

Company Registration No. 08831063 (England and Wales)

BODYCOTE TREASURY SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



BODYCOTE TREASURY SERVICES LIMITED

COMPANY INFORMATION

Directors	U.S. Ball M.J. Harkcom D Yates (Appointed 1 January 2017)
Secretary	U.S. Ball
Company number	08831063
Registered office	Springwood Court Springwood Close Tytherington Business Park Macclesfield Cheshire SK10 2XF
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Manchester United Kingdom

BODYCOTE TREASURY SERVICES LIMITED

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BODYCOTE TREASURY SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D.F. Landless

(Resigned 31 December 2016)

U.S. Ball

M.J. Harkcom

D Yates

(Appointed 1 January 2017)

Future developments

The directors expect the general level of activity to continue for the foreseeable future.

Auditor

The company has elected to dispense with the obligation to appoint the auditor annually and, accordingly Deloitte LLP shall be deemed to be reappointed as auditor for a further term under the provisions of section 485 of the Companies Act 2006.

Statement of directors' responsibilities

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), including FRS 101 "Reduced Disclosure Framework". 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 accounting estimates that are reasonable and prudent;
- 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.

BODYCOTE TREASURY SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of disclosure to auditor

Each director in office at the date of approval of this annual 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 in order 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 section 418 of the Companies Act 2006.

Going concern

The company is a subsidiary of Bodycote plc, which manages its working capital on a pooled basis across the Group. Based on the strong trading relationship between this company and Bodycote plc, the directors believe that the company will continue to provide financial and management services to the Group. The receivables with other group companies are significant and the directors consider there to be no issues with the recoverability of these balances due to the relationship with the parent company and the following going concern disclosure which appears in the financial statements of Bodycote plc for the year ended 31 December 2016:

"The Group meets its working capital requirements through a combination of cash resources, committed and uncommitted facilities and overdrafts. The overdrafts and uncommitted facilities are repayable on demand but the committed facilities are due for renewal as set out below. There is sufficient headroom in the committed facility covenants to assume that these facilities can be operated as contracted for the foreseeable future.

The committed facilities as at 31 December 2016 were as follows:

£230m Revolving Credit Facility maturing 3 July 2019

The December 2016 weighted average life of the committed facilities was 2.5 years.

The Group's forecasts and projections, taking account of reasonable potential changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities."

On the above basis, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and accordingly no Strategic Report is being presented.

By order of the board



U.S. Ball

Secretary

6 July 2017

BODYCOTE TREASURY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BODYCOTE TREASURY SERVICES LIMITED

We have audited the financial statements of Bodycote Treasury Services Limited for the year ended 31 December 2016 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 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 2016 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

BODYCOTE TREASURY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BODYCOTE TREASURY SERVICES 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

6 July 2017



Timothy Edge BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

BODYCOTE TREASURY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Interest receivable from group undertakings	4	60,976	105,067
Interest payable to group undertakings	5	(60,976)	(105,067)
Profit before taxation		<u>-</u>	<u>-</u>
Tax on profit	6	35,606	44,287
Profit for the financial year		<u><u>35,606</u></u>	<u><u>44,287</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BODYCOTE TREASURY SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Current assets			
Debtors	7	10,392,450	10,048,025
		<u> </u>	<u> </u>
Creditors: amounts falling due within one year			
Trade creditors and other payables	8	25,569	24,722
Taxation and social security		32,435	67,972
		<u> </u>	<u> </u>
		58,004	92,694
		<u> </u>	<u> </u>
Net current assets		10,334,446	9,955,331
		<u> </u>	<u> </u>
Total assets less current liabilities		10,334,446	9,955,331
		<u> </u>	<u> </u>
Creditors: amounts falling due after more than one year			
Creditors	8	10,366,811	10,023,302
		<u> </u>	<u> </u>
Net liabilities		(32,365)	(67,971)
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		(32,366)	(67,972)
		<u> </u>	<u> </u>
Total equity		(32,365)	(67,971)
		<u> </u>	<u> </u>

The financial statements were approved by the Board of directors and authorised for issue on 6 July 2017

Signed on its behalf by:



D Yates
Director

Company Registration No. 08831063

BODYCOTE TREASURY SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2015	1	(112,259)	(112,258)
	<hr/>	<hr/>	<hr/>
Profit for the year	-	44,287	44,287
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	1	(67,972)	(67,971)
	<hr/>	<hr/>	<hr/>
Profit for the year	-	35,606	35,606
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	1	(32,366)	(32,365)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BODYCOTE TREASURY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Bodycote Treasury Services Limited is a company limited by shares incorporated in England and Wales. The registered office is Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Bodycote plc in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Bodycote plc. The group accounts of Bodycote plc are available to the public and can be obtained as set out in note 10.

1.2 Going concern

After making enquiries, and based on the assumptions outlined in the Director's Report on page 2, the directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

BODYCOTE TREASURY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.3 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. There was no impact on the company from the adoption of IFRS 13.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.6 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

BODYCOTE TREASURY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year or tax assessment adjustments in respect of prior periods. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

BODYCOTE TREASURY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Auditor's remuneration

The auditor's remuneration for the audit work of £3,000 (2015: £3,000) was borne by a fellow group undertaking. Fees paid to the company's auditor, Deloitte LLP, for services other than the statutory audit are not disclosed in the financial statements of the company, as the financial statements of the company's parent, Bodycote plc, are required to disclose non-audit fees on a consolidated basis.

3 Employees

The directors were the only employees of the company and they received no remuneration during the year (2015: nil).

4 Investment income

	2016 £	2015 £
Interest income		
Interest receivable from group companies	60,976	105,067
	<u>60,976</u>	<u>105,067</u>

5 Finance costs

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	60,976	105,067
	<u>60,976</u>	<u>105,067</u>

6 Income tax credit

	2016 £	2015 £
Current tax		
Current year taxation	32,435	67,972
Adjustments in respect of prior periods	(68,041)	(112,259)
	<u>(35,606)</u>	<u>(44,287)</u>

The charge for the year/period can be reconciled to the loss per the profit and loss account as follows:

	2016 £	2015 £
Loss before taxation	-	-
	<u>-</u>	<u>-</u>
Adjustment in respect of prior years	(68,041)	(112,259)
Other tax adjustments	20,240	67,972
Debt cap adjustments	12,195	-
	<u>(35,606)</u>	<u>(44,287)</u>
Tax credit for the year	<u>(35,606)</u>	<u>(44,287)</u>

BODYCOTE TREASURY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(Continued)

6 Income tax credit

The tax charge in future periods has been affected by the enactment on 6 September 2016 that the corporate tax main rate would be reduced to 17% from 1 April 2020. The reduction in the corporation tax main rate from 20% to 19% from 1 April 2017 was enacted on 26 October 2015 and as such had no impact on the tax charge in 2016.

7 Debtors

	Due within one year		Due after one year	
	2016	2015	2016	2015
	£	£	£	£
Amounts due from fellow group undertakings	25,569	24,722	10,366,881	10,023,303

8 Creditors

	Due within one year		Due after one year	
	2016	2015	2016	2015
	£	£	£	£
Amounts due to fellow group undertakings	25,569	24,722	10,366,811	10,023,302

9 Share capital

	2016	2015
	£	£
Issued and fully paid		
1 Ordinary shares of £1 each	1	1

10 Controlling party

The parent company is Bodycote Finance Limited, a company incorporated in England and Wales. The directors regard Bodycote plc, a company incorporated in England and Wales, as the ultimate controlling party.

Bodycote plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from The Secretary, Bodycote plc, Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire SK10 2XF.