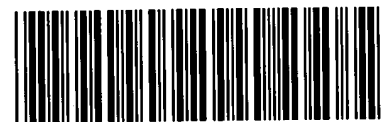


Measurement Technology Limited

Report and Financial Statements

31 December 2016

FRIDAY



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27/10/2017
COMPANIES HOUSE

Directors

David Frost
Paul Hartley

Secretary

L Wilkins

Auditors

Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

Bankers

Deutsche Bank AG
1 Great Winchester Street
London
EC2N 2DB

Solicitors

Eversheds
1 Wood Street
London
EC2V 7WS

Registered Office

Great Marlings
Butterfield
Luton
Bedfordshire LU2 8DL

Strategic report

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

Principal activity and review of the business

The principal activity of the company is the design, manufacture and sale of industrial instrumentation, particularly explosion-protection equipment for process control in hazardous areas. We believe the trends around globalisation, electricity demand, energy efficiency, technology and safety; the rotating recovery of our end markets; and our tenacity around innovation and growth should provide ample support for a strong and sustainable revenue outlook for years to come.

As part of a group reorganisation, Measurement Technology Limited sold its business to Eaton Electric Limited another group entity on 1st September 2016. From this date all trading was performed by Eaton Electric Limited. Measurement Technology Limited will only have 8 months of trading.

Performance monitoring

The directors through Key Performance Indicators and the periodic review of the company's operations monitor the successful delivery of the company's strategic objectives. Comparing to the end of trade in August 2016.

Orders

Decrease in orders of 10% compared with the same period in the previous year. Targets are set relative to expected market performance.

Sales

Decrease in sales were 4% compared with the same period in the previous year. Targets are set relative to expected market performance.

Operating margin

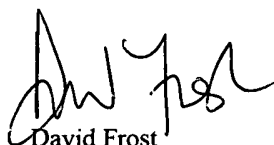
The company is targeting to continue the year-on-year improvement that has been achieved over the last several years. Targets are set relative to expected market performance. Operating margin was a profit of 21% (2015 – profit of 18% for 12 months).

Legislative, reputational and regulatory work

Changes in the laws and regulations and their enforcement may impact upon the company's business in terms of costs, changes to business practices, restrictions on activities or, more importantly, lead to reputational damage.

The relevant authorities may amend tax laws that apply to the company's business, for example, a result of changes in fiscal circumstances or priorities. Such potential amendments and their application to the company are regularly monitored, and if relevant and appropriate, actions taken to ensure ongoing efficiency of the company.

Approved by the Board on **25 OCT 2017** and signed on its behalf by:



David Frost

Director

Date: 25.10.17

Registered No. 01012778

Directors' report

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

Directors

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

D Frost
P Hartley

Results and dividends

The profit for the year after taxation amounted to £6,779,000 (2015 – £8,569,000). The directors resolved to pay an interim dividend of £117,500,000 for the single Share held (2015 – £nil).

Future developments

On 1st September 2016, the company sold its trade and net assets to Eaton Electric Limited and has entered a period of dormancy.

Employees

At 31 December 2016 the company had no employees

Going concern

The company sold its trade and net assets on the 1st September 2016 to Eaton Electric Ltd and has entered a period of dormancy since that date. Eaton Electric Ltd is to provide support to Measurement Technology Ltd until such a time the Directors decide to dissolve the company.

Directors' liabilities

The company has arranged insurance cover to indemnify one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

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/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board



David Frost
Director

Date: 25.10.17

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 those 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 including FRS 102 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 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 auditor's report

to the members of Measurement Technology Limited

We have audited the financial statements of Measurement Technology Limited for the year ended 31 December 2016 which comprise the Income statement, the Statement of Comprehensive income, the Statement of changes in Equity and the Statement of Financial Position and the related notes 1 to 25. 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 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 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 2016 and of its profit for the year then ended 31 December 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditor's report (continued)

to the members of Measurement Technology Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report. 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.

Ernst & Young LLP

Farzin Radfar (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: *25 October 2017*

Income statement

for the year ended 31 December 2016

	<i>Notes</i>	<i>2016</i> £000	<i>2015</i> £000
Turnover	3	33,068	50,511
Cost of sales		<u>(17,903)</u>	<u>(28,040)</u>
Gross profit		15,165	22,471
Design and development costs		(2,169)	(3,332)
Sales and marketing costs		(3,939)	(5,915)
Administrative expenses		<u>(2,202)</u>	<u>(4,325)</u>
Operating profit	4	6,855	8,899
Interest receivable and similar income	8	147	221
Interest payable and similar charges	9	(11)	(10)
Other finance income	10	<u>(129)</u>	<u>(281)</u>
Profit on ordinary activities before taxation		6,862	8,829
Tax	11	<u>(83)</u>	<u>(260)</u>
Profit for the financial year	18	<u>6,779</u>	<u>8,569</u>

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2016

	<i>2016</i> £000	<i>2015</i> £000
Profit for the financial year	6,779	8,569
Actuarial gains /(losses) recognised in the pension schemes	(17,128)	2,406
Deferred tax arising on the profits in the pension scheme	3,198	(481)
Total other comprehensive income/(loss) for the year	<u>(13,930)</u>	<u>1,925</u>
Total Comprehensive income/(loss) for the year	<u>(7,151)</u>	<u>10,494</u>

Statement of changes in equity

for the year ended 31 December 2016

	<i>Called up share capital</i>	<i>Capital contribution reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£000	£000	£000	£000
At 1 January 2015	15	675	49,459	50,149
Profit for the year	-	-	8,569	8,569
Other comprehensive income	-	-	1,925	1,925
Total comprehensive income for the year	-	-	10,494	10,494
At 31 December 2015	15	675	59,953	60,643
Profit for the year	-	-	6,779	6,779
Other comprehensive loss	-	-	(13,930)	(13,930)
Total comprehensive loss for the year	-	-	(7,151)	(7,151)
Bonus issue of shares	675	(675)	-	-
Capital reduction	(690)	-	690	-
Gain on sale of business	-	-	56,661	56,661
Gain on write down of group balance	-	-	7,347	7,347
Dividends Paid	-	-	(117,500)	(117,500)
At 31 December 2016	-	-	-	-

Statement of financial position

at 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
Fixed assets			
Tangible assets	12	-	4,879
Current assets			
Stocks	13	-	3,803
Debtors	14	-	115,982
Cash at bank and in hand		-	9
		-	119,794
Creditors: amounts falling due within one year	15	-	(58,611)
Net current assets		-	61,183
Total assets less current liabilities		-	66,062
Provisions for liabilities	16	-	(929)
Net assets excluding pension liabilities		-	65,133
Pensions	20	-	(4,490)
Net assets including pension liabilities		-	60,643
Capital and reserves			
Called up share capital	17	-	15
Capital contribution reserve	18	-	675
Profit and loss account	18	-	59,953
		-	60,643

These financial statements were approved by the board on behalf by:

25 October 2017, and signed on its



David Frost
Director

Registered No:01012778

Notes to the financial statements

at 31 December 2016

1. Authorisation of financial statements and statement of compliance

Measurement Technology Limited is a limited liability company incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 102 (FRS 102). The financial statements are prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below, and are presented in Sterling.

2. Accounting policies

2.1 Basis of preparation

Measurement Technology Limited has taken advantage of the exemption available under section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Eaton Corporation PLC, which prepares publicly available group financial statements which include the results of the Company and its subsidiaries. Measurement Technology Limited financial statements therefore purely reflect the Company as an individual undertaking.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

The Company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) the requirements of section 4 Statement of Financial Position- Paragraph 4.12 (a) (iv)
- (b) the requirements of section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d)
- (c) the requirements of Basic Financial Instruments paragraphs 11.39 to 11.48A and section 12 Other Financial Instruments Issues paragraphs 12.26 to 12.29
- (d) the requirements of Section 26 Share based Payment: paragraph 26.18 (b), 26.19 to 26.21 and 26.23
- (e) requirements of Section 33 Related Party Disclosures, paragraph 33.7
- (f) from disclosing the company's key management personnel compensation, as required by FRS 102 paragraph 33.7.

Notes to the financial statements

As at 31 December 2016

2. Accounting policies (continued)

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have the most significant effect on amounts recognised in the financial statements.

Development expenditure

Design and development expenditure is written off to the profit and loss account in the year during which it is incurred.

Post-employment benefits

The cost of Post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these benefits, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised based upon likely timing and level of future taxable profits together with assessment of the effect of future tax planning strategies.

Warranty

The warranty provision represents management's best estimate of the company's liability under warranties granted on products sold, based on past experience and industry averages for defective products. It is anticipated that most of these costs will be incurred in the next five years

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

2.3 Significant accounting policies

(a) Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Notes to the financial statements

As at 31 December 2016

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

Sale of goods

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

Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Revenue is recognised when the company's right to receive payment is established.

(b) Research and development costs

Research and development expenditure is written off as incurred

(c) Tangible fixed assets

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life, as follows:

Plant and machinery – over 3 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

(d) Impairment of non-financial assets

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss.

An impairment loss recognised for all assets, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Notes to the financial statements

As at 31 December 2016

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

(e) Provision for liabilities

A provision is recognised when Measurement Technology Limited has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's liability. In addition, if an issue was identified such that the product range needed to be recalled or reworked in some way, the anticipated costs of the total campaign were provided as soon as they could be readily ascertained.

(f) Stock and work in progress

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials, consumables and goods for resale	–	purchase cost on a first-in, first-out basis including transport
Work in progress and finished goods	–	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

(g) Leasing and hire purchase

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(h) Financial Instruments

Cash at bank and in hand

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in operating expenses.

Notes to the financial statements

As at 31 December 2016

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

(i) Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured 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.

(j) Pensions commitments

Defined benefit scheme

The company runs a defined benefit scheme. Accordingly, these financial statements account for the pension costs of the scheme.

The post-retirement benefit liabilities are calculated by the actuarial projection of estimated future benefit payments, discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

The interest on liabilities is included in other finance costs. Actuarial gains/losses are recognised in the statement of comprehensive income.

Defined contribution scheme

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

(k) Going concern

The company sold its trade and net assets on the 1st September 2016 to Eaton Electric Ltd and has entered a period of dormancy since that date. Eaton Electric Ltd is to provide support to Measurement Technology Ltd until such a time the Directors decide to dissolve the company. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

(l) Foreign currency

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

3. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and to fellow group undertakings.

Turnover is attributable to continuing activities in the UK and derived from one class of business.

The directors consider that the disclosure of turnover, net assets and profits by classes of business and by geographical market would be seriously prejudicial to the interests of the company.

Notes to the financial statements

As at 31 December 2016

4. Operating Profit

This is stated after (crediting)/charging:

	2016	2015
	£000	£000
Research and development expenditure	2,168	3,332
Depreciation of owned assets	467	629
Foreign exchange differences	(316)	(202)
Operating lease rentals – others	140	271
Provision for warranty claims	(528)	129
Auditors' remuneration (see note 5)	36	33

5. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2016	2015
	£000	£000
Audit of the financial statements	36	33

6. Staff costs

(a) Staff costs

Staff costs, including directors' remuneration, were as follows

	2016	2015
	£000	£000
Wages and salaries	6,952	11,014
Social security costs	693	1,074
Other pension costs	820	1,058
	<u>8,465</u>	<u>13,146</u>

Included in other pension costs are £222,000 (2015: £332,000) in respect of the defined benefit schemes and defined contribution schemes.

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

	2016	2015
	No.	No.
Production	184	190
Design and development	34	36
Sales and marketing	51	54
Administration	24	26
	<u>293</u>	<u>306</u>

Notes to the financial statements

As at 31 December 2016

7. Directors remuneration

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Remuneration	<u>293</u>	<u>452</u>
Company contributions to money purchase and defined benefit pension scheme	<u>25</u>	<u>60</u>

Retirement benefits are accruing to the following number of directors under:

	<i>2016</i>	<i>2015</i>
	<i>No.</i>	<i>No.</i>
Money purchase schemes	-	-
Defined schemes	<u>2</u>	<u>3</u>

The above amounts for remuneration include £154,000 (2015:£179,000) and pension contributions of £15,765 (2015:£38,000) in respect of the highest paid director.

8. Interest receivable and similar income

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
On loans and balances due from fellow group undertakings	<u>147</u>	<u>221</u>

9. Interest payable and similar costs

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
On balances due to fellow group undertakings	<u>(11)</u>	<u>(10)</u>

10. Other finance costs

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Expected return on pension scheme assets	1,076	1,507
Interest on pension scheme liabilities	<u>(1,205)</u>	<u>(1,788)</u>
	<u>(129)</u>	<u>(281)</u>

Notes to the financial statements

As at 31 December 2016

11. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016	2015
	£000	£000
Current tax:		
UK corporation tax on profit for the year	-	-
Adjustments in respect of prior years	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of temporary differences	-	686
Adjustment in respect of prior year	-	63
Effect of change in the tax rate on opening liability	-	(8)
Total change in the deferred tax	<u>-</u>	<u>741</u>
Tax on profit on ordinary activities	<u>-</u>	<u>741</u>

(b) Tax included in statement of total other comprehensive income

The tax charge is made up as follows:

	2016	2015
	£000	£000
Deferred tax:		
Actuarial loss on post-retirement medical benefits liability	83	(481)
Total tax (charge)/credit	<u>83</u>	<u>(481)</u>
Total tax charge reported in the income statement	<u>83</u>	<u>260</u>

Notes to the financial statements

As at 31 December 2016

11. Taxation (continued)

(c) Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are reconciled below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>6,862</u>	<u>8,829</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 % (2015 – 20.25%)	1,372	1,788
Expenses not deductible for tax purposes	28	54
Income not taxable	-	(85)
Adjustments in respect of prior years	-	63
Other timing differences	(12)	24
Defined benefit pension adjustment	(87)	-
Group relief	(1,218)	(1,576)
Change in tax laws and rates	-	(8)
Total tax expense	<u>83</u>	<u>260</u>

(d) Factors that may affect future tax charges

The rate of corporation tax reduced from 21% to 20%, effective from 1 April 2015. A reduction to 19%, effective from 1 April 2017 and a reduction to 18%, effective from 1 April 2020, were included in the Finance Act 2015 which was enacted on 14 July 2015.

The rate of corporation tax effective from 1 April 2020 has subsequently been further reduced to 17% by an amendment included in the Finance Act 2016 which was enacted on 15 September 2016.

(e) Deferred tax

The deferred tax included in the balance sheet is as follows:

	£000
At 1 January 2016	(1,031)
Deferred tax credit in profit and loss account	(27)
Movement arising from the transfer of trade	<u>1,058</u>
At 31 December 2016	<u>-</u>

The deferred tax balances as at 31 December 2016 have been restated at a rate of 20% as this is the rate at which deferred tax is expected to reverse.

Notes to the financial statements

As at 31 December 2016

12. Tangible fixed assets

	<i>Plant and machinery</i>
	<i>£000</i>
Cost:	
At 1 January 2016	14,364
Additions	566
Transfer to group undertakings	(14,930)
Disposals	-
At 31 December 2016	<u>-</u>
Depreciation and impairment:	
At 1 January 2016	9,485
Provided during the year	467
Transfer to group undertakings	(9,952)
Disposals	-
At 31 December 2016	<u>-</u>
Carrying amount	-
At 31 December 2016	<u>-</u>
At 31 December 2015	<u><u>4,879</u></u>

13. Stocks

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Raw materials and consumables	-	1,875
Finished goods and goods for resale	-	1,928
	<u>-</u>	<u>3,803</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material. Stocks recognised as an expense in the period were £17,144,000 (2015 – £28,221,000).

14. Debtors

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Trade and other receivables	-	5,360
Prepayments and accrued income	-	498
Amounts owed by group undertakings	-	110,124
	<u>-</u>	<u>115,982</u>

Notes to the financial statements

As at 31 December 2016

15. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	-	3,537
Amounts owed to group undertakings	-	54,228
Accruals and deferred income	-	846
	<u>-</u>	<u>58,611</u>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

16. Provisions for liabilities

	<i>Warranty provision</i>	<i>Deferred tax</i>	<i>Total</i>
	£000	£000	£000
At 1 January 2016	838	91	929
Utilised during the year	(56)	-	(56)
Amounts charged against the provision	(524)	(48)	(572)
Transfer to group undertakings	(258)	(43)	(301)
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

The warranty provision represents management's best estimate of the company's liability under warranties granted on products sold, based on past experience and industry averages for defective products. It is anticipated that most of these costs will be incurred in the next five years.

17. Allotted and Issued share capital

	2016	2015
	£000	£000
Allotted and fully paid		
1 (2015 – 15,105) ordinary shares of £1 each	<u>-</u>	<u>15</u>

It was resolved by the directors that the amount £675,000 standing in credit of the company's Capital Contribution Account be capitalised and distributed to MTL Instruments Group Ltd, in the form of 675,000 fully paid ordinary shares of £1.00 each. A special resolution was also passed to reduce the capital by £690,104 by cancelling and extinguishing 690,104 ordinary shares of £1.00 each.

Notes to the financial statements

As at 31 December 2016

18. Reserves

	<i>Capital contribution reserve £000</i>	<i>Profit and loss account £000</i>
At 1 January 2016	675	59,953
Profit for the year	-	6,779
Other comprehensive loss	-	(13,930)
Reserves accounting for group transfers	-	56,661
Interim Dividend payment	-	(117,500)
Gain on write down of group balance	-	7,347
Capital Reduction	(675)	690
	<hr/>	<hr/>
At 31 December 2016	-	-
	<hr/> <hr/>	<hr/> <hr/>

19. Related party disclosures

During the year the Company entered into transactions, in the ordinary course of business, with other related parties.

The company has taken advantage of the exemption in Section 33.1A, whereby disclosures need not be given of 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

20. Pensions and other post-retirement health care benefits

The Company operates a defined contribution pension scheme. The assets of each scheme are held separately from those of the company and are administered independently.

The Plans is accounted for on a defined contribution basis within Measurement Technology Limited under FRS 102 para 28.11.

The pension cost charge represents contributions payable by the company to the fund and amounted to £1,343,000 at the end of trade 31 August 2016 (2015 – £1,321,000). There were no outstanding or prepaid contributions at either the beginning or the end of the year.

Analysis of retirement benefits liabilities shown on balance sheet:

	<i>2016 £000</i>	<i>2015 £000</i>
Present value of plan liabilities	-	(5,612)
Deferred tax thereon (2016 – 20%, 2015 – 20.25%)	-	1,122
	<hr/>	<hr/>
Retirement benefits liabilities	-	(4,490)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

As at 31 December 2016

20. Pensions and other post-retirement health care benefits (continued)

Main assumptions:	2016 % per annum	2015 % per annum
Discount rate	2.07%	3.79%
Inflation rate (RPI)	3.00%	3.00%

Analysis of the movement in deficit during the year:	2016 £000	2015 £000
Deficit at beginning of year	(5,612)	(8,601)
Movement in year:		
Current service costs	(286)	(457)
Other finance expense (note 10)	(129)	(281)
Contributions	850	1,321
Actuarial gain/(loss)	(17,128)	2,406
Transfer to group undertakings	22,305	-
Deficit at end of year	-	(5,612)

Analysis of amount recognised in the statement of comprehensive income:	2016 £000	2015 £000
Return on scheme assets excluding interest	3,081	1,080
Actuarial gains and (losses)	(20,209)	1,326
Net gains recognised in the statement of comprehensive income	(17,128)	2,406

History of experience gains and losses:

	2016	2015	2014	2013
Experience gain/(loss) arising on scheme liabilities				
- amount (£000)	(20,209)	1,326	(5,462)	3,176
- % of the present value of scheme liabilities	29.18%	2.73%	11.23%	(7.58%)
Total actuarial gain/(loss) recognised in the statement of comprehensive income:				
- amount (£000)	(17,128)	2,406	(2,999)	4,118
- % of the present value of the scheme liabilities	76.8%	(42.9%)	34.9%	(64.5%)

Notes to the financial statements

As at 31 December 2016

21. Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follow:

	<i>Land and buildings</i>	<i>Land and buildings</i>	<i>Other</i>	<i>Other</i>
	2016	2015	2016	2015
	£000	£000	£000	£000
Not later than one year	-	-	164	81
After one year but not more than five years	-	-	123	29
After five years	-	-	-	-

22. Capital commitments

Amounts authorised and contracted for but not provided in the financial statements amounted to £nil for the company (2015 – £45,000).

23. Contingent liabilities

The company, jointly with other UK registered companies in the Eaton Group, has issued guarantees in respect of overdraft facilities granted to certain group companies. At the balance sheet date, overdraft balances, to which the company was jointly a guarantor of £nil (2015 – £nil) were outstanding.

24. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Eaton Industries (UK) Limited, a company registered in England and Wales.

The company's ultimate parent undertaking and controlling party is Eaton Corporation PLC which is incorporated in Ireland. The only group of which the company is a member and for which group financial statements are prepared is that headed by Eaton Corporation PLC. Copies of the 2016 Annual Report of Eaton Corporation PLC can be obtained from the following address:

Eaton Center
1,000 Eaton Boulevard
Cleveland
Ohio 44122
USA

25. Events after the reporting period

The directors are not aware of any events after the reporting period.