

**Eaton Electrical Products Limited (formerly known as
Cooper Fulleon Limited)**

Registered Number: 01342230

Report and Financial Statements

31 December 2016



Corporate information

Directors

R Howes
A Jackson
J Butters
M Carter
A Upton

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

Jephson Court
Tancred Close
Queensway
Royal Leamington Spa
Warwickshire
CV31 3RZ

Strategic report

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

Principal activities

The principal activities of the company during the year were the design, production and distribution of products designed to protect property and people, including electronic sounders for use in fire alarm and security systems and associated equipment, intruder alarm and data communication systems, and circuit protection products.

Business review

In April 2016 the company changed its name to Eaton Electrical Products Limited to better reflect the proposed expansion in its activities as set out below.

In May 2016, as part of a legal entity simplification program in the UK the company entered into the following transactions:

- Acquisition of Cooper Bussmann (UK) Limited for £105,009,000 and Cooper Security Limited for £135,000 by way of capital contributions from its parent company Eaton Holding (UK) II Limited.
- Acquisition of Martek Power Limited for £5,364,000.
- Purchase of the assets and liabilities of Cooper Security Limited for £28,800,000 in exchange for a loan note.
- Purchase of the assets and liabilities of Martek Power Limited for £5,364,000 in exchange for a loan note.
- The excess of consideration paid over the net assets acquired has been added to investments in subsidiary undertakings.
- Subsequent to the above trade transfers, the intercompany loan notes were forgiven.

Following these steps, the company reviewed the carrying value of its investments and has made additional provisions against investments in group undertakings of £26,658,000.

The existing and acquired parts of the business traded profitably in the year despite subdued global markets, which have meant an ongoing emphasis on cost control.

Results and dividends

The profit for the year after taxation amounted to £7,459,000 (2015 profit of £4,519,000). The directors do not recommend a final dividend (2015 - £nil). The company acquisition of other group companies resulted in an increase in turnover of £10,391,000. This is also the reason for the increase in costs year on year.

Key Performance Indicators	Definition	Ratio	
		2016	2015
Return on sales	Profit before tax/Turnover	14.1%	18.4%
Gross Profit%	Gross Profit/Turnover	32.6%	37.9%
Operating Profit %	Operating Profit/Turnover	13.9%	18.4%
Operating Profit per employee (£'000)	Operating Profit/ number of employees	27.05	44.49

The directors are satisfied with the performance of the company during the year.

Strategic report (cont)

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:

Pricing pressure

- The company continues to experience strong pricing pressure from its competitors in key segments of the business.

Environmental

- The company pays particular attention to environmental matters and ensures corporate responsibility.

By order of the board



Andrew Jackson

Director

28 September 2017

Registered No. 01342230

Directors' report

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

Directors

R Howes

A Jackson

J Butters (Appointed 21 June 2016)

M Carter (Appointed 21 June 2016)

A Upton (Appointed 21 June 2016)

N Thompson (Appointed 21 June 2016, resigned 21 September 2016)

Dividends

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

Future developments

The full impact of the acquisition of trades from other group companies in May 2016 will be realised in 2017 and this is expected to improve the trading results of the company. Further group restructuring planned in 2017 is expected to further enhance the company and the trading results.

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 (cont.)

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 directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis. The company's business activities, a review of the business and a description of the principal risks and uncertainties, together with the company's financial risk management processes and narrative regarding its exposure to key financial risks are outlined above.

Directors' report (cont.)

Going concern (continued)

The company participates in the group's centralised treasury arrangements, which operate across the group and so shares banking arrangements with its parent and fellow subsidiaries. Under such an arrangement, short term cash flow (both deficits and excesses) are managed by the group treasury to optimise the group's overall cash position. The directors have made enquiries with group treasury that there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Eaton group to continue as a going concern or its ability to continue with the current banking arrangements.

The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. 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, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' 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

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

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



A Jackson
Director
28 September 2017

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

To the members of Eaton Electrical Products Limited (formerly known as Cooper Fulleon Limited)

We have audited the financial statements of Eaton Electrical Products Limited (formerly known as Cooper Fulleon Limited) for the year ended 31 December 2016 which comprise the Income statement, Statement of Comprehensive income, Statement of changes in Equity, Statement of Financial Position and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 material misstatements or uncertainties we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- 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.

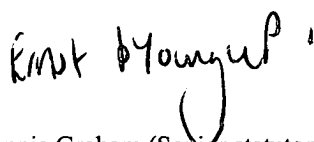
Independent auditors' report (continued)

To the members of Eaton Electrical Products Limited (formerly known as Cooper Fulleon 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
	Notes	£000	£000
Turnover	3	36,760	24,369
Cost of sales		(24,770)	(15,139)
Gross Profit		<u>11,990</u>	<u>9,230</u>
Distribution costs		(112)	(277)
Administrative expenses		(6,764)	(4,458)
Operating Profit	4	<u>5,114</u>	<u>4,495</u>
Interest receivable and similar income	8	<u>80</u>	<u>22</u>
Profit on ordinary activities before taxation		5,194	4,517
Tax on profit on ordinary activities	9	2,232	2
Profit for the financial year		<u><u>7,426</u></u>	<u><u>4,519</u></u>

All amounts relate to continuing operations.

Statement of comprehensive income

for the year ended 31 December 2016

	<i>Notes</i>	<i>2016</i> £000	<i>2015</i> £000
Profit for the year		7,426	4,519
<i>Total Comprehensive income for the year</i>		<u>7,426</u>	<u>4,519</u>

Statement of changes in equity

for the year ended 31 December 2016


	<i>Called up share capital (Note 16) £000</i>	<i>Profit and loss account (Note 15) £000</i>	<i>Capital contribution reserve (Note 15) £000</i>	<i>Total equity £000</i>
At 1 January 2015	40	10,764	-	10,804
Profit for the year	-	4,519	-	4,519
Other comprehensive results	-	-	-	-
Total comprehensive income for the year	-	4,519	-	4,519
At 31 December 2015	40	15,283	-	15,323
Profit for the year	-	7,426	-	7,426
Other comprehensive results	-	-	-	-
Total comprehensive income for the year	-	7,426	-	7,426
Capital contribution in the year	-	-	105,145	105,145
Group reorganisation (see note 11):				
Profit on forgiveness of intercompany loans	-	34,163	-	34,163
Provision against investments in group undertakings	-	(26,658)	-	(26,658)
At 31 December 2016	40	30,214	105,145	135,399

Statement of financial position

at 31 December 2016

		2016	2015
	Notes	£000	£000
Fixed assets			
Tangible assets	10	2,279	1,500
Investments	11	98,600	-
		<u>100,879</u>	<u>1,500</u>
Current assets			
Stocks	12	5,649	1,588
Debtors	13	46,796	17,096
Cash at bank and in hand		251	60
		<u>52,696</u>	<u>18,744</u>
Creditors: amounts falling due within one year	14	<u>(18,176)</u>	<u>(4,921)</u>
Net current assets		<u>34,520</u>	<u>13,823</u>
Total assets less current liabilities		<u>135,399</u>	<u>15,323</u>
Capital and reserves			
Called up share capital	15	40	40
Capital contribution reserve	16	105,145	-
Profit and loss account	16	30,214	15,283
		<u>135,399</u>	<u>15,323</u>

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


 A Jackson
 Director
 28 September 2017

Notes to the financial statements

at 31 December 2016

1. Authorisation of financial statements and statement of compliance

Eaton Electrical Products 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 Eaton Electrical Products Limited for the year ended 31 December 2016 were authorised for issue by the board of directors on 28 September 2017 and the balance sheet was signed on the board's behalf by A Jackson.

2. Accounting policies

2.1 Basis of preparation

Eaton Electrical Products 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. Eaton Electrical Products 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.

Eaton Electrical Products 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) Requirements of Section 33 Related Party Disclosures, paragraph 33.7

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

Impairment of non-financial assets

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

Notes to the financial statements (cont.)

at 31 December 2016

2.2 Judgements and key sources of estimation uncertainty (cont.)

Impairment of non-financial assets (cont.)

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

2.3 Significant accounting policies

(a) Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

(b) Research and development costs

Research and development expenditure is written off as incurred.

(c) Tangible fixed assets

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

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

Freehold buildings	– over 30 years
Plant and machinery	– 4 to 7 years

Freehold land is not depreciated.

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

(d) Investments

Shares in group undertakings

These comprise investments in subsidiaries and are recognised at cost less impairment.

(e) Provision for liabilities

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

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

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

Notes to the financial statements (cont.)

at 31 December 2016

2.3 Significant accounting policies (cont)

(f) Stock and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost includes 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 is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

(g) Leasing and hire purchase

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

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

(h) Financial Instruments

Cash at bank and in hand

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

Short-term debtors and creditors

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

(i) Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(j) Pensions commitments

Defined contribution scheme

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

Notes to the financial statements (cont.)

at 31 December 2016

2.3 Significant accounting policies (cont)

(k) Going concern

The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. 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, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

(l) Foreign currency

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

(m) 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.

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 continuing 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 Profit

This is stated after charging/(crediting):

	2016 £000	2015 £000
Research and development expenditure written off	1,603	943
Depreciation of owned assets (see note 10)	170	101
Foreign exchange gain	(9)	-
Operating lease rentals – land & buildings	272	-
Operating lease rentals – others	172	41
Auditors' remuneration (see note 5)	36	21

Notes to the financial statements (cont.)

at 31 December 2016

5. Auditor's remuneration

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

	2016	2015
	£000	£000
Audit of the financial statements	36	21

6. Staff costs

(a) Staff costs

Staff costs, including directors' remuneration, were as follows

	2016	2015
	£000	£000
Wages and salaries	4,527	2,712
Social security costs	466	263
Other pension costs (defined contribution schemes) (see note 18)	489	193
	<u>5,482</u>	<u>3,168</u>

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

	2016	2015
	No.	No.
Manufacturing	115	55
Distribution	52	18
Administration	22	28
	<u>189</u>	<u>101</u>

7. Directors remuneration

No director received, or was due to receive, any emoluments in connection with their services as a director of the company during the year. To reflect the services provided to the company during the year, an appropriate apportionment of these costs has been assessed as £5,000 per director. The fair value of the services received has been assessed at £19,000; therefore Eaton Electrical products Limited recognises a notional charge of £19,000 (2015: £20,600) for director services during the year.

No directors received shares in respect of qualifying services and no directors exercised share options.

Notes to the financial statements (cont.)

at 31 December 2016

8. Interest receivable and similar income

	2016 £000	2015 £000
On loans and balances due from fellow group undertakings	80	22
	<u>80</u>	<u>22</u>

9. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016 £000	2015 £000
Current tax:		
UK corporation tax at 20.0% (2015: 20.25 %)	-	-
Adjustment in respect of earlier years	(2,265)	-
Total current tax	<u>(2,265)</u>	<u>-</u>
Deferred tax:		
Origination and reversal of temporary differences	33	9
Adjustment in respect of prior year	-	(11)
Total change in the deferred tax	-	(2)
Tax on profit on ordinary activities	<u>(2,232)</u>	<u>(2)</u>

Notes to the financial statements (cont.)

at 31 December 2016

9. Taxation (cont)

(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% (2015 – 20.25%). The differences are reconciled below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	5,194	4,517
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015-20.25%)	1,039	914
Expenses not deductible for tax purposes (including goodwill amortisation)	2	10
Other timing differences	2	10
Group relief	(1,010)	(921)
Adjustment from previous period	(2,265)	(11)
Share options	-	(4)
Total tax expense	(2,232)	(2)

(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.

(d) Deferred tax

	2016 £000	2015 £000
Depreciation in excess of capital allowance	74	10
Other timing differences	8	28
Provision for deferred tax	82	38
At 1 January 2016		(38)
Deferred tax credit in profit and loss account		33
Transferred from other group undertakings		(77)
At 31 December 2016		(82)

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.

Notes to the financial statements (cont.)

at 31 December 2016

10. Tangible fixed assets

	<i>Freehold Land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2016	1,768	1,746	3,514
Transfers	(51)	381	330
Additions	-	725	725
Disposals	-	(244)	(244)
At 31 December 2016	1,717	2,608	4,325
Depreciation and impairment:			
At 1 January 2016	578	1,436	2,014
Transfers	-	105	105
Provided during the year	46	124	170
Disposals	-	(243)	(243)
At 31 December 2016	624	1,422	2,046
Carrying amount			
At 31 December 2016	1,093	1,186	2,279
At 31 December 2015	1,190	310	1,500

The value of freehold land included in land and buildings amounted to £329,000 (2015 - £329,000).

11. Investments

	<i>Investments in subsidiary companies £000</i>
Cost	
At 1 January 2016	-
Additions	125,258
At 31 December 2016	125,258
Impairment	
At 1 January 2016	-
Provided during the year	26,658
At 31 December 2016	26,658
Carrying Amount	
At 31 December 2016	98,600
At 31 December 2015	-

Notes to the financial statements (cont.)

at 31 December 2016

11. Investments

Details of subsidiary undertaking:

	<i>Country of incorporation</i>	<i>Nature of business</i>	<i>Proportion of ordinary shares held</i>
Cooper Bussmann (UK) Limited	England and Wales	Design, manufacture and distribution of circuit protection products	100%
Cooper Security Limited	England and Wales	Dormant	100%
Martek Power Limited	England and Wales	Dormant	100%

In May 2016, as part of a legal entity simplification program in the UK the company entered into the following transactions:

- Acquisition of Cooper Bussmann (UK) Limited for £105,009,000 and Cooper Security Limited for £135,000 by way of capital contributions from its parent company Eaton Holding (UK) II Limited.
- Acquisition of Martek Power Limited for £5,364,000.
- Purchase of the assets and liabilities of Cooper Security Limited for £28,800,000 in exchange for a loan note.
- Purchase of the assets and liabilities of Martek Power Limited for £5,364,000 in exchange for a loan note.
- The excess of consideration paid over the net assets acquired has been added to investments in subsidiary undertakings.
- Subsequent to the above trade transfers, the intercompany loan notes were forgiven.

Following these steps, the company reviewed the carrying value of its investments and has made additional provisions against investments in group undertakings of £26,658,000.

12. Stocks

	<i>2016 £000</i>	<i>2015 £000</i>
Raw materials and consumables	1,254	710
Work in progress	1,214	647
Finished goods and goods for resale	3,181	231
	<u>5,649</u>	<u>1,588</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Notes to the financial statements (cont.)

at 31 December 2016

13. Debtors

	2016	2015
	£000	£000
Trade and other receivables	5,145	3,597
Prepayments and accrued income	770	237
Amounts owed by group undertakings	40,799	13,107
Deferred tax asset (see note 9)	82	38
Other debtors	-	117
	<u>46,796</u>	<u>17,096</u>

Amounts owed by group undertakings includes a loan of £14,900,000 repayable on 6 October 2017 and bearing interest at 0.94%, and £22,630,000 repayable on demand and bearing interest at 0%. Other balances are on normal trading terms.

14. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	1,439	1,164
Amounts owed to group undertakings	14,769	1,679
Corporation tax	-	1,661
Other taxes	547	-
Accruals and deferred income	1,421	417
	<u>18,176</u>	<u>4,921</u>

Amounts owed to group undertakings are repayable on demand and are not interest bearing.

15. Allotted and Issued share capital

		2016		2015
	No.	£'000	No.	£'000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	40,000	40	40,000	40
		<u>40</u>		<u>40</u>

Notes to the financial statements (cont.)

at 31 December 2016

16. Reserves

	Capital contribution reserve £000	Profit and loss account £000	Total £000
At 1 January 2016	-	15,283	15,283
Capital contribution	105,145	-	105,145
Profit for the year	-	7,459	7,459
Group reorganisation (see note 11):			
Profit on forgiveness of intercompany loans	-	34,163	34,163
Provision against investments in group undertakings	-	(26,658)	(26,658)
At 31 December 2016	<u>105,145</u>	<u>30,247</u>	<u>135,392</u>

17. Related party disclosures

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

The company has taken advantage of the exemption in Section 33.1A of FRS102, whereby disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary, which is a party to the transaction, is wholly owned by such a member.

18. Pensions and other post-retirement health care benefits

The pension charge for the year ended 31 December 2016 was £489,040 (2015: £192,839). At 31 December 2016, there were no outstanding contributions (2015 – nil). The company employees participate in the Eaton Retirement and Savings Plan, a defined contribution personal pension scheme.

19. Operating lease commitments

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

	2016 £000	2015 £000
Land and buildings		
Not later than one year	1	-
After one year but not more than five years	830	-
	<u>831</u>	<u>-</u>
Other		
Not later than one year	33	13
After one year but not more than five years	252	37
	<u>285</u>	<u>50</u>

Notes to the financial statements (cont.)

at 31 December 2016

20. Capital commitments

Amounts authorised and contracted for but not provided in the financial statements amounted to £49,000 for the company (2015 – £43,000).

21. Contingent liabilities

The company had no contingent liabilities as at the balance sheet date.

22. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Eaton Holding (UK) II 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

23. Events after the reporting period

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