

LAND INSTRUMENTS INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



LAND INSTRUMENTS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	E Speranza J T Smith P Zetti
Secretary	L Carino
Company number	01659383
Registered office	2 New Star Road Leicester LE4 9JD
Auditors	Ernst & Young LLP No 1 Colmore Square Birmingham B4 6HQ
Business address	Stubley Lane, Dronfield Derbyshire S18 1DJ

LAND INSTRUMENTS INTERNATIONAL LIMITED

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LAND INSTRUMENTS INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

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

	2020 £'000	2019 £'000	Change %
Turnover	22,617	23,411	(3.39)
Operating profit	3,342	3,880	(13.87)
Operating profit as a % of sales	14.78%	16.57%	
Net current assets	14,640	13,772	6.30
Total equity	13,985	15,059	(7.13)
Operating results (excluding group overhead charges)			
Operating profit	4,738	5,266	(10.03)
Operating profit as a % of sales	20.95%	22.49%	

The company reported a 13.87% reduction in operating profit result in 2020, on a reduction in sales of 3.39%, in a year that was affected significantly by the global COVID-19 pandemic. The operating results in both years, were impacted by a £1.4m royalty charge paid to AMETEK Inc.

In 2020, as the COVID-19 pandemic hit the global economy, management undertook a programme of significant temporary cost savings, which included furlough actions, short term salary reductions and short time working across its global workforce, while removing travel and non-essential discretionary spend, in order to sustain cashflow in Q2 and Q3, when much of the world was in lock-down. In order to alleviate the sales impact of the pandemic, the Company fast-tracked release of its fixed point vIRalert product range, which enables businesses to measure body temperature of employees and visitors entering their facilities with a higher degree of accuracy than lower cost handheld alternatives, and thereby excludes entry to anyone that exhibits high temperature, one of the key symptoms of COVID-19 or other flu viruses. During 2020, the Company had sales of just under £2m of its vIRalert products and accessories, which enabled the Company to keep its year over year sales reduction within 5% of prior year sales levels, instead of the 12% reduction it would have suffered without these products.

Sales in 2020 were down £794,000 (3.39%) against the prior year, due mainly to the effects of the COVID-19 pandemic on the global economy. Sales by geographic territory was split as follows:

	2020 £'000	2019 £'000	Growth %
EMEA	11,404	12,201	(6.53)
Asia	6,706	7,248	(7.48)
Americas	4,507	3,962	13.76
	<u>22,617</u>	<u>23,411</u>	<u>3.39%</u>

LAND INSTRUMENTS INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

All regions were impacted significantly by the effects of the COVID-19 global pandemic, as businesses looked to preserve cash, and delayed capital projects beyond 2020. The improvement in sales in the Americas region was due almost entirely to the sales of vIRalert products, as over 70% of the £2m of sales achieved were in the USA.

Total sales were not impacted significantly by foreign currency movements in 2020, with only a £7,000 adverse forex variance versus the prior year. The company's sales in the year comprised the following invoice currency split: GBP 48%, EUR 30%, USD 20%, JPY 2%.

Operating profit fell by £538,000 (14%) against prior year. This reduction in profit was partly driven by the reduction in sales volumes, and the worsening of mix caused largely by higher sales of lower margin products and lower percentage of after sales revenue resulting from inability to undertake customer site visits during lockdown. The adverse profit impact of the reduced volumes and adverse product mix was offset by strict cost control measures that were undertaken throughout the business in response to the severe economic impact caused by the global pandemic, which resulted in much reduced payroll costs, travel and discretionary spend through the spring and summer months, and income received through Government Job Retention initiatives. The operating profit was also significantly impacted by year-end inventory reserves and estimated remaining PO liabilities recorded in relation to vIRalert, totaling £807,000. These adjustments were in response to declining product demand at the end of the year, caused largely by quicker than expected roll-out of global vaccination plans and acceptance of lower cost tablet temperature screening solutions in the market-place.

Profit before tax reduced from £4.2 million in 2019 to £3.5 million in 2020 due to reduction in operating profit and reduced interest receivable on inter-company loans.

The company's net current assets increased by £868,000 (6.3%) to £14.6 million. The main movements over prior year were increase in cash £1.8 million, offset by reduction in amounts due from fellow subsidiary undertakings (£0.9 million), and reduction in trade debtors (£0.4 million). The decrease in amounts due from fellow subsidiary undertakings was due almost entirely to repayment of loans provided to other AMETEK group companies totaling £0.8 million. The increase in cash was due mainly to operational and working capital performance, repayment of inter-co loan, less dividends paid of £2.5 million. The Company continues to seek opportunities to improve its working capital position by reducing its investment in inventory, where possible, and working with customers and suppliers to obtain improved payment terms, thereby generating additional positive cashflow.

The reduction in shareholders' funds of £1.1 million was due mainly to profit after tax for the financial year (£3.1 million), less dividends paid (£2.5 million) less net actuarial losses in relation to the defined benefit pension scheme (£1.8 million).

Principal risks and uncertainties

The company operates in a competitive global environment across multiple industrial sectors, all of which are subject to pricing pressures. Customers can switch to competitor products if they judge that the competitor product offers better value. We continue to focus on the quality and reliability of our products and solutions to give good value and to monitor competitor activity to improve our competitiveness.

LAND INSTRUMENTS INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial risk management

The company's principal financial instruments comprise trade debtor, trade creditor and inter-company balances. The company does not enter into derivative transactions and it is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the company's financial instruments is foreign currency risk.

Foreign currency risk

The company has transactional and translational currency exposures arising from sales and purchases in foreign currencies. It is AMETEK group policy not to actively hedge against foreign currency transactions and balances.

S172(1) statement

The Directors promote the success of the company for the benefit of the sole shareholder and that of the shareholders of its ultimate parent (AMETEK Inc) while taking into account, amongst other matters, the following:

- Long-term consequences – by preparing 5-year strategic plans as well as short term forecasts, all of which are discussed with and approved by Divisional and Group Management
- Interests of company employees – see statement headed "Employee Involvement" in the Directors' Report
- Relationships with suppliers, customers and others – by agreeing contracts and terms of trade with, rather than imposing on, our trading partners to ensure they are mutually beneficial.
- The impact on the community and the environment– see statement headed "Community & Environment" in the Directors' Report
- The desirability of maintaining a high reputation for standards of business conduct – including overseeing an annual reporting and certification process to ensure all relevant employees are aware of the high standards set in this regard and a mechanism to notify the company of any shortcomings, including a "whistle-blowing" hotline.

On behalf of the board



J T Smith

Director

30 June 2021

LAND INSTRUMENTS INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Company Registration No. 01659383

The directors present their report for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of the design, development and manufacture of instruments and related systems for the measurement of temperature and gaseous and particulate emissions using predominantly infra red technologies. These are marketed worldwide and across the industrial sector.

Results and dividends

The results for the year are set out on page 12.

The total distribution of dividends for the year ended 31 December 2020 was £2,500,000 (2019: £8,934,000).

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and details of the company's exposure to risk are described in the strategic report on page 1. As noted on pages 11 and 13 respectively, the Company has generated a profit after tax of £3,127,000 for the year-ended 31 December 2020 and has net current assets of £14,640,000 and net assets of £13,985,000 at this date.

In assessing whether the financial statements should be prepared on a going concern basis the Directors have considered the impact of COVID-19 on the Company.

As the COVID-19 pandemic arrived first in China in Q1, 2020 and then spread more globally, the company quickly moved to adapt to the evolving situation, tightening credit terms, slowing the supply chain while taking action to protect critical supplies, and taking numerous other actions to protect its balance sheet and cash position. Throughout this year, cash has been actively managed, and the business has maintained a positive cash position. Capex has been held back during the year to preserve cash, although the company is not a capital intensive business, as manufacturing consists mainly of final assembly of supplier parts and sub-assemblies.

The Directors have stress tested the forecasts for the remainder of 2021 and for 2022 noting the most significant factor impacting the cash inflows for the Company is the level of revenues being generated. These stress tests show that, without any management actions to mitigate costs, a fall in forecast revenues of close to one half would be required over 12 months from the date of approval of these financial statements for the Company to run out of liquid funds. This fall in revenues represents a significant reduction on forecast revenues for the next 12 months as well as a reduction on actual and forecast revenues for the year-ended 31 December 2021. However, the Directors would not tolerate such a fall in revenue without taking further measures to reduce costs in the business.

The Company's ultimate parent, AMETEK Inc, has also performed favourably through the pandemic and has significant undrawn credit lines. The financial statements for AMETEK Inc are publicly available at www.ametek.com

The Directors overall assessment is that the economic impact of COVID, while significant, has not impacted the longer-term viability or sustainability of the company. They have taken all necessary cost control actions during the year and demonstrated the Company's ability to continue to make strong profits and generate positive cashflows during this challenging period. The Company has been fortunate to have developed a product that has been needed by businesses during this period, which has allowed it to limit the damage suffered to top line revenues.

On the basis of their assessment, including the factors detailed above, the Directors have concluded it is appropriate for the Company's 2020 financial statements to be prepared on a going concern basis.

LAND INSTRUMENTS INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

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

E Speranza
J T Smith
P Zetti

Directors' insurance

AMETEK Inc. has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and remains in place to the date of this report.

Market value of land and buildings

In the opinion of the directors the current market value of land and buildings is at least equal to book value.

Financial instruments

Details of financial instruments are set out in the Strategic Report on pages 1 to 3.

Research and development

The company continues an active programme of research and development in all areas of its activities, with the constant review of existing products and development of new products being an integral part of this programme. During the year, the company spent £1,357,000 (2019: £1,430,000).

Employee involvement

It is the company's policy to keep employees fully informed of matters affecting them as employees and to make them aware of the financial and economic factors influencing company performance. Encouragement is given to employees to contribute towards the company's financial performance by means of an annual bonus scheme for certain employees.

Community and environment

The company is fully committed to pursuing the best environmental practice and conducting its activities in a way that fully recognises its responsibilities to the environment.

Post reporting date events

The company has declared and paid dividends amounting to £3,000,000 since 31 December 2020.

LAND INSTRUMENTS INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

2020 proved to be a very challenging year, as businesses suffered from the economic impact of the COVID-19 pandemic. Although the spread of new variants of the virus is resulting in sustained periods of lock-down across the globe, the roll-out of vaccination programs provides confidence that the global economy will start to recover and bounce-back in the second half of 2021. Management will continue to action strict cost control measures during the early part of 2021, while order levels remain affected by the global pandemic, but will be ready to take advantage of the opportunities that will come as a result of the economic rebound. Management expects the business to get back to pre-COVID sales volumes before the end of the year.

The UK left the EU on 31 December 2020. Management undertook significant planning to be prepared for the impact that leaving the EU would have on the business. Although there is some additional administrative effort now required, and some minor cost increases for shipping goods to or carrying out servicing activities in the EU, the ability to utilise AMETEK's commissionaire and sales office structure in the EU, has enabled the business to minimise disruption for customers, while continuing to operate effectively within the required country-specific tax and logistics infrastructures.

Future long-term growth will continue to be dependent on the Company's ability to penetrate new market sectors and introduce new product launches and project-based solutions successfully into both new and existing markets. The Company's key strategic objective remains to achieve greater penetration into Metals, Glass, Oil and Hydrocarbon processing, and Power markets where it can provide highly accurate measurement and utilise its development and manufacturing prowess to produce a range of explosion proof solutions which will address key challenges of process efficiency and safety in those industries.

Key actions to launch new products into target markets and add end-user focused channel partners in key territories to enable the Company to penetrate and grow its business in these target markets, proved successful in achieving strong sales and orders growth in the years leading up to 2020. These actions, in addition to the continued focus on commercial and cost control initiatives, provide the directors with confidence that further sales growth and associated increases in profitability can be achieved in 2021, once the global economy has bounced-back from its COVID-19 related recession.

UK Streamlined Energy and Carbon Reporting (SECR)

The company has complied with the UK Streamlined Energy and Carbon Reporting (SECR) requirements along with other UK entities that are part of the UK organisational structure of AMETEK Inc. The relevant information is reported within the top UK holding company in the AMETEK Group, being AMETEK European Holdings Limited.

Auditor

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

Statement of disclosure to auditor

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

On behalf of the board



J T Smith

Director

30 June 2021

LAND INSTRUMENTS INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

LAND INSTRUMENTS INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAND INSTRUMENTS INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Land Instruments International Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes 1 to 27, 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 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 state of the company's affairs as at 31 December 2020 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. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of minimum 12 months from when the financial statements are authorised for issue through until 31 July 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 themselves. 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.

LAND INSTRUMENTS INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LAND INSTRUMENTS INTERNATIONAL LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the 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 and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

LAND INSTRUMENTS INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LAND INSTRUMENTS INTERNATIONAL LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including UK employment law.
- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a risk of management override associated with revenue and a fraud risk around revenue recognition, in particular the revenue recognition on open contracts at the year end and the revenue recognition on transactions at or near year end. We selected a sample of open contracts at the year end to perform detailed testing, including understanding the nature of the contract and the stage of completion, testing the costs to complete to verify that the margin is appropriate and verifying the clerical accuracy of the revenue calculation. We selected a sample of transactions at the year end to perform detailed testing, including understanding of the nature of the transactions, verifying that the margin is appropriate, and verifying the clerical accuracy of the revenue recognised. In relation to management override we incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and to respond to the assessed risks. Our procedures included verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

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.

LAND INSTRUMENTS INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LAND INSTRUMENTS INTERNATIONAL LIMITED

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

Stephen Kirk (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Birmingham

30th June 2021
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LAND INSTRUMENTS INTERNATIONAL LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	22,617	23,411
Cost of sales		(12,303)	(11,762)
Gross profit		<u>10,314</u>	<u>11,649</u>
Distribution costs		(4,388)	(4,833)
Administrative expenses		(2,807)	(2,936)
Other operating income	4	223	-
Operating profit	5	<u>3,342</u>	<u>3,880</u>
Interest receivable and similar income	9	157	280
Profit before taxation		<u>3,499</u>	<u>4,160</u>
Taxation	10	(372)	(193)
Profit for the financial year	24	<u><u>3,127</u></u>	<u><u>3,967</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

LAND INSTRUMENTS INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£'000	£'000
Profit for the year	3,127	3,967
	<u> </u>	<u> </u>
Other comprehensive loss		
Actuarial loss on defined benefit pension schemes	(2,502)	(515)
Tax relating to other comprehensive income	653	98
	<u> </u>	<u> </u>
Other comprehensive loss for the year	(1,849)	(417)
	<u> </u>	<u> </u>
Total comprehensive income for the year	1,278	3,550
	<u> </u>	<u> </u>

LAND INSTRUMENTS INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		1,463		1,573
Current assets					
Stocks	13	1,785		1,945	
Debtors	14	10,033		10,828	
Cash at bank and in hand		6,789		4,984	
		<u>18,607</u>		<u>17,757</u>	
Creditors: amounts falling due within one year	16	<u>(3,967)</u>		<u>(3,985)</u>	
Net current assets			14,640		13,772
Total assets less current liabilities			<u>16,103</u>		<u>15,345</u>
Creditors: amounts falling due after more than one year	17		(286)		(286)
Provisions for liabilities	18		<u>(1,832)</u>		-
Net assets			<u><u>13,985</u></u>		<u><u>15,059</u></u>
Capital and reserves					
Called up share capital	20		6,035		6,035
Share premium account	21		3,850		3,850
Capital contribution reserve	22		115		115
Profit and loss reserves	24		3,985		5,059
Total equity			<u><u>13,985</u></u>		<u><u>15,059</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2021 and are signed on its behalf by:



J T Smith
Director

Company Registration No. 01659383

LAND INSTRUMENTS INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Other reserves	Profit and loss reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	6,035	3,850	115	10,331	20,331
Profit for the year	-	-	-	3,967	4,582
Other comprehensive loss for the year - Actuarial loss net of deferred tax	-	-	-	(417)	(164)
Total comprehensive income for the year	-	-	-	3,550	3,550
Dividends	-	-	-	(8,934)	(8,934)
Equity settled share-based payments	-	-	-	112	112
Balance at 31 December 2019	6,035	3,850	115	5,059	15,059
Profit for the year	-	-	-	3,127	3,127
Other comprehensive loss for the year - Actuarial loss net of deferred tax	-	-	-	(1,849)	(1,849)
Total comprehensive income for the year	-	-	-	1,278	1,278
Dividends	-	-	-	(2,500)	(2,500)
Equity settled share-based payments	-	-	-	148	148
Balance at 31 December 2020	6,035	3,850	115	3,985	13,985

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Land Instruments International Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 New Star Road, Leicester, LE4 9JD.

1.1 Accounting convention

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

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

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and details of the company's exposure to risk are described in the strategic report on page 1. As noted on pages 11 and 13 respectively, the Company has generated a profit after tax of £3,127,000 for the year-ended 31 December 2020 and has net current assets of £14,640,000 and net assets of £13,985,000 at this date.

In assessing whether the financial statements should be prepared on a going concern basis the Directors have considered the impact of COVID-19 on the Company.

As the COVID-19 pandemic arrived first in China in Q1, 2020 and then spread more globally, the company quickly moved to adapt to the evolving situation, tightening credit terms, slowing the supply chain while taking action to protect critical supplies, and taking numerous other actions to protect its balance sheet and cash position. Throughout this year, cash has been actively managed, and the business has maintained a positive cash position. Capex has been held back during the year to preserve cash, although the company is not a capital intensive business, as manufacturing consists mainly of final assembly of supplier parts and sub-assemblies.

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The Directors have stress tested the forecasts for the remainder of 2021 and for 2022 noting the most significant factor impacting the cash inflows for the Company is the level of revenues being generated. These stress tests show that, without any management actions to mitigate costs, a fall in forecast revenues of close to one half would be required over 12 months from the date of approval of these financial statements for the Company to run out of liquid funds. This fall in revenues represents a significant reduction on forecast revenues for the next 12 months as well as a reduction on actual and forecast revenues for the year-ended 31 December 2021. However, the Directors would not tolerate such a fall in revenue without taking further measures to reduce costs in the business.

The Company's ultimate parent, AMETEK Inc, has also performed favourably through the pandemic and has significant undrawn credit lines. The financial statements for AMETEK Inc are publicly available at www.ametek.com

The Directors overall assessment is that the economic impact of COVID, while significant, has not impacted the longer-term viability or sustainability of the company. They have taken all necessary cost control actions during the year and demonstrated the Company's ability to continue to make strong profits and generate positive cashflows during this challenging period. The Company has been fortunate to have developed a product that has been needed by businesses during this period, which has allowed it to limit the damage suffered to top line revenues.

On the basis of their assessment, including the factors detailed above, the Directors have concluded it is appropriate for the Company's 2020 financial statements to be prepared on a going concern basis.

1.3 Turnover

Turnover represents the amounts receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. In the case of goods, invoices are raised on delivery to and, where required, formal acceptance by customers.

1.4 Tangible fixed assets

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

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

Freehold property	Over 50 years
Plant and machinery	Over 5 years
Fixtures, fittings & equipment	Over 5 years

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

1.5 Impairment of fixed assets

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

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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

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

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

1.6 Stocks and work in progress

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

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

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial assets

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

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

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

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' or 'amounts due from group undertakings' if appropriate. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through the income statement, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the income statement.

Derecognition of financial assets

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

1.9 Financial liabilities

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

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 - Accounting policies

(Continued)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity respectively. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.13 Retirement benefits

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

Defined benefit pension scheme - Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of comprehensive income.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.14 Share-based payments

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

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

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

1.15 Leases

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

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.16 Foreign exchange

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

1.17 Research and Development

Research and development is written off to the income statement in the year in which it is incurred.

1.18 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract where there is a residual interest in the assets of the entity after deducting all of its financial liabilities. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account within interest payable or receivable. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Dividends and distributions relating to equity instruments are debited to equity.

Compound instruments comprise both a liability and an equity component. At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The liability component is accounted for as a financial liability.

The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument.

The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the liability in the balance sheet.

At the balance sheet date, the preferred ordinary shareholder has waived its entitlement to all accrued and future preference dividends and redemption for the foreseeable future.

The fair values of the debt and equity components of the preferred ordinary shares have therefore been frozen at £286,000 and £441,000 respectively to reflect the fact that no further dividends are obliged to be paid under the terms of the dividend waiver.

1.19 Government grants

Government grants are recognised as income over the periods when the related costs are incurred.

2 Judgements and key sources of estimation uncertainty

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

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

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover

Turnover analysed by geographical market

	2020 £'000	2019 £'000
Europe	11,404	12,201
Asia	6,706	7,248
USA	4,507	3,954
Americas (excl USA)	-	8
	<u>22,617</u>	<u>23,411</u>

4 Other income

Other income includes Government grants received amounting to £216,000 (2019:£nil)

5 Operating profit

	2020 £'000	2019 £'000
Operating profit is stated after charging/(crediting):		
Exchange (gains)/ losses	(38)	84
Depreciation of owned tangible fixed assets	251	256
Loss on disposal of tangible fixed assets	-	2
Cost of stocks recognised as an expense	7,584	6,772
Write downs of stocks recognised as an expense	427	-
Reversal of write downs of stocks recognised in the period	-	(7)
Research and development	1,357	1,430
Operating leases	111	112
	<u>11,651</u>	<u>15,363</u>

6 Auditors' remuneration

The analysis of auditor's remuneration is as follows:

	2020 £'000	2019 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	<u>32</u>	<u>35</u>

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Employees

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

	2020	2019
	Number	Number
Production staff	64	64
Engineering staff	13	13
Sales and marketing staff	19	19
Administrative staff	12	12
	<u>108</u>	<u>108</u>

Their aggregate remuneration comprised:

	2020	2019
	£'000	£'000
Wages and salaries	4,287	4,256
Social security costs	512	535
Pension costs	552	486
	<u>5,351</u>	<u>5,277</u>

Included in wages and salaries is a total expense for share-based payments in relation to equity-settled transactions of £148,000 (2019: £112,000), of which £84,000 (2019: £64,000) relates to restricted shares and £64,000 (2019: £48,000) relates to share options.

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

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8	Directors' remuneration	2020 £'000	2019 £'000
	Remuneration for qualifying services	185	183
	Company pension contributions to defined contribution schemes	18	17
		<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

The number of directors who exercised share options during the year was 1 (2019 - 1).

The number of directors who received shares under long term incentive schemes during the year was 1 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	185	183
Company pension contributions to defined contribution schemes	18	17
	<u> </u>	<u> </u>

The highest paid director has exercised share options during the year.

The highest paid director has received shares under a long term incentive scheme during the year.

9	Interest receivable and similar income	2020 £'000	2019 £'000
	Interest income		
	Bank deposits	6	4
	Net interest on defined benefit scheme	8	8
	Interest receivable from group companies	143	268
		<u> </u>	<u> </u>
	Total interest revenue	157	280
		<u> </u>	<u> </u>

10	Taxation	2020 £'000	2019 £'000
	Current tax		
	UK corporation tax on profits for the current period	223	185
	Adjustments in respect of prior periods	-	(3)
		<u> </u>	<u> </u>
	Total current tax	223	182
		<u> </u>	<u> </u>

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(19)	11
Changes in tax rates	(18)	-
Adjustment in respect of prior periods	8	-
Deferred tax re defined benefit pension scheme	178	-
	<u> </u>	<u> </u>
Total deferred tax	149	11
	<u> </u>	<u> </u>
Total tax charge	372	193
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£'000	£'000
Profit before taxation	3,499	4,160
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	665	790
Tax effect of expenses that are not deductible in determining taxable profit	(20)	(15)
Effect of changes in tax rates	162	(1)
Group relief received for nil value	(443)	(579)
Under / (over) provided in prior years	8	(2)
	<u> </u>	<u> </u>
Taxation for the year	372	193
	<u> </u>	<u> </u>

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020	2019
	£'000	£'000
Taxation arising on:		
Actuarial differences recognised as other comprehensive income	(653)	(98)
	<u> </u>	<u> </u>

Factors that may affect future tax charges

The Company's profits for this accounting period are taxed at a rate of 19% and closing deferred tax balances are stated at this rate. It was announced in the Budget on 3 March 2021 that Corporation Tax rates will increase to 25% from 1 April 2023 but as that change was not substantively enacted at the balance sheet date, it is not reflected in these financial statements.

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 Dividends

	2020 £'000	2019 £'000
Final paid	2,500	8,934

12 Tangible fixed assets

	Land and buildings Freehold £'000	Plant and machinery £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
At 1 January 2020	2,467	3,094	877	6,438
Additions	-	134	7	141
At 31 December 2020	<u>2,467</u>	<u>3,228</u>	<u>884</u>	<u>6,579</u>
Depreciation and impairment				
At 1 January 2020	1,407	2,729	729	4,865
Depreciation charged in the year	50	141	60	251
At 31 December 2020	<u>1,457</u>	<u>2,870</u>	<u>789</u>	<u>5,116</u>
Carrying amount				
At 31 December 2020	<u>1,010</u>	<u>358</u>	<u>95</u>	<u>1,463</u>
At 31 December 2019	<u>1,060</u>	<u>365</u>	<u>148</u>	<u>1,573</u>

Included within freehold land and buildings is land of £60,000 (2019: £60,000) which is not depreciated.

13 Stocks

	2020 £'000	2019 £'000
Raw materials and consumables	738	975
Work in progress	101	123
Finished goods and goods for resale	946	847
	<u>1,785</u>	<u>1,945</u>

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

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1,128	1,502
Amount due from fellow subsidiary undertakings	7,696	8,609
Corporation tax recoverable	440	353
Other debtors	147	111
Prepayments and accrued income	101	109
	<u>9,512</u>	<u>10,684</u>
Deferred tax asset (note 15)	521	144
	<u>10,033</u>	<u>10,828</u>

15 Deferred taxation

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

	Assets 2020	Assets 2019
	£'000	£'000
Balances:		
Decelerated capital allowances	112	106
Share based payment	42	24
Other timing differences	19	14
Defined benefit pension scheme	348	-
	<u>521</u>	<u>144</u>

Movements in the year:

	£'000
Asset at 1 January 2020	144
Origination and timing differences taken to income statement	19
Effect of changes in tax rates taken to income statement	18
Deferred tax re pension scheme taken to income statement	(178)
Deferred tax re pension scheme taken to OCI	526
Adjustment in respect of prior year	(8)
Asset at 31 December 2020	<u>521</u>

The company also has an unrecognised deferred tax asset of £30,000 (2019: £27,000) relating to capital losses. The deferred tax asset has not been recognised due to the uncertainty surrounding the existence of future suitable profits to set it off against.

The company expects deferred tax assets of £137,000 to reverse in 2021.

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Creditors: amounts falling due within one year	2020	2019
	£'000	£'000
Trade creditors	2,197	2,195
Amounts due to fellow subsidiary undertakings	352	781
Other taxation and social security	176	183
Other creditors	62	59
Accruals and deferred income	1,180	767
	<u>3,967</u>	<u>3,985</u>
	<u><u>3,967</u></u>	<u><u>3,985</u></u>
17 Creditors: amounts falling due after more than one year	2020	2019
	£'000	£'000
Convertible preference shares	286	286
	<u>286</u>	<u>286</u>
	<u><u>286</u></u>	<u><u>286</u></u>
18 Provisions	2020	2019
	£'000	£'000
Retirement benefit obligations (note 19)	1,832	-
	<u>1,832</u>	<u>-</u>
	<u><u>1,832</u></u>	<u><u>-</u></u>

19 Retirement benefit schemes

Defined contribution schemes

The total cost charged to income in respect of the defined contribution pension scheme was £470,000 (2019: £463,000).

Defined benefit schemes

The company operates a defined benefit pension scheme for the benefit of the employees in the UK. The scheme was closed and accrual of additional benefits ceased in October 2003 when all members ceased to be active. The assets of the scheme are administered by the trustees in a fund independent from those of the company.

Valuation

The valuation used has been based on the most recent actuarial valuation as at 30 November 2019 and has been updated by an independent qualified actuary to 31 December 2020 allowing for cashflows in and out of the scheme and changes to assumptions over the period.

The company expects to contribute £840,000 to the plan during the year to 31 December 2021.

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Retirement benefit schemes

(Continued)

	2020	2019
<i>Key assumptions</i>	%	%
Pension increases - CPI capped at 3% per annum	2.00	1.80
Pension increases - CPI capped at 5%	2.30	2.10
Inflation assumption (RPI)	2.85	3.00
Discount rate	1.37	2.10
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Currently aged 65		
- Males	21.50	22.10
- Females	24.20	24.50
	<u> </u>	<u> </u>
Currently aged 45		
- Males	22.80	23.40
- Females	25.60	25.90
	<u> </u>	<u> </u>
	2020	2019
<i>Amounts recognised in the income statement</i>	£'000	£'000
Administration costs	62	-
Net interest on defined benefit asset	(39)	(31)
Past service cost	28	-
Interest effect of asset ceiling	31	23
	<u> </u>	<u> </u>
Total costs/(income)	82	(8)
	<u> </u>	<u> </u>

Past service costs arise from the equalisation of GMP transfers out following the High Court Judgement in November 2020.

	2020	2019
<i>Amounts taken to other comprehensive income</i>	£'000	£'000
Gain on scheme assets in excess of interest	(2,224)	(3,947)
Experience losses on liabilities	876	238
Gain from changes in demographic assumptions	(1,025)	(265)
Losses from changes to financial assumptions	6,395	3,835
Changes in effect of asset ceiling	(1,520)	654
	<u> </u>	<u> </u>
Total actuarial losses	2,502	515
	<u> </u>	<u> </u>

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Retirement benefit schemes

(Continued)

	2020 £'000	2019 £'000
Present value of defined benefit obligations	(44,066)	(38,427)
Fair value of plan assets	42,234	39,916
(Deficit) /surplus in scheme	(1,832)	1,489
Asset not recognised due to asset ceiling	-	(1,489)
Liability recognised in statement of financial position	(1,832)	-
	2020 £'000	2019 £'000
<i>Movements in the present value of defined benefit obligations</i>		
At 1 January 2020	38,427	34,798
Past service cost	28	-
Benefits paid	(1,427)	(1,154)
Interest cost	792	975
Experience loss on defined benefit obligation	876	238
Changes to demographic assumptions	(1,025)	(265)
Changes to financial assumptions	6,395	3,835
At 31 December 2020	44,066	38,427
	2020 £'000	2019 £'000
<i>Movements in the fair value of plan assets</i>		
At 1 January 2020	39,916	35,610
Return on plan assets (excluding amounts included in net interest)	2,224	3,947
Benefits paid	(1,427)	(1,154)
Administration costs	(62)	-
Contributions by the employer	752	507
Interest on assets	831	1,006
At 31 December 2020	42,234	39,916

The actual return on plan assets was £3,055,000 (2019:£4,953,000).

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Retirement benefit schemes	(Continued)	
	2020	2019
	£'000	£'000
Present value of defined benefit obligations	(44,066)	(38,427)
Fair value of plan assets	42,234	39,916
	<u>(1,832)</u>	<u>1,489</u>
(Deficit) /surplus in scheme		
Asset not recognised due to asset ceiling	-	(1,489)
	<u>(1,832)</u>	<u>-</u>
Liability recognised in statement of financial position		
	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
<i>Movements in the present value of defined benefit obligations</i>		
At 1 January 2020	38,427	34,798
Past service cost	28	-
Benefits paid	(1,427)	(1,154)
Interest cost	792	975
Experience loss on defined benefit obligation	876	238
Changes to demographic assumptions	(1,025)	(265)
Changes to financial assumptions	6,395	3,835
	<u>44,066</u>	<u>38,427</u>
At 31 December 2020		
	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
<i>Movements in the fair value of plan assets</i>		
At 1 January 2020	39,916	35,610
Return on plan assets (excluding amounts included in net interest)	2,224	3,947
Benefits paid	(1,427)	(1,154)
Administration costs	(62)	-
Contributions by the employer	752	507
Interest on assets	831	1,006
	<u>42,234</u>	<u>39,916</u>
At 31 December 2020		

The actual return on plan assets was £3,055,000 (2019:£4,953,000).

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Retirement benefit schemes	(Continued)	
	2020	2019
	£'000	£'000
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	8,773	8,251
Property	2,139	2,151
Diversified growth funds	27,331	25,801
Insurance policies	3,888	3,609
Cash	103	104
	<u>42,234</u>	<u>39,916</u>
	<u>42,234</u>	<u>39,916</u>
20 Share capital	2020	2019
	£'000	£'000
Ordinary share capital		
Allotted, issued and fully paid		
5,593,988 Ordinary shares of £1 each	5,594	5,594
	<u>5,594</u>	<u>5,594</u>
Preference share capital		
Allotted, issued and fully paid		
441,157 Preferred Ordinary Shares of £1 each	441	441
	<u>441</u>	<u>441</u>

The preferred ordinary shares carry a dividend of 11% of net profit payable annually. The shares carry an entitlement that, at any time, the whole preferred ordinary share capital can be converted on a one for one basis into ordinary shares. The preferred ordinary shares rank second behind the cumulative preference shares in the event of the company being wound up. No cumulative preference shares were in issue as at the balance sheet date.

21 Share premium account

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

22 Capital contribution reserve

This reserves records amounts contributed to the company as equity in addition to share capital.

LAND INSTRUMENTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

23 Operating lease commitments

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

	2020 £'000	2019 £'000
Within one year	91	89
Between two and five years	88	105
	<u>179</u>	<u>194</u>

24 Profit and loss reserves

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

25 Financial commitments, guarantees and contingent liabilities

The company has issued bank guarantees in the ordinary course of business for £10,000 (2019: £10,000).

26 Events after the reporting date

The company has declared and paid dividends amounting to £3,000,000 since 31 December 2020.

27 Controlling party

The immediate parent company is AMETEK European Holdings Limited, a company registered in England and Wales and the ultimate parent company is AMETEK Inc., a company incorporated in the United States of America.

AMETEK Inc. prepares group financial statements which include the company and are the smallest and largest consolidated accounts that the company is included in, copies of which can be obtained from 2 New Star Road, Leicester LE4 9JD.