

Company Registration No. 07397586 (England and Wales)

AMETEK EUROPEAN HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

TUESDAY



A77GTJHC

A18

05/06/2018

#29

COMPANIES HOUSE

AMETEK EUROPEAN HOLDINGS LIMITED

COMPANY INFORMATION

Directors	E Speranza B P Wilson	(Appointed 25 April 2018)
Secretary	J Atwell	
Company number	07397586	
Registered office	PO Box 36 2 New Star Road Leicester LE4 9JQ	
Auditors	Ernst & Young LLP No 1 Colmore Square Birmingham B4 6HQ	
Bankers	The Royal Bank of Scotland PLC 250 Bishopsgate London EC2M 4AA	

AMETEK EUROPEAN HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 9
Income statement	10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14 - 27

AMETEK EUROPEAN HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

Fair review of the business

The principal activity of the company during the year was that of a holding company.

During the year, additional investment was made in EMA Holdings UK Limited as consideration for loans transferred, and also in respect of loans surrendered. Additional share issues were made during the year to settle loan obligations and to raise additional capital.

The rise in the rate of exchange of GBP to US dollars over the course of 2018 has resulted in a loss on exchange of £3,035,000 compared a profit of £1,580,000 in the prior year.

The financial position of the business is considered to be satisfactory.

No specific key performance indicators are given due to the nature of the company's operations. The Income Statement and Statement of Financial Position are set out on pages 9 and 11.

Development and performance

The financial position of the business is satisfactory.

Financial risk management

The company's principal financial instruments comprise inter-company balances, inter-company loans and other negotiable instruments entered into with fellow subsidiary undertakings. 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.

On behalf of the board



B P Wilson

Director

21 May 2018

AMETEK EUROPEAN HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Company Registration No. 07397586

The directors present their report for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of a holding company.

Directors

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

D B Coley	(Resigned 25 April 2018)
E Speranza	
B P Wilson	(Appointed 25 April 2018)

Results and dividends

The results for the year are set out on page 10.

No distributions were made during the year (2016:£5,615,000).

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 period and remains in place to the date of this report.

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.

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

Financial instruments

Details of financial instruments are provided in the strategic report on page 1.

Post reporting date events

The company has received interim dividends amounting to £55,016,000 in respect of the year ending 31 December 2018 since 31 December 2017. In addition, the company has made additional short term interest bearing loans to the parent undertaking amounting to US\$ 108,400,000.

Future developments

The company intends to continue to act as a holding company.

Auditor

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

AMETEK EUROPEAN HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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, 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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board



B P Wilson

Director

21 May 2018

AMETEK EUROPEAN HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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;
- 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.

AMETEK EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AMETEK EUROPEAN HOLDINGS LIMITED

Opinion

We have audited the financial statements of AMETEK European Holdings Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 state of the company's affairs as at 31 December 2017 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 as applied to listed entities, 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.

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.

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.

Overview of our audit approach

Key audit matters

- Material risk of misstatement of the carrying value of investments held by the company, primarily as a result of impairment

Materiality

- Overall materiality of £13.5million which represents 2% of equity.

AMETEK EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AMETEK EUROPEAN HOLDINGS LIMITED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to risk	Key observations communicated to those charged with governance
Material risk of misstatement of the carrying value of investments held in subsidiaries by the holding company, primarily as a result of impairment (2017: £1,047million; 2016: £609million)	For any investments where the net assets of the underlying investment were lower than carrying value, management performed an impairment review using discounted cash flow models. We obtained management's detailed impairment review calculations and performed the following procedures:	From our audit of the impairment reviews performed by management, we did not identify any indicators of impairment of the investments. Therefore, we concur with management's assessment that no impairment should be recorded.
Refer to Accounting policies (page 12) and Note 12 of the Financial Statements (page 18) There is a risk that the carrying value of the investments may not be recoverable as the underlying businesses may not achieve the anticipated performance. Our risk focuses on whether management has appropriately identified any indicators of impairment.	Obtained an understanding of management's process and key controls over the impairment evaluation for the investments held in subsidiaries. Forecasts : We analysed the historical accuracy of budget to actual results to determine whether cash flows are reliable based on past experience	
Management prepare detailed impairment reviews based on discounted cash flow models when the carrying value of the investment is more than the net assets of the underlying business	Growth rate: We challenged management's growth rate assumptions and performed sensitivity analyses over these.	
Significant judgement is required in determining the future cash flows of the underlying businesses, together with the rate at which the cash flows should be discounted.	Discount rate: We corroborated the discount rate used by obtaining the underlying data used in the calculation and benchmarking it against comparable organisations. Sensitivities: We applied sensitivity analysis by increasing the discount rate and reducing the growth rates. This analysis evidenced that the key assumptions within the impairment reviews were not highly sensitive and that the headroom remained positive when the various sensitivities were applied to the discounted free cash flows used in the impairment reviews.	

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work performed. All audit work was performed directly by the audit engagement team.

AMETEK EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AMETEK EUROPEAN HOLDINGS LIMITED

Changes from the prior year

There have been no changes from the prior year to either the scope or our audit approach.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £13.5 million (2016: £4.5m), which is 2% (2016: 1% of equity). In the prior year, materiality was set at 1% of equity as there were some significant transactions, including the listing of the debt, which meant it was appropriate to use a lower threshold. In the current year, the operations of the business have remained stable with no significant change and hence increasing the percentage of equity has been deemed appropriate. We believe that equity provides us with an appropriate level of materiality because the company is not a trading entity and holds investments in other AMETEK group companies and intercompany loans. Net assets / equity is used by management to make decisions for distributions to the parent company.

During the course of our audit, we have not reassessed initial materiality because there were no additional risks identified and no changes in the expected results.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2016: 75%) of our planning materiality, namely £10.1 million (2016: £3.75 million). We have set performance materiality at this percentage reflecting the absence of audit differences being identified in recent periods.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of £0.68 million (2016: £0.2million), which, for both years, is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion. We did not identify any audit adjustments from our audit work in either 2017 or 2016.

AMETEK EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AMETEK EUROPEAN HOLDINGS LIMITED

Other information

The other information comprises the information included in the annual report set out on pages 1 to 4, 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 our 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 this 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 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 set out on page 4, 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.

AMETEK EUROPEAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AMETEK EUROPEAN HOLDINGS LIMITED

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Helen McLeod-Jones (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Birmingham

Ernst & Young LLP
21 May 2018

AMETEK EUROPEAN HOLDINGS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Administrative (expenses)/ income	3	(3,070)	1,522
Income from fixed asset investments	6	36,582	29,629
Interest receivable and similar income	7	1,152	8,012
Interest payable and similar expenses	8	(23,310)	(24,072)
Loss on disposal of loan	9	-	(188)
Profit before taxation		11,354	14,903
Taxation	10	-	-
Profit for the financial year	18	11,354	14,903

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

AMETEK EUROPEAN HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £'000	2016 £'000
Profit for the year	11,354	14,903
Other comprehensive income	-	-
Total comprehensive income for the year	<u>11,354</u>	<u>14,903</u>

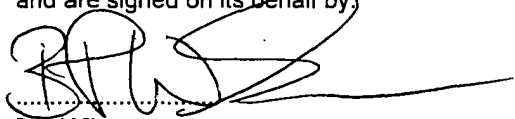
AMETEK EUROPEAN HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	12		1,047,095		680,271
Current assets					
Debtors	13	55,543		176,824	
Cash at bank and in hand		105		18,066	
		55,648		194,890	
Creditors: amounts falling due within one year	14	(1,664)		(1,636)	
Net current assets			53,984		193,254
Total assets less current liabilities			1,101,079		873,525
Creditors: amounts falling due after more than one year	15		(424,000)		(424,000)
Net assets			677,079		449,525
Capital and reserves					
Called up share capital	16		257,788		257,788
Share premium account	17		315,407		99,207
Profit and loss reserves	18		103,884		92,530
Total equity			677,079		449,525

The financial statements were approved by the board of directors and authorised for issue on 21 May 2018 and are signed on its behalf by


B P Wilson
Director

Company Registration No. 07397586

AMETEK EUROPEAN HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2016		257,788	28,504	83,242	369,534
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	14,903	14,903
Dividends	11	-	-	(5,615)	(5,615)
Other		-	70,703	-	70,703
Balance at 31 December 2016		257,788	99,207	92,530	449,525
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	11,354	11,354
Issue of share capital	16	-	216,200	-	216,200
Balance at 31 December 2017		257,788	315,407	103,884	677,079

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The accounts of AMETEK European Holdings Limited have taken advantage of the following disclosure exemptions under FRS 102:

- 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
- related party transaction disclosures including (i) transactions with wholly owned subsidiaries of the AMETEK Inc group (ii) disclosures related to key management remuneration.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

AMETEK European Holdings Limited is a wholly owned subsidiary of AMETEK Inc and the results of AMETEK European Holdings Limited are included in the consolidated financial statements of AMETEK Inc which are available from PO Box 36, 2 New Star Road, Leicester LE4 9JQ

1.2 Going concern

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

1.3 Income from fixed asset investments

Income from fixed asset investments represents dividends from subsidiary undertakings. Income is recognised when the company's right to receive payment is established.

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.4 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date. The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use. Where there are indicators of impairment of individual assets, the company performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. Any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

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

1.5 Cash and cash equivalents

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

1.6 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.

Loans and receivables

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

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

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. 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.

1.7 Financial liabilities

Basic financial liabilities (which relate to amounts due to group undertakings) 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. After initial recognition, they are measured at amortised cost using the effective interest rate method, less impairment.

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.

1.8 Equity instruments

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

1.9 Taxation

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

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

Where there are uncertain tax positions, the company makes provision based on a reasonable management estimate of the outcome.

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:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination, a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and

- unrelieved tax losses and other deferred assets are recognised only to the extent that the directors consider that it is 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.

Deferred tax shall be recognised when income and expenses from a subsidiary has been recognised in the financial statements, and will be assessed to, or allowed for tax in a future period except where:

- the reporting entity is able to control the reversal of the timing difference; and

- it is probable that the timing difference will not reverse in the foreseeable future.

1.10 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.

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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 on the determination of the amount of deferred tax assets that can be recognised, based on the likely level and timing of future profit.
- Fixed asset investments- The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

3 Operating (loss)/profit

	2017	2016
	£'000	£'000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Net exchange loss/(gain)	3,035	(1,580)
Fees payable to the company's auditor for the audit of the company's financial statements	11	12
	<u> </u>	<u> </u>

4 Employees

There were no employees during the year apart from the directors.

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5	Directors' remuneration	2017 £'000	2016 £'000
	Remuneration for qualifying services	209	167
	Company pension contributions to defined contribution schemes	16	15
		<u>225</u>	<u>182</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

Remuneration and retirement benefit contributions are met by a fellow subsidiary undertaking.

The number of directors who exercised share options during the year was 1 (2016 - 1).

The number of directors who received shares under long term incentive schemes during the year was 1 (2016 - 1).

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

	2017 £'000	2016 £'000
Remuneration for qualifying services	209	-
Company pension contributions to defined contribution schemes	16	-
	<u>225</u>	<u>-</u>

No disclosure is required in respect of the emoluments of the highest paid director in 2016 since total directors' emoluments do not exceed £200,000.

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.

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

E Speranza is a France based director within the AMETEK group and does not provide any qualifying services to AMETEK European Holdings Limited or to any of its UK subsidiaries.

6	Income from fixed asset investments	2017 £'000	2016 £'000
	Income from shares in group undertakings	36,582	29,629
		<u>36,582</u>	<u>29,629</u>

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Interest receivable and similar income

	2017	2016
	£'000	£'000
Interest income		
Interest on bank deposits	69	-
Interest receivable from group undertakings	1,083	8,012
Total interest revenue	1,152	8,012

8 Interest payable and similar expenses

	2017	2016
	£'000	£'000
Interest payable to group undertakings	23,310	24,072

9 Loss on disposal of loan

	2017	2016
	£'000	£'000
Amounts written off through profit or loss on disposal of loan	-	188

10 Taxation

	2017	2016
	£'000	£'000
UK corporation tax on profits for the current period	-	-
Total UK current tax	-	-

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation

(Continued)

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:

	2017 £'000	2016 £'000
Profit before taxation	11,354	14,903
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	2,186	2,981
Tax effect of expenses that are not deductible in determining taxable profit	1	41
Group relief surrendered for nil value	3,726	2,904
Dividend income not taxable	(7,041)	(5,926)
Interest restriction	1,128	-
Taxation for the year	-	-

There are no timing differences on which deferred tax arises.

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 19.25%. The standard rate will fall further to 17% with effect from 1 April 2020. The reduction to 17% was enacted in September 2016 and therefore deferred tax balances have been stated at a rate of 17%.

11 Dividends

	2017 £'000	2016 £'000
Ordinary interim dividend paid	-	5,615

12 Fixed asset investments

	Notes	2017 £'000	2016 £'000
Investments in subsidiaries	22	1,047,095	680,271

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 January 2016	609,568
Additions	70,703
At 1 January 2017	680,271
Additions	366,824
At 31 December 2017	1,047,095
Carrying amount	
At 31 December 2017	1,047,095
At 31 December 2016	680,271

Additional investment totalling £366,824,000 was made in EMA Holdings UK Limited during the year. This comprised £177,785,000 as consideration for the cancellation of loans owed by EMA Holdings UK Limited, £147,332,000 as consideration for the transfer of loans to EMA Holdings UK Limited which were previously owed by AMETEK Materials Analysis Holdings GmbH to AMETEK UK Limited Partnership and which had been transferred to the company and £41,707,000 as consideration for the transfer of loans to EMA Holdings UK Limited which were previously owed by AMETEK International CV and AMETEK Canada Limited Partnership to AMETEK UK Limited Partnership and which had been transferred to the company.

13 Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Amount due from parent undertaking	55,543	176,824

14 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts due to fellow subsidiary undertakings	1,650	1,606
Other creditors	14	30
	1,664	1,636

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

15 Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Amounts due to fellow subsidiary undertakings	424,000	424,000

The amounts due to fellow subsidiary undertakings represent a loan that is listed on the Cayman Islands Stock Exchange.

16 Share capital

	2017 £'000	2016 £'000
Ordinary share capital Issued and fully paid 257,788,280 (2016: 257,788,277) Ordinary shares of £1 each	257,788	257,788

Three additional shares were issued during the year at a total premium of £216,200,000.

17 Share premium account

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

18 Profit and loss reserves

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

19 Related party transactions

The related party balances are disclosed in notes 13, 14 and 15.

20 Events after the reporting date

The company has received interim dividends amounting to £55,016,000 in respect of the year ending 31 December 2018 since 31 December 2017. In addition, the company has made additional short term interest bearing loans to the parent undertaking amounting to US\$ 108,400,000.

21 Controlling party

The immediate controlling party is AMETEK Europe LLC as general partner of AMETEK UK Limited Partnership 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 PO Box 36, 2 New Star Road, Leicester LE4 9JQ

22 Subsidiaries

These financial statements are separate company financial statements for AMETEK European Holdings Limited.

Details of the company's subsidiaries at 31 December 2017 are as follows:

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Subsidiaries

(Continued)

Name of undertaking and address of registered office		Class of shareholding	% Held
EMA Holdings UK Limited	P.O. Box 36, 2 New Star Road Leicester LE4 9JQ	Ordinary	100
AMETEK Global Tubes, LLC	1100 Cassatt Road, Berwyn PA 19312 USA	Ordinary	100
AMETEK Elektromotory s.r.o	ul. Beloveska 316, Nachod 547 01 Czech Republic	Ordinary	99.97
AMETEK Singapore Private Limited	43 Changi South Avenue 2, #04-01 Singapore, 486164 Singapore	Ordinary	100
AMETEK Instruments India Private Ltd*	NR Enclave, 4th Floor, Block A and B, EPIP Industrial Area, Hoodi, Krishnarajapuram Hobli, Bangalore	Ordinary	100
AMETEK Commercial Enterprise (Shanghai) Co. Limited*	Part A, 1st Floor No 460, North Fute Road, Waigaoqiao Free Trade Zone, Shanghai 200131, China	Ordinary	100
AMEKAI Meter (Xiamen) Co. Limited*	1 - 2 Floors, Chuang Xin Building Torch High Technology Industrial Zone, Innovate City, Xiamen, Fujia	Ordinary	50
AMETEK Motors Asia Pte Limited*	43 Changi South Avenue 2 #04-01 Singapore 486164	Ordinary	100
AMETEK Industrial Technology (Shanghai) Co. Limited*	No 155 PuHui Road, Jiu Ting Economic Development Zone, Song Jiang District, Shanghai 201615 Chin	Ordinary	100
AMETEK Taiwan Co. Limited*	2-F No 214 Chang-An Street, 138 Lane, Section 2 Pan-Chiao, Tapei Hsein, Taiwan R.O.C	Ordinary	50
AMETEK Engineered Materials Bhd*	sdnNo. 48 Hilir Sungai Keluang 2, Phase 4, Taman, Perindustrian Bayan Lepas, 119000 Bayan Lepas, Penang	Ordinary	100
Haydon Linear Motors (Changzhou) Limited*	No. 110 Lane 4, Xinyuan Road, Xianlong Industrial Park, Changzhou, Jiangsu Province, China 213031	Ordinary	100
AMETEK Airtechnology Group Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
AMETEK (GB) Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
Taylor Hobson Ltd*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
Solartron Metrology Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
Land Instruments International Limited**	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
AEM Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
Muirhead Aerospace Ltd*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
Spectro Analytical Instruments GmbH*	Boschstrasse 10, 47533 Kleve, Germany	Ordinary	100
AMETEK Hong Kong Private Limited*	Unit 1603, Tower III, Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Ordinary	100

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22	Subsidiaries			(Continued)
	Spectro Analytical Instruments Inc*	91 McKee Drive, Mahwah, NJ 07430 USA	Ordinary	100
	Antavia SAS*	33 Route de Toulouse, 82170 Dieupentale, France	Ordinary	74
	Cameca SAS*	23/29 Quai des Gresillons, 92330 Gennevilliers Cedex, France	Ordinary	74
	AMETEK Korea Co. Limited*	Gyeonggi R&DB Center 906 -5 Ioui-dong Yeongtong-gu, Suwon-shi Gyeonggi-do, Korea	Ordinary	74
	Cameca Instruments Inc*	5500 Nobel Drive, Suite 100 Madison WI 53711 USA	Ordinary	100
	EM Test (Switzerland) GmbH*	Sternenhofstrasse 15, 4153 Reinach BL, Switzerland	Ordinary	100
	AMETEK CTS Germany GmbH*	Sternenhofstrasse 15, 4153 Reinach BL, Switzerland	Ordinary	100
	Dunkermotoren GmbH*	Allmendstrasse 11, 79848 Bonndorf, Germany	Ordinary	100
	Dunkermotoren Taicang Co. Limited*	111 North Dongting Road, Taicang Economy Development Area, Jiangsu Province PR China	Ordinary	100
	AMETEK d.o.o. Subotica*	Batinska 94, 24000 Subotica, Serbia	Ordinary	100
	Teseq GmbH*	Landsberger Strasse 255, 12623 Berlin, Germany	Ordinary	100
	Teseq Pte Limited*	3015A Ubi Road 1, #05-09 Kampong Ubi Industrial Estate, Singapore 408 705	Ordinary	100
	Teseq AG*	Nordstrasse 11F, 4542 Luterbach, Switzerland	Ordinary	100
	AMETEK CTS US, Inc*	903 South Second Street, Ronkonkoma, NY 11779	Ordinary	100
	Frameflair Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
	Milmega Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
	AMETEK SAS*	Rond-Point de l'Epine des Champs, Buroplus Bat. D, Elancourt, 78990 France	Ordinary	100
	AMETEK GmbH*	Rudolf-Diesel Strasse 16, 40670 Meerbusch, Germany	Ordinary	100
	AMETEK srl*	Via De, Barzi, 20087 Robecco sul Naviglio, Ciaramella, (MI) Italy	Ordinary	100
	AMETEK KK *	Shiba NBF Tower, 1-1-30 Shiba Daimon Minato-Ku, Tokyo, Japan	Ordinary	100
	Taylor Hobson Inc*	1725 Western Drive, West Chicago, IL 60185 DuPage County USA	Ordinary	100
	Zygo Germany GmbH*	Bleichstrasse 2, 64283 Darmstadt, Germany	Ordinary	64.20
	AMETEK Germany GmbH*	Rudolf-Diesel-Strasse 16, 64331 Weiterstadt Germany	Ordinary	64.20
	Nu Instruments Limited*	PO Box 36, 2 New Star Road, Leicester LE4 9JQ	Ordinary	100

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22	Subsidiaries			(Continued)
	Nu Instruments Asia Limited*	16/F Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong	Ordinary	100
	Nu Instruments (Beijing) Co. Limited*	Suite 1860, Floor 18, No 37, Maizidian Street, Chaoyang District, Beijing, PRC	Ordinary	100
	Fine Tubes Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
	Superior Tube Company, Inc*	3900 Germantown Pike, Collegeville, PA 19426 USA	Ordinary	100
	Tubes Holdco Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
	AMETEK Aerospace and Defense Group UK Limited*	PO Box 36, 2 New Star Road, Leicester, LE4 9JQ England	Ordinary	100
	EMA Finance 1, LLC*	1100 Cassatt Road, Berwyn, PA 19312, USA	Ordinary	100
	EMA Finance 2, LLC*	1100 Cassatt Road, Berwyn, PA 19312, USA	Ordinary	100
	AMETEK Material Analysis Holdings GmbH*	Boschstrasse 10, 47533 Kleve, Germany	Ordinary	100
	RETE Holdings GmbH*	Sternenhofstrasse 15, 4153 Reinach BL, Switzerland	Ordinary	100
	AMETEK Holdings SARL*	Rond-Point de l'Epine des Champs, Buroplus Bat. D, Elancourt, 78990 France	Ordinary	100
	Teseq Holding AG*	Nordstrasse 11F 4542 Luterbach, Switzerland	Ordinary	100
	Direl Holding GmbH*	Allmendstrasse 11, 79848 Bonndorf, Germany	Ordinary	100
	Direl GmbH*	Allmendstrasse 11, 79848 Bonndorf, Germany	Ordinary	100
	AMETEK Instruments Group Limited*	UK PO Box 36, 2 New Star Road, Leicester LE4 9JQ	Ordinary	100

*held by a subsidiary undertaking

**Preferred ordinary shares carry an annual dividend of 11% of net profit

AMETEK Elektromotory s.r.o manufactures electronic instruments and electro-mechanical devices.

AMETEK Singapore Private Ltd manufactures and develops calibration instruments for temperature, pressure and process signals and for temperature sensors.

AMETEK Instruments India Private Limited provides product demonstration and training for the AMETEK group.

AMETEK Commercial Enterprise (Shanghai) Co. Limited distributes electronic instrument and electro-magnetic products in China.

AMETEK Meter (Xiamen) Co. Ltd and AMETEK Motors Taiwan Co. Limited are part of a joint venture to develop and distribute all types of pressure gauge and accessories.

AMETEK Motors Asia Pte Limited and AMETEK Motors (Shanghai) Co. Limited distribute drives and air moving motor products.

AMETEK Engineered Materials Sdn. Bhd. supplies tape and reel, bonding and wire drawing to the semi-conductor Industries.

Haydon Linear Motors (Changzhou) Limited is involved in the supply of linear motors.

AMETEK EUROPEAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Subsidiaries

(Continued)

AMETEK Airtechnology Group Limited is involved in the specialist engineering for the aerospace, defence and rail industries, the design and manufacture of precision and motion control products and the design, manufacture and sale of track balls and other cursor controlled products.

AMETEK (GB) Limited is involved in the manufacture and distribution of electro-mechanical testing equipment, electro motors, direct current circuits and electronic detection instrumentation.

Taylor Hobson Limited is involved in the design, manufacture and distribution of ultra precision instruments.

Solartron Metrology Limited is involved in the design, manufacture and distribution of sensor measurement products.

Land Instruments International Limited is involved in the manufacture and distribution of non-contact temperature measuring, environmental monitoring and combustion efficiency measurement equipment.

AEM Limited is involved in the repair, overhaul, modification and testing of aircraft components.

Muirhead Aerospace Limited is involved in the supply, repair and overhaul of avionics equipment for the aerospace industry.

The Spectro group of companies is involved in the manufacture and sale of atomic spectroscopic instrumentation, optical emission or energy dispersive X-ray fluorescence measurement techniques.

Antavia SAS is involved in the maintenance, repair and overhaul of aircraft.

The Cameca group of companies is involved in the sale and service of secondary ion mass spectrometers, electron probe microanalysis and tomographic atom probes.

The EM Test group of companies is involved in the supply, service and support of EMC test equipment, calibration and EMC seminars and workshops.

The Dunkermotoren group of companies is involved in advanced motion control solutions for a wide range of industrial applications, including factory equipment, office machines, medical devices and laboratory equipment.

The Teseq group of companies is involved in the manufacturing of test and measurement instrumentation for electro-magnetic compatibility (EMC) testing.

AMETEK SAS, AMETEK GmbH and AMETEK s.r.l are involved in the distribution of electronic precision instruments in Europe.

AMETEK KK is involved in the distribution and service of precision instruments.

Taylor Hobson Inc is involved in the distribution of ultra precision instruments.

The Zygo group of companies supplies optical metrology instruments, high precision optical components and complex electro-optical systems design and manufacturing services.

Superior Tube Company, Inc and Fine Tubes Limited are engaged in the manufacture of precision engineered tubing.

The Nu Instruments group of companies is involved in the design and manufacture of analytical instruments.