Eaton Electrical Products Limited

Registered Number: 01342230

Report and Financial Statements

31 December 2019

Corporate information

Directors
R Howes
A Jackson
J Butters
M Carter

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 2019.

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

Turnover for the year ended 31 December 2019 decreased from 2018 by 1.4% to £108.1m. Gross margin decreased by 6.9% to £35.6m. Administration expenses increased from £22.9m in 2018 to £25.7m in 2019. This increase reflects a loss on sale and leaseback of one of the company's properties of £1.4m.

The profit for the year, after taxation, is £6.6m (2018 – £9.8m).

Results and dividends

The profit for the year after taxation amounted to £6.7m (2018 profit of £9.8m). The directors do not recommend a final dividend (2018 - £nil).

Key Performance Indicators	**Definition**	**Ratio**	
		2019	**2018**
Return on sales	Profit before tax/Turnover	6.7%	11.8%
Gross Profit%	Gross Profit/Turnover	33.0%	34.9%
Operating Profit %	Operating Profit/Turnover	5.9%	11.2%
Operating Profit per employee (£'000)	Operating Profit/ number of employees	23.36	46.20

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

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:

- The company is a wholly-owned subsidiary and follows group best practice as regards the acceptance and management of risk. The directors and the management team continually review and evaluate the risks that the company is facing.

The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and financial.

Competitive risks

The industry is very competitive in the UK and in export markets in Europe. The company is faced with very strong competition. Pricing pressures continue to dominate new business enquiries. The company has benefitted from leveraging the group's strategic sourcing resources and supply chain. This is an evolving process which is expected to benefit the Eaton business in the future. The company aims to expand its market offering with new products and support its customers with excellent service levels, quality of its products, efficient design and competitive pricing.

Strategic report (cont)

Legislative risks

The company is fully integrated into the Eaton methodology and best practice in Health and Safety, Environmental and Code of Ethics. Management and staff have been trained to the required standard and internal and external audits are regularly carried out to ensure these standards are maintained.

The company is compliant with the directives, Restriction of Hazardous Substances (RoHS) and the Waste Electrical and Electronic Equipment (WEEE).

Financial risks

Foreign currency cash flow risk

The company's currency risk is controlled by natural hedges, under the guidance of Eaton Treasury department and where there is an excess risk, the company will take out foreign currency contracts accordingly.

COVID-19

In early 2020, a novel strain of coronavirus "COVID-19" spread throughout the world and was declared a pandemic by the World Health Organization on 11 March 2020. On a macroeconomic level, the COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries resulting in economic uncertainties. The extent of the impact of COVID-19 on the Company's financial performance will depend on certain developments, including the duration and spread of the outbreak. We are closely monitoring the potential impact of COVID-19 on our 2020 financial results and cash flows and beyond.

Brexit

Eaton has implemented workstreams across all functional areas to review the impact of Brexit on its businesses and has a contingency plan in place for all scenarios that can be implemented if required. The Company is confident that the underlying business will be able to meet any initial and on-going challenges or opportunities that Brexit may bring.

Section 172(1) Statement

The Company is a member of the Eaton Corporation plc group (*Eaton*) (www.eaton.com). Eaton is a power management company with 2019 net sales of $21.4 billion, listed on the New York Stock Exchange (NTSE:ETN). Eaton's mission is to improve the quality of life and the environment through the use of power management technologies and services. Eaton provides sustainable solutions that help its customers effectively manage electrical, hydraulic and mechanical power – more safely, more efficiently and more reliably. Eaton has approximately 100,000 employees in 60 countries and sells products to customers in more than 175 countries.

As a member of Eaton, the Company is fully aligned to the shared culture and unified practices of Eaton as set out in the Eaton Business System model. This identifies and codifies the Eaton culture, vision and shared values. It allows the Company to harness the scale and breadth of the entire Eaton business to effectively work as an integrated operating Company through standardised processes and the transfer of best practices. As an investment holding company not all the information below is applicable to the Company but it is provided to give a detailed overview of Eaton. The directors, in conjunction with management of the Company, ensure overall compliance to the Eaton model and this forms the basis for meeting the Section 172(1) aims to promote the success of the Company, as outlined below in more detail utilising the headings set out in section 172(1), having regard to:

a) the likely consequences of any decision in the long term

Eaton has been in existence over 100 years and has a footprint in 175 countries. The oldest UK legal entity was incorporated in 1919. The annual planning cycle include multi-year strategic plans and reviews, annual operational budgets, capital allocation programmes and regular review and forecast processes. The content and structure of each element of the planning cycle is aligned to the Company's immediate division and the overall Eaton's strategic and financial targets. Stringent corporate review processes are in place at all stages of the cycle including risk and compliance reviews. Factors such as market conditions, macro economy, political decisions and competitors' offerings are under constant review by the directors and any impact on current or future plans are mitigated in a timely manner.

Strategic report (cont)

b) the interests of the Company's employees

Eaton has about 4,000 employees based in the UK. The welfare of all the Company's employees (including permanent and temporary staff and site visitors) is paramount.

Health, Safety & Wellness - The Company has strict Health & Safety guidelines and a 'zero incident' target in all workplaces and manufacturing sites to prevent accidents, injuries and occupational illnesses. All incidents and near misses are documented and thoroughly investigated. In recent months, the directors ensured the relevant Covid 19 precautions were consistently applied in all UK workplaces. The Company promotes healthy and safe lifestyles for employees through wellness initiatives including various benefits schemes, cycle to work, flu immunisations and health check-ups. A third party provides a 24/7 wellbeing help line to any employee requiring support due to personal or life changing events.

Diversity & Fair Employment Practices - The Company is committed to respecting a culturally diverse workforce through practices that provide equal access and fair treatment to all employees on the basis of merit. Harassment or discrimination is not tolerated in the workplace.

Communication & Feedback - The Company encourages constant feedback between employees and their manager. The annual appraisal process is a mandatory formal review which allows employees and managers to reflect on the past year and identify future training and work opportunities. In addition to providing feedback to employees and managers, it enables the Company to identify any open or changing roles and implement succession plans.

Employees are asked to complete regular staff surveys covering a range of the Company's processes. Formal communications are issued by Eaton and divisional and local teams on an on-going basis and action plans formulated and implemented.

c) the need to foster the Company's business relationships with suppliers, customers and others

The directors consider the Company's business relationships with stakeholders, which includes employees, customers and suppliers as well as the wider Eaton Group to be a partnership. The stated aim by the Company in these partnerships is to ensure compliance, promote safety, reduce our collective environmental footprint and develop sustainable solutions to the world's environmental and power management challenges. Extensive 'Know your Customer' and 'Know your Supplier' checks are undertaken before any new customer or supplier is engaged by the Company. Suppliers must adhere to Eaton's "Supplier Code of Conduct" which ensures workplace standards and business practices are consistent with the Company's values. The Company and directors commit to treating its customers, suppliers and others fairly and in a consistent manner and the Company has published bi-annual reports under section 3 of the Small Business, Enterprise and Employment Act 2015 on its payment policies, practices and performance since 2018.

d) the impact of the Company's operations on the community and the environment

Environmental stewardship - The Company's commitment to the environment goes beyond legal compliance and extends to actions intended to reduce our environmental footprint through our operations, products and supply chain. In our operations, this commitment is reflected in our efforts to prevent pollution, reduce greenhouse gas emissions and conserve natural resources – efforts incorporated into supply-chain commitments. The Company's manufacturing facilities are required to be certified to ISO 14001, an international standard for environmental management systems.

Eaton has committed that by 2030 it will aim to reduce Greenhouse Gas emissions from operations by 50% from 2018 levels to achieve carbon neutrality and all manufacturing sites will be zero waste-to-landfill certified.

Community Involvement - The Company encourages its employees to become involved in local community and volunteer projects allowing for volunteer days and matching fundraising. The COVID-19 pandemic created challenges around the world. Eaton stepped up to help local communities, from donating personal protective equipment to healthcare providers to sharing our power management expertise across critical industries.

Sustainability - Eaton publishes an annual sustainability report outlining its commitments and activities which can be viewed on the website.

Strategic report (cont)

e) the desirability of the Company maintaining a reputation for high standards of business conduct

The Company is committed to "doing business right". Every year, the directors recommit to the Eaton Code of Ethics, which defines the standards of ethical behaviour that is expected of everyone and is used to govern all business activities. In 2020 Eaton was named one of the World's Most Ethical Companies by Ethisphere, a firm focused on defining and advancing the standards of ethical best practices around the world. This was the ninth time Eaton has been recognised in this way by Ethisphere.

f) the need to act fairly as between members of the Company

The Company is 100% owned by Eaton and as such the company is fully aligned and integrated with Eaton objectives, policies and procedures.

By order of the board

Andrew Jackson
Director

Date: 5 November 2020

Registered No. 01342230

Directors' report

The directors present their report and financial statements for the year ended 31 December 2019.

Directors

R Howes
A Jackson
J Butters
M Carter

Dividends

The directors do not recommend that a dividend is paid (2018 – £nil).

Future developments

In last year's report we noted plans within the Eaton Group that would have included the disposal of the company's intruder alarm business. The plans changed and as a result the intruder alarm business is expected to continue to be part of the company's activities for the foreseeable future.

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.)

Financial risk management (continued)

Credit risk

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

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

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

Research and development

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

Employees

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

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

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

Employee involvement

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

Going concern

The Directors of the Company have assessed the financial position of the company for the year ended 31 December 2019. The assessment period considered by the Directors is at least 12 months from the date of signing the accounts and concluded on 31 December 2021.

The Directors have assessed a number of factors as set out below and have concluded there is a reasonable expectation that the Company has adequate financial resources to continue to operate for the foreseeable future.

Directors' report (cont.)

Going concern (continued)

The Directors have considered the impacts of COVID 19, including the risk of a prolonged downturn in the business environment and believe the entity has enough options to mitigate costs if the internal forecasts identify commercial concerns. Over this initial phase of Covid, trading has remained strong and has recovered well from a dip in the second quarter of 2020.

The basis of the conclusion is based on the following factors:

- The Company has positive net current assets of £65.1m
- In 2019 the Company made a profit after tax of £6.7m
- The Company is forecast to be profitable and has historically been profitable
- The Company cash forecasts shows no additional financing required to meet its liabilities
- The Company has substantial liquid reserves (group treasury account balances are included in amounts owed by group undertakings) as at 31 December 2019 and does not have any borrowings from external third parties
- Taking account of the relevant business risks, the Directors believe that the Company is well placed to continue to manage its business successfully
- The Company has a strong market position as a B2B supplier and is not exposed to retail end markets that have been more volatile in 2020.

The directors consider that the Company has adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed budgets and other financial information. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors' liabilities

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

Auditors

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
5 November 2020

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with FRS 102 (United Kingdom Accounting Standards and applicable law).

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 AUDITOR'S REPORT TO THE MEMBERS OF Eaton Electrical Products Limited

Opinion

We have audited the financial statements of Eaton Electrical Products Limited for the year ended 31 December 2019 which comprise the Income statement, Statement of comprehensive income, Statement of changes in equity, Statement of financial position and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Effects of Covid-19

We draw attention to Note 2 and 22 of the financial statements, which describe the financial and operational consequences the company is facing as a result of COVID-19 which may impact on sales and profitability. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Eaton Electrical Products Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Eaton Electrical Products Limited (continued)

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. 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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Nick Gomer (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

5 November 2020

Income statement

for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Turnover	3	108,074	109,639
Cost of sales		(72,455)	(71,394)
Gross Profit		35,619	38,245
Distribution costs		(3,586)	(3,077)
Administrative expenses	4	(25,679)	(22,878)
Operating Profit	4	6,354	12,290
Interest receivable and similar income	8	842	625
Profit on ordinary activities before taxation		7,196	12,915
Tax on profit on ordinary activities	9	(502)	(3,112)
Profit for the financial year		6,694	9,803

All amounts relate to continuing operations.

Statement of comprehensive income

for the year ended 31 December 2019

	2019	*2018*
	£000	*£000*
Profit for the year	6,694	9,803
Total Comprehensive income for the year	6,694	9,803

Statement of changes in equity

for the year ended 31 December 2019

	Called up share capital (Note 16)	*Share premium account*	*Capital redemption reserve*	*Profit and loss account*	*Capital contribution reserve*	*Total equity*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
At 1 January 2018	40	-	-	(5,317)	105,145	99,868
Profit for the year	-	-	-	9,803	-	9,803
Other comprehensive results	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	9,803	-	9,803
Capitalisation of reserves	-	105,145	-	-	(105,145)	-
Capital reduction	-	(105,145)	-	105,145	-	-
Capital redemption	(7)	-	7	(47,340)	-	(47,340)
At 31 December 2018	33	-	7	62,291	-	62,331
Profit for the year	-	-	-	6,694	-	6,694
Other comprehensive results	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,694	-	6,694
At 31 December 2019	33	-	7	68,985	-	69,025

Statement of financial position

at 31 December 2019

	Notes	*2019* *£000*	*2018* *£000*
Fixed assets			
Tangible assets	10	3,515	5,920
Intangible assets	11	378	566
Investments	12	-	-
		3,893	6,486
Current assets			
Stocks	13	15,046	11,045
Debtors	14	94,168	87,091
Cash at bank and in hand		-	88
		109,214	98,224
Creditors: amounts falling due within one year	15	(44,082)	(42,379)
Net current assets		65,132	55,845
Total assets less current liabilities		69,025	62,331
Capital and reserves			
Called up share capital	16	33	33
Capital redemption reserve		7	7
Profit and loss account		68,985	62,291
		69,025	62,331

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

A Jackson
Director
5 November 2020

Notes to the financial statements

at 31 December 2019

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 2019 were authorised for issue by the board of directors on 5 November 2020 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 2019.

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)

Requirements of Section 33 Related Party Disclosures, paragraph 33.7

Going concern

The Directors of the Company have assessed the financial position of the company for the year ended 31 December 2019. The assessment period considered by the Directors is at least 12 months from the date of signing the accounts and concluded on 31 December 2021.

The Directors have assessed a number of factors as set out below and have concluded there is a reasonable expectation that the Company has adequate financial resources to continue to operate for the foreseeable future.

The Directors have considered the impacts of COVID 19, including the risk of a (prolonged downturn in the business environment) and believe the entity has enough options to mitigate costs if the internal forecasts identify commercial concerns. Over this initial phase of Covid, trading has remained strong and has recovered well from a dip in the second quarter of 2020.

The basis of the conclusion is based on the following factors:

- The Company has positive net current assets of £65.1m
- In 2019 the Company made a profit after tax of £6.7m
- The Company is forecast to be profitable and has historically been profitable
- The Company cash forecasts shows no additional financing required to meet its liabilities
- The Company has substantial liquid reserves (group treasury account balances are included in amounts owed by group undertakings) as at 31 December 2019 and does not have any borrowings from external third parties
- Taking account of the relevant business risks, the Directors believe that the Company is well placed to continue to manage its business successfully

Notes to the financial statements (continued)

at 31 December 2019

2.1 Basis of preparation (continued)

- The Company has a strong market position as a B2B supplier and is not exposed to retail end markets that have been more volatile in 2020

The directors consider that the Company has adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed budgets and other financial information. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

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.

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

Notes to the financial statements (continued)

at 31 December 2019

2.3 Significant accounting policies (continued)

(c) Tangible fixed assets (continued)

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) Goodwill and Intangible Assets

The company establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Goodwill is amortised on a straight-line basis as follows:

Goodwill – over 10 years

It is reviewed for impairment at the end of its first full financial year following the acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

(e) Investments

Shares in group undertakings

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

(f) 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.

(g) 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.

(h) 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.

Notes to the financial statements (continued)

at 31 December 2019

2.3 Significant accounting policies (continued)

(i) 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.

(j) 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.

(k) Pensions commitments

Defined contribution scheme

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

(l) Foreign currency

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

3. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and to fellow 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):

	2019	*2018*
	£000	*£000*
Research and development expenditure written off	6,957	6,241
Depreciation of owned assets (see note 10)	639	601
Amortisation of goodwill (see note 11)	188	188
Loss on property sale and lease back	1,444	-
Foreign exchange gain	(135)	(687)

Notes to the financial statements (continued)

at 31 December 2019

Operating lease rentals – land & buildings	426	296
Operating lease rentals – others	239	223
Auditors' remuneration (see note 5)	84	89

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.

	2019	*2018*
	£000	*£000*
Audit of the financial statements	84	89

6. Staff costs

(a) Staff costs

Staff costs, including directors' remuneration, were as follows

	2019	*2018*
	£000	*£000*
Wages and salaries	11,172	10,651
Social security costs	1,075	1,074
Other pension costs (defined contribution schemes) (see note 18)	1,124	1,036
	13,371	12,761

(b) Staff numbers

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

	2019	*2018*
	No.	*No.*
Manufacturing	103	116
Distribution	104	105
Administration	65	45
	272	266

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. Thc fair value of the services received has been assessed at £20,000; therefore Eaton Electrical Products Limited recognises a notional charge of £20,000 (2018: £20,000) 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 (continued)

at 31 December 2019

8. Interest receivable and similar income

	2019	*2018*
	£000	*£000*
On loans and balances due from fellow group undertakings	842	625
	842	625

9. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2019	*2018*
Current tax:		
UK corporation tax	2,298	3,142
Adjustment in respect of earlier years	(1,731)	17
Total current tax	567	3,159
Deferred tax:		
Origination and reversal of temporary differences	7	1
Adjustment in respect of prior year	(72)	(48)
Total deferred tax	(65)	(47)
Tax charge/(credit) on profit on ordinary activities	502	3,112

Notes to the financial statements (continued)

at 31 December 2019

9. Taxation (continued)

(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 19% (2018 – 19%). The differences are reconciled below:

	2019	*2018*
	£000	*£000*
Profit on ordinary activities before tax	7,196	12,915
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	1,367	2,454
Expenses not deductible for tax purposes (including goodwill amortisation)	940	557
Other timing differences	(2)	84
Adjustment from previous period	(1,803)	17
Total tax expense	502	3,112

(c) Factors that may affect future tax charges

The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. The effect of this change on the company's deferred tax balance is not material.

(d) Deferred tax

	2019	*2018*
	£000	*£000*
Depreciation in excess of capital allowance	38	(47)
Other timing differences	169	189
Provision for deferred tax	207	142

At 1 January 2019	(142)
Deferred tax credit in profit and loss account	(65)
At 31 December 2019	(207)

The deferred tax balances as at 31 December 2019 have been recognised at a rate of 17% as this is the rate at which deferred tax is expected to reverse.

Notes to the financial statements (continued)

at 31 December 2019

10. Tangible fixed assets

	Freehold Land and buildings £000	*Plant and machinery £000*	*Total £000*
Cost:			
At 1 January 2019	6,316	4,387	10,703
Reclass	(954)	987	33
Additions	159	495	654
Disposals	(3,476)	(311)	(3,787)
At 31 December 2019	2,045	5,558	7,603
Depreciation and impairment:			
At 1 January 2019	2,701	2,082	4,783
Reclass	(905)	938	33
Provided during the year	204	435	639
Disposals	(1,138)	(229)	(1,367)
At 31 December 2019	862	3,226	4,088
Carrying amount			
At 31 December 2019	1,183	2,332	3,515
At 31 December 2018	3,615	2,305	5,920

The value of freehold land included in land and buildings amounted to £329,000 (2018 - £1,329,000).

11. Intangible Assets

	£000
Goodwill	
Cost	
At 1 January 2019	801
Additions	-
At 31 December 2019	801
Amortisation	
At 1 January 2019	235
Provided during the year	188
At 31 December 2019	423
Carrying Amount	
At 31 December 2019	378
At 31 December 2018	566

Goodwill was acquired through the acquisition in September 2017 of the assets and liabilities of Cooper Bussmann (UK) Limited. Goodwill is being amortised evenly over the directors' estimate of its useful economic life of 10 years. Amortisation charge for 2019 is £188,000 (2018 - £188,000). The remaining amortisation period is 2 years.

Notes to the financial statements (continued)

at 31 December 2019

12. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2019	161,438
Disposals	(161,438)
At 31 December 2019	-
Impairment	
At 1 January 2019	161,438
Disposals	(161,438)
At 31 December 2019	-
Carrying Amount	
At 31 December 2019	-
At 31 December 2018	-

Details of subsidiary undertaking:

	Country of incorporation	*Nature of business*	*Proportion of ordinary shares held*
Eaton Controls (UK) Limited	England and Wales	Design and manufacture of high tech enclosures for IT and telecoms industries	100%

Eaton Controls (UK) Limited is registered at Jephson Court, Tancred Close, Leamington Spa CV31 3RZ

Cooper Bussmann (UK) Limited and Cooper Security Limited were struck off during the year.

13. Stocks

	2019 £000	*2018 £000*
Raw materials and consumables	1,631	1,371
Work in progress	2,463	2,145
Finished goods and goods for resale	10,952	7,529
	15,046	11,045

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

Notes to the financial statements (continued)

at 31 December 2019

14. Debtors

	2019	2018
	£000	£000
Trade and other receivables	13,037	14,278
Prepayments and accrued income	291	385
Amounts owed by group undertakings	80,434	71,941
Deferred tax asset (see note 9)	207	142
Other debtors	199	345
	94,168	87,091

Amounts due from group undertakings includes £31,862,000 in relation to intercompany cash pool loans.

15. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	3,940	2,576
Amounts owed to group undertakings	31,923	30,925
Corporation tax	4,626	5,230
Other taxes	25	104
Accruals and deferred income	3,283	3,544
Bank overdraft	285	-
	44,082	42,379

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

16. Allotted and Issued share capital

		2019		2018
Allotted, called up and fully paid	*No.*	*£'000*	*No.*	*£'000*
Ordinary shares of £1 each	32,845	33	32,845	33

On 6 September 2018 the company capitalised the capital contribution reserve by the issue of one share of £1 for £105,145,000. Subsequent to this, the company carried out a capital reduction of £105,144,999 by the cancellation of the share premium account.

On 11 September 2018 the company repurchased and cancelled 7,156 ordinary shares of £1 each for total consideration of £47,340,000.

Notes to the financial statements (continued)

at 31 December 2019

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 2019 was £1,124,273 (2018: £1,036,455). At 31 December 2019, there were no outstanding contributions (2018 – 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:

	2019 £000	2018 £000
Land and buildings		
Not later than one year	492	244
After one year but not more than five years	1,292	419
After five years	939	-
	2,723	663
Other		
Not later than one year	188	176
After one year but not more than five years	160	178
	348	354

20. Capital commitments

Amounts authorised and contracted for but not provided in the financial statements amounted to £nil for the company (2018 – £3,866).

Notes to the financial statements (continued)

at 31 December 2019

21. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Eaton Controls (Luxembourg) Sarl, a company registered in Luxembourg.

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 2019 Annual Report of Eaton Corporation plc can be obtained from the following address:

Eaton Center
1000 Eaton Boulevard
Cleveland
Ohio 44122
USA

22. Events after the reporting period

In early 2020, a novel strain of coronavirus "COVID-19" spread throughout the world and was declared a pandemic by the World Health Organization on 11 March 2020. On a macroeconomic level, the COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries resulting in economic uncertainties. The extent of the impact of COVID-19 on the Company's financial performance will depend on certain developments, including the duration and spread of the outbreak. However, the Directors believe to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.