

Company Registration No. 02569386 (England and Wales)

**AMETEK (GB) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# AMETEK (GB) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	E Speranza P Zetti B P Wilson A Ponsot	(Appointed 25 April 2018) (Appointed 25 April 2018) (Appointed 1 January 2019)
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<b>Secretary</b>	J Atwell
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<b>Company number</b>	02569386
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<b>Registered office</b>	PO Box 36 2 New Star Road Leicester LE4 9JQ
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<b>Auditor</b>	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
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<b>Business addresses</b>	Steyning Way Southern Cross Industrial Estate Bognor Regis West Sussex PO22 9ST
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5 Ashville Way  
Molly Millars Lane  
Wokingham  
RG41 2TZ

Spectrum House  
1 Millers Business Centre  
Fishponds Close  
Wokingham  
RG41 2TZ

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# AMETEK (GB) LIMITED

## CONTENTS

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	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 7
Income statement	8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 27

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# AMETEK (GB) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their strategic report for the year ended 31 December 2018.

The company's key financial indicators for the year were as follows:

	2018	2017	Change
	£'000	£'000	%
Turnover	26,961	23,540	14.53
Operating profit	8,359	5,624	48.63
Operating profit as % of sales	31.00%	23.89%	-
Net current assets	12,331	11,534	6.91
Total equity	18,627	18,344	1.54

The growth in revenues in the Leicester division of 19.7% was mainly due to the increased revenue from the acquisition of the trade and assets of a fellow UK subsidiary, Powervar Limited, (31 July 18) and an increase in revenue of £585,000 in the Atlas division. GP % was maintained year on year at 56%. Operating expenses were favourably impacted by foreign exchange differences of £144,000. Net current assets increased by £2.6m, with a £857,000 increase in stocks comprising the Powervar addition offset by a reduction in stocks held at Brookfield. The increase in debtors of £3.1m resulted from an intercompany loan of £2.8m.

The AMT division experienced revenue growth of 10% due in principal to a surge in Asian market demand for Solatron Energy diagnostic products driven by increased industrial requirements and nanotechnology research. This offset UK funding issues for the environmental monitoring product investments. Gross Margin improvements of 2.97% can be attributed to the sales mix. Year over year operating expenses reduced by £268,000, due to lower agents' commissions (Driven by India sales volume reduction and increased direct business in China), travel and entertainment and outside services. The impact of foreign exchange activity showed an improvement of £52,000 versus the prior year. The resultant profit before tax for the division represented 33.6% of revenue (27.2% for the previous year). Net current assets have decreased by £1.8m due to the timing of dividends.

#### Principal risks and uncertainties

The company operates in a competitive global environment. Customers can switch to competitor products if they judge that the competitor product offers better value. We continue to focus on the quality and reliability of our products to give good value over the product life and to maintain our competitiveness.

The company is impacted by exchange rate fluctuations, especially of the Euro and US dollar, but we continue to mitigate this as far as possible by increasing the proportion of purchases made in these currencies to reduce our overall exposure.

Generally, business risks are mitigated by the company having a broad customer base covering a wide variety of industry sectors and products.

# AMETEK (GB) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **Financial risk management**

The company's principal financial instruments comprise trade debtor, trade creditor and inter-company balances.

The main risk arising from the company's financial instruments is foreign currency risk. The company has translational currency exposures arising from sales and purchases in foreign currencies. It is AMETEK group policy not to hedge against foreign currency transactions and balances in subsidiary operations.

### **Brexit**

The company has considered the risks that might arise from a disorderly Brexit and has considered responses to mitigate those risks. Given the nature of the company's business, the directors are of the opinion that the risks are minimal.

On behalf of the board

.....  
A Ponsot  
Director

13 May 2019

# AMETEK (GB) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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Company Registration No. 02569386

The directors present their report for the year ended 31 December 2018.

#### Principal activities

The principal activity of the company continued to be that of the manufacture and distribution of electro-mechanical testing equipment, direct current circuits and high-precision analytic measurement instrumentation and the distribution of electronic detection instrumentation and electric motors.

#### Directors

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

D B Coley	(Resigned 25 April 2018)
E Speranza	
M Nasstrom	(Resigned 1 January 2019)
P Zetti	(Appointed 25 April 2018)
B P Wilson	(Appointed 25 April 2018)
A Ponsot	(Appointed 1 January 2019)

#### Directors' insurance

AMETEK Inc. has indemnified one or more directors of the company 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 was in force during the year and remains in place to the date of this report.

#### Results and dividends

The results for the year are set out on page 8.

The total distribution of dividends for the year ended 31 December 2018 was £6,500,000 (2017: £9,181,000).

#### Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and details of the company's exposure to risk are described in the strategic report on pages 1 - 2.

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

#### Financial instruments

Details of financial instruments are set out in the strategic report on pages 1 - 2.

#### Research and development

The company continues an active programme of research and development in all areas of its activities, with the constant review of existing products and development of new products being an integral part of this programme.

#### Post reporting date events

The company has declared and made distributions amounting to £2,350,000 since 31 December 2018.

# AMETEK (GB) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **Future developments**

We anticipate that global economic conditions will remain uncertain, but we remain confident of future profitability and continue to pursue cost saving initiatives. Details of the impact of a disorderly Brexit are set out in the strategic report on pages 1 - 2.

### **Auditor**

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

.....  
A Ponsot  
Director

13 May 2019

# **AMETEK (GB) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 these 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing , as applicable, matters related to going concern;and
- use the going concern basis of accounting unless they intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



# AMETEK (GB) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMETEK (GB) LIMITED

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### Opinion

We have audited the financial statements of AMETEK (GB) Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit 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* (United Kingdom Generally Accepted Accounting Practice); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of the basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statement does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in these reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

# AMETEK (GB) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AMETEK (GB) LIMITED

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### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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.

*Neil Calder*  
Neil Calder (Senior Statutory Auditor)  
for and on behalf of KPMG LLP  
Statutory Auditor  
Chartered Accountants

*14 May 2019*

St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

# AMETEK (GB) LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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	Notes	2018 £'000	2017 £'000
Turnover	3	26,961	23,540
Cost of sales		(13,065)	(11,858)
<b>Gross profit</b>		<b>13,896</b>	<b>11,682</b>
Distribution costs		(4,852)	(5,092)
Administrative expenses		(1,037)	(1,242)
Other operating income		352	276
<b>Operating profit</b>	4	<b>8,359</b>	<b>5,624</b>
Interest receivable and similar income	7	2,415	55
Interest payable and similar expenses	8	-	(7)
Amounts written off investments	9	(2,340)	-
<b>Profit before taxation</b>		<b>8,434</b>	<b>5,672</b>
Taxation	10	(1,681)	22
<b>Profit for the financial year</b>	23	<b>6,753</b>	<b>5,694</b>

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The Income Statement has been prepared on the basis that all operations are continuing operations.

# AMETEK (GB) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

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	2018 £'000	2017 £'000
Profit for the year	6,753	5,694
Other comprehensive income	-	-
Total comprehensive income for the year	<u>6,753</u>	<u>5,694</u>

# AMETEK (GB) LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Goodwill	12		4,775		5,017
Other intangible assets	12		344		516
Total intangible assets			5,119		5,533
Tangible assets	13		1,077		1,277
Investments	14		100		-
			6,296		6,810
<b>Current assets</b>					
Stocks	15	2,595		1,495	
Debtors	16	10,016		6,122	
Cash at bank and in hand		4,784		6,844	
			17,395		14,461
<b>Creditors: amounts falling due within one year</b>	18	(5,064)		(2,927)	
<b>Net current assets</b>			12,331		11,534
<b>Total assets less current liabilities</b>			18,627		18,344
<b>Capital and reserves</b>					
Called up share capital	20		1,100		1,100
Share premium account	21		6,319		6,319
Capital redemption reserve	22		2,434		2,434
Profit and loss reserves	23		8,774		8,491
<b>Total equity</b>			18,627		18,344

The financial statements were approved by the board of directors and authorised for issue on 13 May 2019 and are signed on its behalf by:

A Ponsot  
Director

Company Registration No. 02569386

# AMETEK (GB) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2017</b>		1,100	6,319	2,434	11,957	21,810
<b>Year ended 31 December 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	5,694	5,694
Dividends	11	-	-	-	(9,181)	(9,181)
Credit to equity for equity settled share-based payments		-	-	-	21	21
<b>Balance at 31 December 2017</b>		1,100	6,319	2,434	8,491	18,344
<b>Year ended 31 December 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	6,753	6,753
Dividends	11	-	-	-	(6,500)	(6,500)
Credit to equity for equity settled share-based payments		-	-	-	30	30
<b>Balance at 31 December 2018</b>		1,100	6,319	2,434	8,774	18,627

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### Company information

AMETEK (GB) Limited is a private company limited by shares incorporated in England and Wales. The registered office is PO Box 36, 2 New Star Road, Leicester, LE4 9JQ.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006. The financial statements were approved for issue on the date shown on the Statement of Financial Position.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

The company's ultimate parent undertaking, AMETEK Inc, includes the company in its consolidated financial statements. The consolidated financial statements of AMETEK Inc are available to the public and may be obtained from P O Box 36, 2 New Star Road, Leicester LE4 9JQ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments
  - items of income, expenses, gains or losses relating to financial instruments and;
  - exposure to and management of financial risks
- share based payment disclosures, including:
  - a description of each type of share based payment arrangement that has existed and;
  - details of exercises and vests during the period
- related party transaction disclosures, including (i) transactions with wholly owned subsidiaries of the AMETEK Inc group and (ii) disclosures related to key management remuneration.

##### 1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

##### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.4 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 VAT and other sales taxes. Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, which is dependent on the specific customer agreements in place.

Revenue generated in respect of the provision of maintenance contracts has been recognised in the financial statements over the length of the maintenance contract.

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over the estimated useful life of the asset.

£10,175,000 of the goodwill recorded relates to the acquisition of the Solartron Analytical business in 2006. The goodwill was considered to have a useful economic life of 20 years from the acquisition date and this is considered to remain appropriate in view of the benefits that the company expects to continue to obtain from it in the future.

Goodwill amounting to £1,828,000 arose on the acquisition of the businesses of Atlas Materials Testing Technology Limited, Vision Research Limited, Spectro Analytical UK Limited and Powervar Limited. This goodwill is considered to have a useful economic life of 10 years from the acquisition date, taking into account the benefits that the company expects to obtain from it in the future.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Intangible fixed assets represent customer lists acquired as part of the acquisition of businesses and are amortised over 5 years, which is the period over which the company expects to benefit.

#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	2% per annum
Leasehold improvements	25% per annum
Plant and machinery	14% to 33% per annum
Fixtures, fittings & equipment	15% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.



# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in the income statement.

#### 1.11 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and 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.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through the income statement 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 held at fair value through the income statement, 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 have been affected. The impairment loss is recognised in the income statement.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Basic financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Other financial liabilities classified as fair value through the income statement are measured at fair value.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### ***Other financial liabilities***

Other financial liabilities 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 the company's contractual obligations expire or are discharged or cancelled.

#### 1.13 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.

#### 1.14 Taxation

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

##### ***Current tax***

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

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

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

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.16 Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions that impact on the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement for the year (as part of wages and salaries) with a corresponding reserve transfer to the profit and loss reserve.

There are no non-equity settled share-based payments.

#### 1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

### 2 Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The following are considered to have the most significant effect on the amounts recognized in the financial statements:

- Taxation on the determination of the amount of deferred tax assets that can be recognised, based on the likely level and timing of future profit.
- Stocks – the determination of provision required to ensure that inventories are recorded at the lower of cost and net realisable value.
- Fixed assets – The determination on whether impairment provisions are required to reduce the carrying value of tangible and intangible fixed assets.

### 3 Turnover

In the opinion of the directors it would be seriously prejudicial to the interest of the company to provide an analysis of turnover by geographic market or by separate class of business.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

4	Operating profit	2018 £'000	2017 £'000
	Operating profit is stated after charging/(crediting):		
	Exchange (gains) / losses	(90)	106
	Research and development expenditure	271	265
	Fees payable to auditor for audit of the company's accounts	34	28
	Depreciation of owned tangible fixed assets	305	317
	Profit on disposal of tangible fixed assets	(84)	(18)
	Amortisation of intangible assets arising on business combinations	874	828
	Cost of stocks recognised as an expense	11,000	9,834
	Reversal of write downs of stocks recognised in the period	-	(50)
	Operating lease charges	382	373

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Production staff	8	8
Engineering staff	4	4
Sales staff	67	67
Administration staff	3	3
	82	82

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	3,696	4,018
Social security costs	444	451
Pension costs	309	194
	4,449	4,663

Included in wages and salaries is a charge for share-based payments of £ 30,000 (2017: £21,000) which all relates to equity-settled transactions, of which £24,000 (2017: £19,000) relates to restricted shares and £6,000 (2017: £2,000) relates to share options.

Further details of the share-based payment arrangements applicable are given in the group financial statements of the ultimate parent entity AMETEK Inc.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

6	Directors' remuneration	2018 £'000	2017 £'000
	Remuneration for qualifying services	2	9
	Company pension contributions to defined contribution schemes	1	1
		<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

The number of directors who exercised share options during the year was 2 (2017 - 1).

The number of directors who received shares under long term incentive schemes during the year was 2 (2017 - 1).

E Speranza is a France based director within the AMETEK group and does not provide any qualifying services to AMETEK (GB) Limited.

M Nasstrom was a Sweden based director who provided an element of qualifying services to AMETEK (GB) Limited in addition to his role in Sweden.

A Ponsot is France based director who will provide an element of qualifying services to AMETEK (GB) Limited in addition to his roles in other European countries.

B P Wilson is a director of other group entities and his emoluments in respect of qualifying services to these companies is disclosed in the relevant subsidiaries to the extent that his qualifying services can be attributed to these subsidiaries.

D B Coley was also a director of other subsidiary companies within the AMETEK group until his resignation and his emoluments in respect of qualifying services to these companies are disclosed in these relevant subsidiaries to the extent that his qualifying services can be attributed to these subsidiaries.

7	Interest receivable and similar income	2018 £'000	2017 £'000
	<b>Interest income</b>		
	Interest on bank deposits	4	1
	Interest receivable from group undertakings	71	52
	Other interest income	-	2
		<u>          </u>	<u>          </u>
	Total interest income	75	55
	<b>Other income from investments</b>		
	Dividends received	2,340	-
		<u>          </u>	<u>          </u>
	Total interest receivable and similar income	<u>2,415</u>	<u>55</u>
		<u>          </u>	<u>          </u>
8	Interest payable and similar expenses	2018 £'000	2017 £'000
	Interest payable to group undertakings	-	7
		<u>          </u>	<u>          </u>

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 9 Amounts written off investments

2018	2017
£'000	£'000

Amounts written off investments	2,340	-
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#### 10 Taxation

2018	2017
£'000	£'000

##### Current tax

UK corporation tax on profits for the current period	1,701	2
Adjustments in respect of prior periods	2	-

Total current tax	1,703	2
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##### Deferred tax

Origination and reversal of timing differences (see note 17)	(22)	(24)
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Total tax charge/(credit)	1,681	(22)
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The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

2018	2017
£'000	£'000

Profit before taxation	8,434	5,672
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Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	1,602	1,092
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Tax effect of expenses that are not deductible in determining taxable profit	73	79
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Adjustments in respect of prior years	2	-
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Effect of changes in tax rates	4	3
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Group relief received for nil value	-	(1,196)
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Amounts written off investments	445	-
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Dividend income	(445)	-
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Taxation for the year	1,681	(22)
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#### Factors that may affect the future tax charge

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting period are taxed at a rate of 19%. The standard rate will fall further to 17% with effect from 1 April 2020. The reduction to 17% was enacted in September 2016 and therefore deferred tax balances have been stated at a rate of 17%.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Dividends

	2018 £'000	2017 £'000
Ordinary dividend paid	6,500	9,181

### 12 Intangible fixed assets

	Goodwill £'000	Patents £'000	Total £'000
<b>Cost</b>			
At 1 January 2018	11,543	860	12,403
Additions - separately acquired	460	-	460
At 31 December 2018	12,003	860	12,863
<b>Amortisation and impairment</b>			
At 1 January 2018	6,526	344	6,870
Amortisation charged for the year	702	172	874
At 31 December 2018	7,228	516	7,744
<b>Carrying amount</b>			
At 31 December 2018	4,775	344	5,119
At 31 December 2017	5,017	516	5,533

The intangible assets above arose through business combinations. Amortisation is charged to administration costs in the income statement.



# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 13 Tangible fixed assets

	Freehold property	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2018	557	468	1,740	125	2,890
Additions	-	-	145	15	160
Acquisitions through business acquisitions	-	-	32	-	32
Disposals	-	-	(219)	-	(219)
At 31 December 2018	557	468	1,698	140	2,863
<b>Depreciation and impairment</b>					
At 1 January 2018	23	346	1,166	78	1,613
Depreciation charged in the year	12	58	224	11	305
Eliminated in respect of disposals	-	-	(138)	-	(138)
Acquisitions through business acquisitions	-	-	6	-	6
At 31 December 2018	35	404	1,258	89	1,786
<b>Carrying amount</b>					
At 31 December 2018	522	64	440	51	1,077
At 31 December 2017	534	122	574	47	1,277

### 14 Fixed asset investments

	2018 £'000	2017 £'000
Investments in subsidiaries	100	-

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 14 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 January 2018	-
Additions	2,440
At 31 December 2018	2,440
<b>Impairment</b>	
At 1 January 2018	-
Impairment losses	2,340
At 31 December 2018	2,340
<b>Carrying amount</b>	
At 31 December 2018	100
At 31 December 2017	-

During the year, the company acquired 100% of the share capital of Powervar Limited, which is registered at 1020 Eskdale Road, Winnersh, Wokingham RG41 5TS England, from a fellow AMETEK Inc. subsidiary. The company is dormant and has been placed in liquidation following payment of a dividend to AMETEK (GB) Limited, resulting in an equivalent impairment loss being recorded.

### 15 Stocks

	2018 £'000	2017 £'000
Raw materials and consumables	1,070	744
Finished goods and goods for resale	1,525	751
	2,595	1,495

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 16 Debtors

	2018	2017
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade debtors	3,383	2,421
Amounts due from fellow subsidiary undertakings	6,184	2,142
Corporation tax recoverable	-	1,191
Other debtors	10	8
Prepayments and accrued income	181	135
	<u>9,758</u>	<u>5,897</u>
Deferred tax asset (note 17)	258	225
	<u>10,016</u>	<u>6,122</u>

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2018	Assets 2017
	£'000	£'000
<b>Balances:</b>		
Decelerrated capital allowances	238	208
Other timing differences	20	17
	<u>258</u>	<u>225</u>

	2018
	£'000
<b>Movements in the year:</b>	
Asset at 1 January 2018	(225)
Effect of origination and timing differences charged to income statement	(22)
Transfer on acquisition	(11)
	<u>(258)</u>
Asset at 31 December 2018	<u>(258)</u>

The company expects deferred tax assets of £47,000 to reverse in 2019.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 18 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	592	466
Amounts due to fellow subsidiary undertakings	1,376	676
Corporation tax	1,178	-
Other taxation and social security	398	335
Other creditors	26	48
Accruals and deferred income	1,494	1,402
	<u>5,064</u>	<u>2,927</u>

### 19 Retirement benefit schemes

The charge to profit and loss in respect of defined contribution schemes was £309,000 (2017: £194,000).

20 Share capital	2018 £'000	2017 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,100,002 Ordinary Shares of £1 each	<u>1,100</u>	<u>1,100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

### 21 Share premium account

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

### 22 Capital redemption reserve

This reserve records amounts received in respect of purchase of own shares.

### 23 Profit and loss reserves

This account includes all current and prior period retained profits and losses.

# AMETEK (GB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 24 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £'000	2017 £'000
Within one year	326	342
Between two and five years	435	313
In over five years	346	-
	<u>1,107</u>	<u>655</u>

### 25 Acquisition of businesses

On 31 July 2018, the company acquired 100% of the share capital of Powervar Limited and subsequently hived up the trade and assets. The business is involved in the supply and installation of power conditioners and power-surge protectors.

Effect of acquisition

	Recognised values on acquisition £'000
Tangible fixed assets	26
Stocks	617
Trade and other debtors	1,719
Cash at bank and in hand	392
Trade and other creditors	(774)
	<u>1,980</u>
Goodwill	460
Total consideration	<u>2,440</u>
Satisfied by:	£'000
Cash	<u>2,440</u>
Contribution by the acquired business for the reporting period since acquisition:	£'000
Turnover	4,474
Net profit	<u>217</u>

# **AMETEK (GB) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **26 Financial commitments, guarantees and contingent liabilities**

The company has issued bank guarantees to the value of £333,000 (2017: £327,000).

### **27 Related party transactions**

The company is a wholly owned subsidiary of AMETEK Inc. Consequently, the company is exempt under section 33.1A of FRS 102 'related party disclosures' from disclosing related party transactions with wholly owned subsidiaries of AMETEK Inc.

### **28 Events after the reporting date**

The company has declared and made distributions amounting to £2,350,000 since 31 December 2018.

### **29 Controlling party**

The immediate parent company and controlling party is AMETEK Instruments Group UK Limited, a company registered at P O Box 36, 2 New Star Road, Leicester LE4 9JQ UK.

The ultimate parent company is AMETEK Inc, a company incorporated in the United States of America. AMETEK Inc. prepares group financial statements which include the company and are the smallest and largest consolidated accounts that the company is included in, copies of which can be obtained from P O Box 36, 2 New Star Road, Leicester LE4 9JQ.