i>	
	<i>Land and buildings</i>	<i>Cars</i>	<i>Land and buildings</i>	<i>Cars</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire:				
Within one year	-	-	-	-
In two to five years	22,660	-	22,660	-
	<u>22,660</u>	<u>-</u>	<u>22,660</u>	<u>-</u>

The company has obtained confirmation that the costs associated with the lease amounts will be paid by another group company.

Notes to the financial statements

at 31 December 2014

17. Related party transactions

As the company is a wholly owned subsidiary of Konecranes PLC, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions with other subsidiary undertakings that form part of the group.

18. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of KCI Holding UK Ltd, part of the Konecranes group of companies which is owned by Konecranes Plc, a Finnish company. Copies of the group financial statements of Konecranes Plc are available from Konecranes Plc, PO Box 661, Koneenkatu 8, FI-05801, Hyvinkää, Finland.