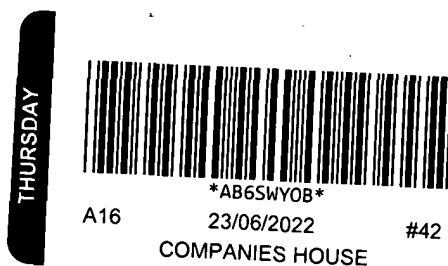


**Emerson Automation Fluid Control & Pneumatics  
UK Ltd (formally Asco Joucomatic Limited)**

Annual report and financial statements  
Registered number 2861557  
30 September 2020



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## Strategic Report

### Business review

During the year ended 30 September 2020 the Company had to deal with difficult trading conditions throughout Europe although the UK remained stable. The Company continued to maintain focus on specific product areas during the year and benefited by further developing business with industries such as Biotech, Pharmaceutical, Medical, and Packaging. This focus helped to partially offset other sectors that were not growing. The Company will continue to concentrate on specific sectors of industry where it is believed that its product and service offering will enable it to improve its market position.

During the year, the company completed trade and assets hive up deals with Emerson Process Management (Topworx UK Limited) and Aventics Limited. The trade acquired in these transactions generated approx. £3.6m additional sales.

During the year the Company continued to invest in upgrading machinery. This coupled with actions to continually improve lean manufacturing techniques has enabled further improvements to be made to its service and efficiency which has contributed to better customer satisfaction and has protected the Company's profitability.

Overall the result is a pre-tax profit of £0.7 million (2019: £0.6million) and a turnover of £16.9 million (2019: £15.1million). The gross profit was £4.7 million (2019: £4.0 million) and the gross profit percentage was 28% (2019: 27%). All of the actions taken in the year ended 30 September 2020 give us confidence that we can continue to build up profitable sales and be an attractive supplier for customers looking for high added value.

The Company's net assets at 30 September 2020 were £24.2 million (2019: £26.0 million (as restated, note 25)) which means that we continue to be in a strong financial position with good liquidity available through intergroup cash pooling facilities, enabling the Company to comfortably meet any working capital requirements for the foreseeable future.

The Company's management uses a number of key measures to monitor and manage the performance of the business. At the Company level the key performance indicators are sales, gross profit, gross profit percentage, EBIT (Earnings before interest and tax), cash generated by operations and the following more specific indicators:

- Daily Sales Outstanding
- Inventory Turnover
- Daily Payments Outstanding
- Trade Working Capital
- Service Levels

### Topworx UK Limited

On 1 October 2019, the company purchased the trade and assets known as 'Topworx UK' from Emerson Process Management Limited. Topworx UK Limited generates revenues from sales in various countries, including the UK. Whilst the UK trade is now delivered through the company, the company subsequently disposed of the rights to future revenues from non UK trade to various fellow group companies around the world. This transaction resulted in an initial addition to goodwill of £14.5m, followed by a subsequent disposal totalling £12.4m relating to non UK revenue streams of Topworx UK.

### Aventics Limited

In the prior year, the company acquired 100% of the share capital in Aventics Limited. On 1st January 2020, the trade and assets of Aventics were hived up into the company, with the now non trading legal entity of Aventics Limited subsequently dissolved. A final dividend was paid to the company from Aventics prior to dissolution which reduces the investment balance to £nil.

### Principal risks and uncertainty

The risk factor evaluation shows that we are not substantially exposed to any significant business risks as the Company has a large span of customers all involved in different market segments. The Company's largest customer accounts for 12% (2019: 17%) of our total sales.

Concerns exist around the recent increase in utility costs and associated increases to purchased materials. An Emerson lead team has been formed to group all Emerson UK companies together in order to obtain the best

## Strategic Report (continued)

leverage for utilities costs. The European commodities purchasing team look to secure the best possible prices and dual source where possible to minimise risks.

### Brexit

Brexit has presented many challenges.

Import tariffs incurred due to operating outside of the European Union will continue as we try to develop a software designed to prove "Country of Origin". We are also now subject to VAT duties. As a result we have had to increase our Duty Deferment Guarantee.

Brexit has also impacted our business with companies located in the Republic of Ireland. Product now has to be shipped from within the EU to Skelmersdale and shipped on to ROI. This incurs import tariffs. Previously orders were shipped direct.

We are busy preparing for the new UKCA approvals which will replace the EU CE mark, date of implementation 1<sup>st</sup> Jan 2023.

### COVID -19

Emerson Automation Fluid Control & Pneumatics UK Ltd has performed well despite the restraints imposed by several lockdowns, we are seeing sales and orders bouncing back to pre-pandemic levels. Initially the company experienced a small drop in Trade sales due to the pandemic however Intercompany orders increased dramatically as demand for ventilator component parts manufactured on site, this resulted additional temporary heads being taken on. Demand for ventilator components has now fallen back to pre-pandemic levels and the additional temporary staff have been released, however current sales are inline with projections, and orders have increased above projections.

The company is closely monitoring the situation and will take necessary action to offset threats and risks as they become clear and defined. The company has already taken significant steps to adhere to the UK lockdown requirements. Office staff have moved to hybrid working, social distancing is in place for Factory staff along with face masks / shields, provision of hand sanitiser and temperature checks on entry to the building. A COVID-19 committee has been set up who meet weekly to discuss developments, these are communicated to the wider management team every Monday and passed on through individual team meetings.

### Russia

The company has considered the implications of the ongoing geopolitical events and, aside from the impact of the wider economic impact of those events, the business does not believe it has specific material exposure.

### Future developments

The Company is currently working with our European group companies to rationalise our sites across the region into properties owned by Emerson, this has the potential to bring in revenue by renting out vacant office space.

### Tescom

Emerson Automation Fluid Control & Pneumatics UK Ltd acquired the trade of Tescom on the 1<sup>st</sup> October 2020.

A name change took place on the 1st Jan 2020, ASCO Joucomatic Limited became Emerson Automation Fluid Control & Pneumatics UK Ltd.

H Vicary

Director

June 22.2022



## **Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 30 September 2020.

### **Principal activities**

The principal activity of the Company is the manufacture and market distribution of solenoid valves, pressure and temperature switches, pneumatic control equipment and associated panels.

### **Environment**

The Company recognises the importance of its environmental responsibilities and operates in accordance with our group policies, legal obligations and international standard ISO 14001 (B.S.I. certificate EMS 509106). Initiatives designed to minimise the Company's impact on the environment include: emergency preparedness, energy management, waste management and reduction where possible, as well as safe disposal of waste arising from operations including recycling materials whenever it is practicable, LED lights have been installed in the office and Factory.

### **Directors**

The directors who served during the year and up to the date of signing this report were:

Harry Vicary

Jean Louis Tenu (resigned 1 July 2020)

Christophe Petit

Shaun Patrick Taylor (appointed 1 July 2020)

### **Research and development**

No costs were incurred by the Company in the current or prior financial year. The Company participates in an extensive group product development programme.

### **Dividends**

During the year no dividends were paid in respect of the year ended 30 September 2020 (2019: £nil) and there are no dividends proposed.

### **Going concern**

The accounts are prepared on a going concern basis on the basis of continued financial and other support provided by Emerson Electric Co. See Note 1.2 for further details

### **Future developments**

An indication of likely future developments is included in the strategic report on page 2.

### **Employees**

It is the policy of the Company to employ people who are handicapped by disablement provided it is practicable to offer them suitable employment and to make every effort to provide appropriate employment for employees who become disabled. It is the intention to give disabled people opportunities for training, career development and promotion consistent with their capabilities. The individual needs of the disabled are taken into consideration and where practicable, special arrangements are made to enable them to carry out their work.

The Company also recognises the importance of good communications and endeavours, at meetings regularly convened, to keep its employees informed of the Company's progress and about other matters which concern them.

### **Disclosure of information to auditor**

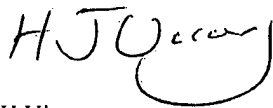
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## **Directors' Report (continued)**

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

A handwritten signature in black ink, appearing to read 'H Vicary', with a large, stylized loop at the end.

H Vicary  
*Director*

Pit Hey Place  
West Pimbo  
Skelmersdale  
Lancashire  
WN8 9PG

June 22 2022

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF [THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS]**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Quayside House 110,  
Newcastle upon Tyne  
NE1 3DX  
United Kingdom

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Emerson Automation Fluid Control & Pneumatics UK Ltd (formally Asco Joucomatic Limited)**

### **Opinion**

We have audited the financial statements of Emerson Automation Fluid Control & Pneumatics UK Ltd (formally Asco Joucomatic Limited) ("the company") for the year ended 30 September 2020 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards; including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Going concern**

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

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

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

### **Strategic report and directors' report**

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



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

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

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit[.]/[; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

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

#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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



**David Mitchell (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House 110,  
Newcastle upon Tyne  
NE1 3DX

22 June 2022

**Profit and Loss Account and Other Comprehensive Income**  
for the year ended 30 September 2020

	Note	2020 £000	2019 £000
Turnover	2	16,892	15,051
Cost of sales		(12,230)	(11,060)
<b>Gross profit</b>		<b>4,662</b>	<b>3,991</b>
Administrative expenses (including exceptional items of Nil, 2019: £442k)		(3,936)	(3,503)
<b>Operating profit</b>	3,4	<b>726</b>	<b>488</b>
Other interest receivable and similar income	6	-	101
<b>Profit before taxation</b>		<b>726</b>	<b>589</b>
Tax on profit	7	(2,503)	(111)
<b>Profit for the financial year</b>		<b>(1,777)</b>	<b>478</b>

All amounts derive from continuing operations. The Company had no other comprehensive income in the current or prior year. The notes on pages 13 to 29 form part of the financial statements.


## Balance Sheet

As at 30 September 2020

	Note	2020 £000	2019 (Restated – note 25) £000
<b>Fixed assets</b>			
Tangible assets	8	1,258	1,151
Goodwill	9	6,180	3,083
Investments	10	-	2,324
		<b>7,438</b>	<b>6,558</b>
<b>Current assets</b>			
Stocks	11	1,165	1,231
Debtors	12	19,901	20,760
Cash at bank and in hand	13	-	-
		<b>21,066</b>	<b>21,991</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(4,320)</b>	<b>(2,588)</b>
<b>Net current assets</b>		<b>16,746</b>	<b>19,403</b>
<b>Total assets less current liabilities</b>		<b>24,184</b>	<b>25,961</b>
<b>Net assets</b>		<b>24,184</b>	<b>25,961</b>
<b>Capital and reserves</b>			
Called up share capital	16	776	776
Share premium account		15,879	15,879
Profit and loss account		7,529	9,306
<b>Shareholders' funds</b>		<b>24,184</b>	<b>25,961</b>

The notes to pages 13 to 29 form part of the financial statements.

These financial statements were approved by the board of directors on 22 June 2022 and were signed on its behalf by:

  
**H Vicary**  
Director

Company registered number: 2861557

## Statement of Changes in Equity

	Called up share capital	Share Premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Prior year adjustment (As restated – note 25)		605		605
Balance at 1 October 2018	776	15,274	8,828	24,878
<b>Total comprehensive income for the period</b>				
Profit or loss	-	-	478	478
<b>Balance at 30 September 2019 (As restated – note 25)</b>	<b>776</b>	<b>15,879</b>	<b>9,306</b>	<b>25,961</b>
Balance at 1 October 2019 (As restated – note 25)	776	15,879	9,306	25,961
<b>Total comprehensive income for the period</b>				
Profit or loss	-	-	(1,777)	(1,777)
<b>Balance at 30 September 2020</b>	<b>776</b>	<b>15,879</b>	<b>7,529</b>	<b>24,184</b>

The notes to pages 13 to 29 form part of the financial statements.

## Notes

(forming part of the financial statements)

### 1 Accounting policies

Emerson Automation Fluid Control & Pneumatics UK Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 2861557 and the registered address is 2 Pit Hey Place, West Pimbo, Skelmersdale, WN8 9PG

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Emerson Electric Co includes the Company in its consolidated financial statements. The consolidated financial statements of Emerson Electric Co are prepared in accordance with United States Generally Accepted Accounting Practice, available to the public and may be obtained from 8000 W Florissant Avenue, PO Box 4100, St Louis, Missouri, MO63136, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Emerson Electric Co include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 405 of the Companies Act 2006 given the immaterial nature of the subsidiary held at the period end.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.13

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern

The company has net current assets of £16,746,000 as at 30 September 2020 and made a loss for the year then ended of £1,777,000. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is part of a wider group business model by which group companies at times provide and receive services from each other and as needed use group funding and cash pool arrangements.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. The forecasts indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent company, Emerson Electric Co, to meet its liabilities as they fall due for that period. Downside scenarios included a reduction in sales which may arise as a result of the COVID-19 pandemic.

Those forecasts are dependent on Emerson Electric Co, including its subsidiaries, providing additional financial support during that period by means of allowing continued access to funds via the group cash pooling facility. Emerson Electric Co has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4 Basic financial instruments

##### Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 50 years
- Plant and equipment 12 years
- Fixtures and fittings 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.6 Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

#### 1.7 Amortisation

Goodwill is amortised on a straight line bases over its useful life. The finite useful life of goodwill is estimated to be 10 years.

#### 1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- The fair value of the consideration (excluding contingent consideration) transferred: plus
- Estimated amount of contingent consideration (see below): plus
- The fair value of the equity instruments issued: plus
- Directly attributable transaction costs: less
- The net recognised amount (generally fair value) of the identifiable assets acquired on liabilities contingent liabilities assumed.

When the excess is negative, this is recognised as separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.



## **Notes (continued)**

### **Accounting policies (continued)**

#### **1.10 Group Plans**

The company participates in a group hybrid pension scheme (part-defined benefit and part-defined contribution) being The Emerson UK Pension Plan ("the Plan"). The Emerson Automation Fluid Control and Pneumatics UK Ltd section forms one of the defined benefit sections of the Plan. The Plan is operated by Emerson Holding Company Limited (the "Principal Company"). The assets of the Plan are administered by a Trustee in a fund independent from those of the company.

As there is no contractual agreement or stated group policy for charging the UK GAAP net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by the company which is legally responsible for the plan, which is Emerson Holding Company Limited, another member of the group. The Company then recognises a cost equal to its contribution payable for the period as if it was a defined contribution scheme. The contributions payable by the participating entities are determined on the funding basis as at the latest triennial valuation of the scheme and are set out within the Schedule of Contributions. The allocation of the cash contribution is determined by the principal employer, Emerson Holding Company Limited.

#### **1.11 Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. It is group policy that the seller bears the risk over goods until they reach their destination and as such revenue is recognised on delivery.

#### **1.12 Expenses**

##### **Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### **1.13 Judgement and Estimates**

In the course of preparing the financial statements the useful economic life of the Aventics and Topworx acquisitions were deemed to be 10 years in accordance with Emerson group policy.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.15 Investments

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

## **Notes (continued)**

### **2 Turnover**

The directors are of the opinion that there is only one class of business being the manufacture and market distribution of equipment. The geographical analysis (by destination) is as follows:

	2020 £000	2019 £000
<i>By geographical market</i>		
United Kingdom	13,604	11,737
Europe	2,768	2,840
USA	70	183
Australia and Far East	296	218
Middle East / Africa	154	73
	<u>16,892</u>	<u>15,051</u>

### **3 Expenses and auditor's remuneration**

*Included in profit are the following:*

	2020 £000	2019 £000
Depreciation on tangible fixed assets	164	199
Management retention bonus	-	442
Amortisation of Goodwill (K Controls / Topworx / Aventics)	688	353
Hire of Plant and machinery / Vehicles	196	154
	<u>          </u>	<u>          </u>

*Auditor's remuneration:*

	2020 £000	2019 £000
Audit of these financial statements	38	38
Other non-Audit Services	1	1
	<u>          </u>	<u>          </u>

Included within Administrative expenses are items classified as exceptional of nil, 2019: £442,000. (These costs related to one off retention bonuses paid following a business reorganisation).

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Production	30	36
Distribution and marketing	33	28
Administration	7	10
Services	2	2
Other	11	11
	<u>83</u>	<u>87</u>

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	3,197	3,091
Social security costs	356	339
Contributions to defined contribution plans	263	201
	<u>3,816</u>	<u>3,631</u>

### 5 Directors' remuneration

	2020	2019
	£000	£000
Emoluments	88	84
Company contributions to money purchase pension plans	7	6

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
Defined benefit schemes	-	-

## Notes (continued)

### 6 Other interest receivable and similar income

	2020 £000	2019 £000
Interest receivable and similar income	-	101
	<u>          </u>	<u>          </u>

### 7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2020 £000	2019 £000
<i>Current tax</i>		
Current tax on income for the period	2,628	183
Adjustments in respect of prior periods	(165)	(87)
	<u>          </u>	<u>          </u>
Total current tax	2,463	96
<i>Deferred tax</i>		
Origination and reversal of timing differences	9	(25)
Effective changes in tax rates	(5)	3
Adjustments in respect of prior periods	36	37
	<u>          </u>	<u>          </u>
Total tax	2,503	111
	<u>          </u>	<u>          </u>

	£000 Current tax	2020 £000 Deferred tax	£000 Total tax	£000 Current tax	2019 £000 Deferred tax	£000 Total tax
Recognised in Profit and loss account	2,463	40	2,503	96	15	111
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total tax	2,463	40	2,503	96	15	111
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Notes (continued)

### 7 Taxation (continued)

#### Analysis of current tax recognised in profit and loss

	2020 £000	2019 £000
UK corporation tax	2,503	111
Total current tax recognised in profit and loss	2,503	111

#### Reconciliation of effective tax rate

	2020 £000	2019 £000
Loss for the year	(1,777)	478
Total tax expense	2,503	111
Loss excluding taxation	726	589
Tax using the UK corporation tax rate of 19.0%	139	112
Non-deductible expenses	145	46
Income not taxable	-	-
Adjustment in respect of prior periods	(129)	(50)
Gains/rollover relief etc	2,355	-
Change in deferred tax rate	(7)	3
Total tax expense included in profit or loss	2,503	111

UK corporation rate of 19% (effective 1 April 2020) was subsequently enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future tax charge accordingly. The deferred tax asset / (liability) at 30 September 2020 has been calculated at 19% (2019 19%). A further increase to 25% (effective 1<sup>st</sup> April 2023) was enacted on 3<sup>rd</sup> March 2021. This will increase the company's future tax charge accordingly.

## Notes (continued)

### 8 Tangible fixed assets

	Land and buildings £000	Plant and Equipment £000	Fixtures & fittings £000	Total £000
<b>Cost</b>				
Balance at 1 October 2019	698	3,173	4,104	7,975
Additions	-	234	37	271
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2020	698	3,407	4,141	8,246
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>				
Balance at 1 October 2019	363	2,848	3,613	6,824
Depreciation charge for the year	35	92	37	164
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2020	398	2,940	3,650	6,988
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 September 2020	300	467	491	1,258
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	335	325	491	1,151
	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Goodwill

	£000
<b>Cost</b>	
At 1 October 2019	3,523
Additions for the year	16,181
Disposals for the year	(12,396)
	<hr/>
At 30 September 2020	7,308
	<hr/>
<b>Amortisation</b>	
At 1 October 2019	440
Amortisation charge for the year	688
	<hr/>
At 30 September 2020	1,128
	<hr/>
<b>Net Book Value</b>	
At 1 October 2019	3,083
	<hr/>
At 30 September 2020	6,180
	<hr/>

The goodwill brought forward on the acquisition of K Controls Limited on 22 June 2018 and is being amortised over 10 years. During the period, goodwill arose on the trade and assets acquisitions from Emerson Process Management (Topworx UK Ltd) and Aventics. Subsequently, the company disposed of the non UK trading element of Topworx to fellow group undertakings. Goodwill for both is amortised over 10 years.

## Notes (continued)

### 10 Investments in subsidiaries

	Shares in group undertakings £000
Cost	
Brought forwards	2,324
Settled via final dividend (received from Aventics Ltd prior to dissolution)	(2,324)
	<hr/>
At end of year	-
	<hr/>
Provisions	
Net book value	
At 30 September 2019	2,324
	<hr/>
At 30 September 2020	-
	<hr/>

The Company has the following investments in subsidiaries:

	Registered office address	Class of shares held	Ownership 2020 %	Ownership 2019 %
Aventics UK Limited	2 Pit Hey Place Skelmersdale WN8 9PG	Ordinary	0%	100%

During the year, a final dividend was received from Aventics Limited to settle the investment and subsequently the legal entity was dissolved.

Whilst at the period end there was still a legal holding on the subsidiary, this was nominal only as the subsidiary had no operations, had cleared its net assets through the above noted dividend, and was awaiting strike off.

### 11 Stocks

	2020 £000	2019 £000
Raw materials and consumables	539	910
Work in progress	15	15
Finished goods and goods for resale	611	306
	<hr/>	<hr/>
	1,165	1,231
	<hr/>	<hr/>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £10,730,428 (2019: £8,227,189). The write-down of stocks to net realisable value amounted to £201,827 (2019: £96,026).



## Notes (continued)

### 12 Debtors

	2020 £000	2019 £000
Trade debtors	3,322	3,520
Amounts owed by group undertakings	16,331	16,383
Other debtors	36	32
Deferred tax assets (see note 15)	40	79
Taxation and social security	25	563
Prepayments and accrued income	147	183
	<u>19,901</u>	<u>20,760</u>

### 13 Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	-	-
	<u>-</u>	<u>-</u>

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

	2020 £000	2019 As restated – note 25 £000
Trade creditors	302	212
Amounts owed to group undertakings	984	897
Accruals and deferred income	639	1,479
Tax & Social Security	695	-
Corporation Tax	1,700	-
	<u>4,320</u>	<u>2,588</u>

## Notes (continued)

### 15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Accelerated capital allowances	40	79	-	-	40	79
Other	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax assets	40	79	-	-	40	79
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
						2019 £000
At 1 October 2019						79
Charge to profit and loss (Note 7)						(39)
						<hr/>
At 30 September 2020						40
						<hr/>

### 16 Share capital

	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
776,027 ordinary shares of £1 each	776	776
	<hr/>	<hr/>

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

## **Notes (continued)**

### **17 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	2020 £000	2019 £000
Less than one year	113	92
Between one and five years	97	42
More than five years	-	-
	<hr/> 210	<hr/> 134

During the year £195,077 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £154,000).

### **18 Commitments**

#### *Capital commitments*

The Company's contractual commitments to purchase tangible fixed assets at the year-end were £81,802 (2019: £54,035).

### **19 Contingencies**

On the 30 September 2014 the company entered into a guarantee to HM Revenue and Customs and Excise in respect of duty deferment amounting to £80,000 (2019: £80,000).

### **20 Employee benefits**

The company participates in a group hybrid pension scheme (part-defined benefit and part-defined contribution) being The Emerson UK Pension Plan ("the Plan"). The Emerson Automation Fluid Control and Pneumatics UK Ltd section forms one of the defined benefit sections of the Plan.

#### *Defined benefit section*

The Plan is operated by Emerson Holding Company Limited (the "Principal Company"). The assets of the Plan are administered by a Trustee in a fund independent from those of the company. A full actuarial valuation of the Plan (including both the defined benefit and the defined contribution sections of the Plan) was carried out on 31 March 2017. This valuation indicated that the market value of the Plan's assets represented a funding level at 31 March 2017 of 102% of the benefits that had accrued to members. The 31 March 2020 actuarial valuation of the Plan is ongoing as at the balance sheet date.

This was the fourth valuation of the Plan under the scheme specific funding legislation introduced by the Pensions Act 2004. As required by legislation, a Statement of Funding Principles and a new Schedule of Contributions were agreed by the Trustee and the Principal Company and are now in place.

The total combined participating employer contributions to the defined benefit sections of the Plan for the year ended 30 September 2020 were £11,500,000 (2019: £11,500,000), all of which related to a contribution paid by the participating employers in March 2020 as required by the Schedule of Contributions.

## Employee benefits (continued)

The minimum cumulative contributions agreed in the Schedule of Contributions are £27,000,000 between 1 February 2018 and 31 March 2020 of which £18,000,000 was required to be paid before 31 March 2019. Additionally, annual contributions of £2,500,000 must be paid by each 31 March until 31 March 2023. As of 30 September 2020, £34,500,000 had been contributed leaving a minimum further contribution to be made before 31 March 2023 of £7,500,000 (£2,500,000 of which needs to be paid by 31 March 2021).

As there is no contractual agreement or stated group policy for charging the UK GAAP net defined benefit cost of the plan to participating entities, the defined benefit cost of the pension plan and the net defined benefit liability are recognized by Emerson Holding Company Limited and Emerson Automation Solutions SSC UK Limited. The Company then recognizes a cost equal to its contribution payable for the period as if it was a defined contribution scheme. The contributions payable by the participating entities are determined on the funding basis as at the latest triennial valuation of the scheme and are set out within the Schedule of Contributions. The allocation of the cash contribution is determined by the principal employer, Emerson Holding Company Limited.

The profit and loss charge in respect of the company's employer contributions to the Plan for the year amounted to £22,000 (2019: £22,000) and there were £nil contributions outstanding at the year-end (2019: £nil).

### *Defined contribution section*

The company's pension costs for the year in respect of the defined contribution section of the Plan amounted to £263,920 (2019: £200,691). The contributions outstanding at the year end amounted to £nil (2019: £nil).

## 21 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Emerson Holding Company Limited incorporated in Great Britain.

The Ultimate parent company and group in which the results of the company are consolidated is headed by Emerson Electric Co, which is incorporated in the USA. Accounts of Emerson Electric Co may be obtained from 8000 W Florissant Avenue, PO Box 4100, St Louis, Missouri, MO63136, USA.

## 22 Related Party transactions

The company has taken advantage of the exemption available in accordance with FRS102 (33.1A) not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

## 23 Events after the balance sheet date

### **Tescom**

On 1<sup>st</sup> October 2020 Emerson Automation Fluid Control & Pneumatics UK Ltd acquired the sales of Tescom UK division, no assets were transferred, this is anticipated to bring an additional £2.3m in annual sales.

## Notes (continued)

### 24 Acquisitions and disposal of businesses

#### Topworx

On 1<sup>st</sup> October 2019, the company acquired certain assets & liabilities of Topworx UK Limited, the business contributed revenue of £2.3m and net profit of £0.4m to the revenue and net profit for the year.

#### Effect of acquisition

	Recognised values on Acquisition
<b>Acquiree's net assets at the acquisition date:</b>	£000
Stocks	68
Trade and other debtors	247
Trade and other creditors	(300)
	<hr/> 15 <hr/>

#### Total cost of business combination:

#### Consideration paid:

Initial consideration relating to business combination	14,500
Goodwill on acquisition	<hr/> 14,485 <hr/>

The expected useful life of the goodwill stemming from this acquisition is 10 years.

Following completion of the acquisition of the trade and assets of Topworx UK Limited, the company subsequently disposed of the rights for future Topworx sales in certain countries around the world to fellow group undertakings. Total consideration for these disposals was £12,396,000 which results in a disposal of goodwill as reflected in note 9.

#### Aventics

On 30<sup>th</sup> September 2019, the company acquired all shares in the Aventics UK business. On the 1<sup>st</sup> Jan 2020 this was hived up into the company. The business contributed revenue of £2.6m and net profit of £0.4m to the revenue and net profit for the year.

#### Effect of acquisition

	Recognised values on Acquisition
<b>Acquiree's net assets at the acquisition date:</b>	£000
Tangible Fixed assets	
Cash	1,678
Stocks	2
Trade and other debtors	752
Trade and other creditors	(1,804)
	<hr/> 628 <hr/>

## Notes (continued)

### Total cost of business combination:

Consideration paid:

Initial consideration relating to business combination	2,324
Total consideration	<u>2,324</u>

Goodwill on acquisition	<u>1,696</u>
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The expected useful life of the goodwill stemming from this acquisition is 10 years.

## 25 Prior period adjustment

The company had previously recognised an intercompany payable of £605,000 which arose on an historical trade and assets acquisition, and was first reflected in the financial statements for the year ended 30 September 1996.

Upon investigation during the year by both company management and the wider group, the group has confirmed that no corresponding debtor exists in a counter party. Further, group management have confirmed that they have no records to support this balance dating back to initial recognition and that no such creditor should have been recognised in the journal entries posted to reflect the trade and assets transaction

Share capital was issued as consideration for the trade and assets acquired at the date of the transaction. Share premium was also recognised reflecting the value of net assets acquired and recorded in the books of the company. Net assets acquired were £6,419,000, with share capital issued of £376,000 nominal value and share premium recorded of £6,043,000. This included recognition of the intercompany payable of £605,000.

The result of the error described above is that net assets acquired were understated at the date of acquisition. Net assets acquired were actually £7,024,000, with share capital recorded of £376,000 and share premium of £6,648,000. In the financial statements for the year ended 30 September 2020, the prior period balances have been adjusted to derecognise the intercompany payable of £605,000, and increase share premium by the same amount. There has been no impact to profit or loss during the comparative period.

