

# Oxalis Group Limited

Registered Number: 07083584

## Report and Financial Statements

31 December 2016

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COMPANIES HOUSE



## Corporate information

### Directors

D Evans  
L Oxnard

### Auditors

Ernst & Young LLP  
G1 5 George Square  
Glasgow G2 1DY

### Bankers

Deutsche Bank AG  
1 Great Winchester Street  
London  
EC2N 2DB

### Solicitors

Eversheds  
1 Wood Street  
London  
EC2V 7WS

### Registered Office

Unit B Sutton Parkway  
Oddicroft Lane  
Sutton in Ashfield  
NG17 FB

## Strategic report

The Directors present their strategic report for the year ended 31 December 2016.

### Principal activities and review of the business

The principal activity of the company during the year was design, manufacture and supply of CCTV camera housings for use in hazardous areas and PAGA systems.

On 31 October, as part of an Eaton legal entity simplification program in the UK, the company sold the trade and trade related assets and liabilities of the Company for £15,750,000 to Eaton MEDC Limited, the immediate parent undertaking. The amount of the consideration at the time of the transfer exceeded the net assets transferred by £17,850,000. As the directors have adopted a policy of merger accounting the excess paid for the assets and liabilities of the company is recorded as a movement in reserves. Subsequent to the transaction the intercompany loan due from Eaton MEDC Limited was forgiven. This was also accounted for as a movement on reserves.

As part of the same reorganisation the ownership of the company was transferred to Eaton MEDC Limited from Eaton Industries (England) Limited.

Following the above transaction the company ceased to trade.

### Results and dividends

The loss for the year, after taxation, was £2,407,000 (2015 – profit £34,000).

The directors do not recommend that a dividend is paid (2015 – £nil).

Measurement of the company's performance is consistently applied and control is exercised by local and divisional management. The company has a budgeting system in place whereby actual performance is measured against budget on a monthly reporting timetable.

The Company's key financial and other performance indicators during the year and historical trend data, together with definition, method of calculation and analysis is set out below

	2016	2015	Method of calculation and analysis
Gross margin %	(27.0)	39.0	GP/Turnover
Working capital ratio	n/a	0.79	CA/CL

The company experienced difficult trading conditions in the year, and took action to reduce the cost base of the business. This resulted in the relocation of the business to the site of the immediate parent undertaking, Eaton MEDC Limited, and the closure of the existing site at Stratford upon Avon. The working capital ratio measure is shown as not applicable for 2016 due to the transfer of the trade and assets described above.

### Principal risks and uncertainties

#### Principal risks and uncertainties

The company is exposed to a number of financial risks outlined in the financial risk management section of the Directors' report.

Furthermore, the management of the business and the execution of the company's strategy are subject to a number of key business risks affecting the company, which are set out below:

#### Competitive risks

Whilst the number of competitors is relatively small in the market, there is strong competition between companies on price, service and technology. The winning of project business which is a large part of the turnover is subject to all these pressures.

There are also a number of low cost producers entering the market from the Far East who are difficult to compete with if certified products are not specified on a project.

## Strategic report (cont.)

### Principal risks and uncertainties (continued)

#### Legislative risks

Hazardous Area products are certified to international and local standards around the world. These standards are subject to continuous revision and any new directive may have a material impact on the ability of the company to manufacture and supply products. In addition compliance imposes costs and failure to comply with the standards could materially affect the company's ability to operate in a particular market.

#### Financial risks

As the company operates worldwide and sells in different currencies, exchange rate movement is a constant risk to profitability as it is not possible to revise prices continually.

#### Economic risks

The oil and gas industry is in the depths of a downturn. The demand for oil, and thus the price of oil, is a major factor on the market for the company's products, as is the long term reserves of oil. This linked with political instabilities in parts of the world, means that demand can fluctuate from year to year.

By order of the board



D Evans  
Director

27 September 2017

Registered No. 07083584

## **Directors' report**

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

### **Directors**

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

D Evans

L Oxnard

### **Future developments**

The company is expected to be dormant following the legal entity simplification described within the Strategic Report.

### **Financial risk management**

The company's policy does not permit trading in any financial instruments. The company's principal financial instruments comprise of cash, intercompany deposits and or borrowings, the main purpose of which is to provide finance for its normal trading operations and to reduce the impact of currency exchange rate movements on trading results.

The company has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the company's financial instruments are liquidity, foreign currency cash flow and credit risks. The company has clear policies for managing each of these risks, as summarised below.

#### **Liquidity risk**

Liquidity risk is the risk that an organisation may not have, or not be able to raise, cash funds when needed. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. Investment is carefully controlled, with authorisation limits operating at different levels up to group board level and with hurdle rates of return and cash payback periods applied as part of the investment appraisal process.

The company participates in the overall world-wide group's funding strategy managed at corporate treasury level. The company participates in a UK cash pool. The objective is to maintain a balance between continuity of funding and flexibility.

#### **Foreign currency cash flow risk**

The company buys and sells goods and services denominated in currencies other than sterling. The company manages such receipts and payments through the operation of other denominated currency bank accounts. As a result of the value of the company's non-sterling revenues, purchases, financial assets and liabilities, cash flows can be affected significantly by movements in exchange rates.

The company seeks, where appropriate, to mitigate its exposure to currency movements by working with the world-wide group's treasury department to enter into forward currency contracts, denominated in the same currency as the operating funds flow (against sterling), to match transactional exposures on the balance sheet and future cash flow exposures anticipated in the business. Such forward contracts are entered into on the basis of regularly updated forecast information on the level of trading in each denominated currency.

## Directors' report (continued)

### Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the company provides goods and services on deferred credit terms.

Company policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant. Goods may be sold on a cash-with-order basis to mitigate credit risk. Some operating units purchase bad debt insurance where the cost is not excessive when compared to the risks covered.

In agreeing annual budgets, operating units set limits for debtors' days and doubtful debts expense against which performance is monitored at both operating unit and company level. A process for alerting management to operations failing to meet monthly cash collection targets serves to reduce the likelihood of an unmanaged concentration of credit risk.

### Research and development

The company has continued its programme of research and development to improve a number of its existing products and to develop new products for the future.

### Employees

The company is committed to the principle of equal opportunity in employment. Our employment policies for recruitment, selection, training, development and promotion of employees are designed to ensure no application receives less favourable treatment on the grounds of age, race, nationality, religion, political beliefs, disability, sex or marital status.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are made aware of the financial and economic performance of their business units and of the company as a whole.

### Employee involvement

The employee involvement programme has been maintained and communications between management and employees remain good. Total quality management teams, briefing groups and joint consultative committees continue to operate in all the main plants.

### Going concern

The financial statements have been prepared on a break-up basis reflecting the fact that the company has ceased to trade and the directors plan to strike off the company within a year of signing the financial statements. Accordingly, adjustments have been made to provide for the diminution in value of all fixed assets so as to reduce their carrying value to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities in accordance with all applicable UK accounting standards.

## Directors' report (continued)

### Directors' qualifying third party indemnity provisions

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.

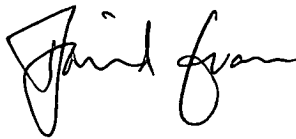
### Auditors

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



D Evans  
Director  
27 September 2017

## Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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 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 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;
- 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 Oxalis Group Limited

We have audited the financial statements of Oxalis Group Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. As disclosed in note 2.3 the financial statements have not been prepared on a going concern basis.

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 7, 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 Strategic Report and Directors' 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 loss for the year then ended;
- 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.

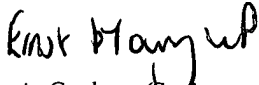
## Independent auditors' report (cont.)

To the members of Oxalis Group 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.



Annie Graham (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow

29 September 2017

## Income statement

for the year ended 31 December 2016

		2016	2015
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
<b>Turnover</b>	3	2,507	5,483
Cost of sales		(3,184)	(3,343)
<b>Gross (Loss)/Profit</b>		<u>(677)</u>	<u>2,140</u>
Distribution costs		(203)	(66)
Administrative expenses		(1,469)	(2,080)
<b>Operating Loss</b>	4	<u>(2,349)</u>	<u>(6)</u>
Interest receivable and similar income	9	5	-
Interest payable and similar costs	10	(63)	(37)
<b>Loss on ordinary activities before taxation</b>		<u>(2,407)</u>	<u>(43)</u>
Tax on (loss) on ordinary activities	11	-	77
<b>(Loss)/profit for the financial year</b>		<u><u>(2,407)</u></u>	<u><u>34</u></u>

All amounts relate to discontinued operations

## Statement of comprehensive income

for the year ended 31 December 2016

There are no recognised gains and losses other than the loss attributable to the shareholders of the company of £2,407,000 in the year ended 31 December 2016 (2015 – profit of £34,000).

## Statement of changes in equity

for the year ended 31 December 2016

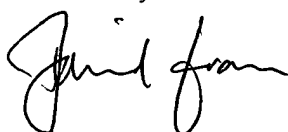
	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£000	£000	£000	£000	£000
At 1 January 2015	475	41	15	(309)	222
Share Capital Issued – Share Option	51	-	-	-	51
Profit for the year	-	-	-	34	34
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	34	34
At 31 December 2015	526	41	15	(275)	307
Capitalisation of reserves	56	(41)	(15)	-	-
Capital reduction	(582)	-	-	582	-
Loss for the year	-	-	-	(2,407)	(2,407)
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(2,407)	(2,407)
Business reorganisation:					
Gain on sale of business	-	-	-	17,850	17,850
Loss on forgiveness of loan	-	-	-	(15,750)	(15,750)
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>
<b>Fixed assets</b>			
Intangible assets	12	-	108
Tangible assets	13	-	727
Investments	14	-	82
		<u>-</u>	<u>917</u>
<b>Current assets</b>			
Stocks	15	-	824
Debtors amounts falling due within one year	16	-	1,073
Cash at bank and in hand		-	628
			<u>2,525</u>
<b>Creditors: amounts falling due within one year</b>	17	-	(3,104)
			<u>(579)</u>
<b>Net current assets / (liabilities)</b>		<u>-</u>	<u>(579)</u>
<b>Total assets less current liabilities</b>		-	338
<b>Creditors: amounts falling due after more than one year</b>	18	-	(22)
<b>Provisions for liabilities</b>	19	-	(9)
			<u>(307)</u>
<b>Net assets</b>		<u>-</u>	<u>307</u>
<b>Capital and reserves</b>			
Called up share capital	20	-	526
Share premium account	21	-	41
Capital redemption reserve	21	-	15
Profit and loss account	21	-	(275)
		<u>-</u>	<u>307</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D Evans  
Director  
27 September 2017

## Notes to the financial statements

at 31 December 2016

### 1. Authorisation of financial statements and statement of compliance

Oxalis Group 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.

The financial statements of Oxalis Group Limited for the year ended 31 December 2016 were authorised for issue by the board of directors on 27 September 2017 and the statement of financial position was signed on the board's behalf by D Evans.

### 2. Accounting policies

#### 2.1 Basis of preparation

Oxalis Group 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. Oxalis Group 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.

Oxalis Group Limited 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

## Notes to the financial statements (cont.)

at 31 December 2016

### 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 judgments have the most significant effect on amounts recognised in the financial statements.

#### *Taxation*

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

#### *Goodwill and intangible assets*

The company established a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate was based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

#### *Warranties*

The warranty provision represented 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 was anticipated that most of these costs will be incurred in the next five years

#### *Impairment of non-financial assets*

Where there were indicators of impairment of individual assets, the company performed impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation was 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 was based on a discounted cash flow model. The cash flows were derived from the budget for the next five years and did not include restructuring activities that the Group was not yet committed to or significant future investments that would enhance the asset's performance of the cash generating unit being tested. The recoverable amount was 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 was recognised to the extent that the company obtained the right to consideration in exchange for its performance. Revenue was 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 was recognised:

##### Sale of goods

Revenue from the sale of goods was 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 could be measured reliably, it was probable that the economic benefits associated with the transaction would flow to the entity and the costs incurred or to be incurred in respect of the transaction could be measured reliably.

## Notes to the financial statements (cont.)

at 31 December 2016

### 2.3 Significant accounting policies (Continued)

#### (a) Revenue recognition (continued)

##### Rendering of services

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

##### Interest income

Revenue was recognised as interest accrued using the effective interest method.

##### Dividends

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

#### (b) Research and development costs

Building and equipment acquired for research and development was included in fixed assets. Equipment was written off in accordance with the company's depreciation policy. Other research and development expenditure was written off in the year which it was incurred.

#### (c) Tangible fixed assets

Tangible fixed assets were stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprised 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 was 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:

Freehold buildings	–	over 30 years
Leasehold improvements	–	over the lease term
Plant and machinery	–	over 10 years
Fixtures, fittings, tools and equipment	–	over 3 to 10 years

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

#### (d) Impairment of non-financial assets

The company assessed at each reporting date whether an asset may be impaired. If any such indication existed the company estimated recoverable amount of the asset. If it was not possible to estimate the recoverable amount of the individual asset, the company estimated, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit was the higher of its fair value less costs to sell and its value in use. If the recoverable amount was less than its carrying amount, the carrying amount of the asset was impaired and it was reduced to its recoverable amount through an impairment in profit and loss unless the asset was carried at a revalued amount where the impairment loss of a revalued asset was a revaluation decrease.

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



## Notes to the financial statements (cont.)

at 31 December 2016

### 2.3 Significant accounting policies (continued)

(e) Investments

Shares in group undertakings

These comprised investments in subsidiaries and were recognised at cost less impairment.

(f) Provision for liabilities

A provision was recognised when Oxalis Group Limited had a legal or constructive obligation as a result of a past event and it was probable that an outflow of economic benefits would be required to settle the obligation.

Provisions for warranty costs were 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.

(g) Stock and work in progress

Stocks were stated at the lower of cost and net realisable value. Cost included all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials: purchase cost on a first-in, first-out basis.

Work in progress and finished goods: cost of direct materials and labour plus attributable overheads based on a first-in, first-out basis on a normal level of activity.

Net realisable value was based on estimated selling price less any further costs expected to be incurred to completion and disposal.

(h) Leasing and hire purchase

Assets held under finance leases, which were leases where substantially all the risks and rewards of ownership of the asset had passed to the company, and hire purchase contracts were capitalised in the balance sheet and were depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability was recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments were apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

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

The determination of whether an arrangement is (or contains) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was 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 was not explicitly specified in an arrangement.

## Notes to the financial statements (cont.)

at 31 December 2016

### 2.3 Significant accounting policies (Continued)

(i) Financial Instruments

Cash at bank and in hand

Cash and cash equivalents in the balance sheet comprised 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 were recorded at transaction price. Any losses arising from impairment were recognised in the income statement in operating expenses.

(j) Deferred tax

Deferred tax was recognised in respect of all timing differences which were 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 were recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets were recognised only to the extent that the directors considered that it was probable that they would be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax was measured on an undiscounted basis at the tax rates that were expected to apply in the periods in which timing differences reversed, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(k) Pensions commitments

Contributions to defined contribution schemes were recognised in the income statement in the period in which they became payable

(l) Going concern

The financial statements have been prepared on a break-up basis reflecting the fact that the company has ceased to trade during the year and the directors plan to strike off the company within a year of signing the financial statements. Accordingly, adjustments have been made to provide for the diminution in value of all fixed assets so as to reduce their carrying value to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities in accordance with all applicable UK accounting standards.

(m) Foreign currency

Transactions in foreign currencies were 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 were retranslated at the rate of exchange ruling at the balance sheet date. All differences were taken to the income statement.

(c) Merger accounting

Group reorganisations where the ultimate equity holders remain the same, and the rights of each equity holder, relative to the others, are unchanged; and no non-controlling interest in the net assets of the group is altered by the transfer, are accounted for using merger accounting. The carrying values of the assets and liabilities of the parties to the combination are not adjusted to fair value. The difference, if any, between the book value of the assets and liabilities and the consideration shall be shown as a movement in reserves. These movements shall be shown in the statement of changes in equity.

(n) Exceptional items

Exceptional items are events or transactions that fall within the activities of the company and which by virtue of their size or incidence have been disclosed in order to improve a reader's understanding of the financial statements.

## Notes to the financial statements (cont.)

at 31 December 2016

### 3. Turnover

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

Turnover is attributable to discontinued activities in the UK.

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.

### 4. Operating (Loss)/ Profit

This is stated after charging:

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Research and development revenue expenditure written off	308	630
Depreciation of owned assets (see note 13)	130	171
Foreign exchange differences	58	19
Operating lease rentals – land and buildings	50	61
– others	29	15
Amortisation of intangible assets – patents (see note 12)	108	42
Auditors' remuneration (see note 5)	<u>15</u>	<u>15</u>

### 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.

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Audit of the financial statements	15	15
Taxation Services	-	-
	<u>15</u>	<u>15</u>

## Notes to the financial statements (cont.)

at 31 December 2016

### 6. Staff costs

(a) Staff costs

Staff costs, including directors' remuneration, were as follows

	2016 £000	2015 £000
Wages and salaries	836	807
Social security costs	79	80
Other pension costs (see note 22) defined contribution scheme	26	9
	<u>941</u>	<u>896</u>

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

	2016 No.	2015 No.
Manufacturing	16	21
Distribution	4	-
Administration	9	7
	<u>29</u>	<u>28</u>

### 7. Directors remuneration

	2016 £000	2015 £000
Remuneration for Qualifying Services	-	21
	<u>-</u>	<u>21</u>
	2016 No	2015 No
Number of directors who received shares in respect of qualifying services	-	6
Number of directors who exercised share options	-	-
	<u>-</u>	<u>-</u>

No director received, or was due to receive, any emoluments in connection with their services as a director of the company during the year. The fair value of the services received has been assessed at £5,000 per director; therefore Cooper Security Limited recognises a notional charge of £10,000 (2015: £10,000) for director's services during the year.

## Notes to the financial statements (cont.)

at 31 December 2016

### 8. Exceptional items

	2016	2015
	£000	£000
Recognised in arriving at operating (loss)/profit:		
Loss on disposal of Research and Development	-	649
Loss on disposal of fixed asset investments	-	7
	<u>-</u>	<u>656</u>

In 2015 an impairment review was carried out in relation to the company's research and development asset.

On disposal of an investment in Lumenox Limited in 2015 a loss of £7,000 was recognised.

### 9. Interest receivable and similar costs

	2016	2015
	£000	£000
Interest receivable from group undertakings	5	-
	<u>5</u>	<u>-</u>

### 10. Interest payable and similar costs

	2016	2015
	£000	£000
On Bank loans and overdrafts	52	21
On loans wholly repayable within 5 years	-	1
Hire purchase interest	11	15
	<u>63</u>	<u>37</u>

## Notes to the financial statements (cont.)

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
<b>Current tax:</b>		
UK corporation tax at 20.0% (2015: 20.25%)	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	44
Adjustment in respect of prior year	-	(121)
Total change in the deferred tax	-	(77)
Tax on profit on ordinary activities	-	(77)

(b) Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the year is higher/lower than the standard rate of corporation tax in the UK of 20.0% (2015 – 20.25%). The differences are reconciled below:

	2016	2015
	£000	£000
(Loss) on ordinary activities before tax	(2,407)	(43)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015-20.25%)	(481)	(9)
Expenses not deductible for tax purposes (including amortisation)	-	70
Adjustment from previous periods	-	(121)
Depreciation in excess of capital allowances	47	-
Tax loss utilised	-	38
Other timing differences	-	41
Group relief	434	215
Share options	-	(311)
Total tax expense	-	(77)

(c) Factors that may affect future tax charges

The UK corporation tax rate fell from 20% to 19% effective from 1 April 2017 and there are proposals to further reduce the UK corporate income tax rate to 17%, effective from 1 April 2020, which will be enacted in future Finance Bills. Consequently, the company will only recognise the impact of the rate change which is substantively enacted at that time in its financial statements.

## Notes to the financial statements (cont.)

at 31 December 2016

### 11. Taxation (Continued)

(d) Deferred tax

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

	2016 £000	2015 £000
Included in debtors(note 16)/creditors (note 17)	-	(64)
Fixed assets timing differences	-	(21)
Losses	-	(45)
Other timing differences	-	2
Provision for deferred tax	-	(64)
At 1 January 2016		(64)
Transferred to other group undertakings		64
At 31 December 2016		-

The deferred tax balances as at 31 December 2016 have been restated at a rate of 19% as this is the rate at which deferred tax is expected to reverse.

### 12. Intangible fixed assets

	<i>Patents</i> £000
Cost:	
At 1 January 2016	316
Disposals	(316)
At 31 December 2016	-
Amortisation and impairment:	
At 1 January 2016	208
Provided during the year	108
Disposals	(316)
At 31 December 2016	-
Carrying amount	
At 31 December 2016	-
At 31 December 2015	108

## Notes to the financial statements (cont.)

at 31 December 2016

### 13. Tangible fixed assets

	<i>Short Leasehold Improvements £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2016	74	1,165	293	1,532
Additions	-	-	80	80
Reclassification	-	(84)	84	-
Transfers	(38)	(807)	(168)	(1,013)
Disposals	(36)	(274)	(289)	(599)
At 31 December 2016	-	-	-	-
Depreciation and impairment:				
At 1 January 2016	66	505	234	805
Provided during the year	6	73	51	130
Transfers	(38)	(337)	(25)	(400)
Disposals	(34)	(241)	(260)	(535)
At 31 December 2016	-	-	-	-
Carrying amount				
At 31 December 2016	-	-	-	-
At 31 December 2015	8	660	59	727

Included above are assets held under finance leases or hire purchase contracts as follows:

	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Net book value			
As at 31 December 2016	-	-	-
As at 31 December 2015	485	14	499
Depreciation charge for the year			
2016	60	12	72
2015	76	12	88



## Notes to the financial statements (cont.)

at 31 December 2016

### 14. Investments: Shares in group undertakings

	<i>Investments in subsidiary companies £000</i>
Cost:	
At 1 January 2016	180
Disposals	(180)
At 31 December 2016	<u>-</u>
Impairment:	
At 1 January 2016	(98)
Disposals	98
At 31 December 2016	<u>-</u>
Carrying amount:	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>92</u>

### 15. Stocks

	<i>2016 £000</i>	<i>2015 £000</i>
Raw materials and consumables	-	677
Work in progress	-	9
Finished goods and goods for resale	-	138
	<u>-</u>	<u>824</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 £3,184,000(2015 – £3,343,000).

### 16. Debtors

	<i>2016 £000</i>	<i>2015 £000</i>
Trade and other receivables	-	512
Prepayments and accrued income	-	53
Amounts owed by group undertakings	-	341
Deferred tax asset (note 11)	-	64
Other debtors	-	103
	<u>-</u>	<u>1,073</u>

## Notes to the financial statements (cont.)

at 31 December 2016

### 17. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	-	277
Net obligations under finance lease and hire purchase contracts	-	110
Amounts owed to group undertakings	-	2,431
Other creditors	-	250
Accruals and deferred income	-	36
	<u>-</u>	<u>3,014</u>

### 18. Creditors: amounts falling due after more than one year

	2016	2015
	£000	£000
Net obligations under finance leases and hire purchase agreements	-	22
	<u>-</u>	<u>22</u>

### 19. Provisions for liabilities

	<i>Warranty provision £000</i>
At 1 January 2016	9
Additions during the year	49
Amounts charged against the provision	(3)
Transfer out	(55)
At 31 December 2016	<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.

## Notes to the financial statements (cont.)

at 31 December 2016

### 20. Allotted and Issued share capital

	2016	2015
	£000	£000
Allotted and fully paid		
Nil (2015:400,000) Ordinary A shares of £1 each	-	400
1 (2015 125,729) Ordinary B shares of £1 each	-	126
	<u>-</u>	<u>526</u>

On 1 November 2016 the company capitalised the share premium account and the capital redemption reserve by the issue of 55,638 fully paid Ordinary A shares of £1 each. Subsequent to this, the company carried out a capital reduction of £581,366 by cancelling 455,638 Ordinary A shares of £1 each and 125,728 Ordinary B shares of £1 each.

### 21. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£000	£000	£000	£000	£000
At 1 January 2016	526	41	15	(275)	307
Capitalisation of reserves	56	(41)	(15)	-	-
Capital reduction	(582)	-	-	582	-
Loss for the year	-	-	-	(2,407)	(2,407)
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,407)</u>	<u>(2,407)</u>
Business reorganisation:					
Gain on sale of business	-	-	-	17,850	17,850
Loss on forgiveness of loan	-	-	-	(15,750)	(15,750)
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes to the financial statements (cont.)

at 31 December 2016

### 22. Pensions

The company operates a defined contribution pension scheme. The pension charge for the year ended 31 December 2016 was £26,000 (2015: £9,000) in respect of the defined contribution scheme. There were no outstanding contributions at the year end.

### 23. 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	-	61	-	15
After one year but not more than five years	-	25	-	9
After five years	-	-	-	-

### 24. Capital commitments

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

### 25. Contingent liabilities

There are no known contingent liabilities

### 26. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Eaton MEDC 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  
1000 Eaton Boulevard  
Cleveland  
Ohio 44122  
USA

### 27. Events after the reporting period

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