

Company Registration No. 03230332 (England and Wales)

TAYLOR HOBSON LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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TAYLOR HOBSON LIMITED

COMPANY INFORMATION

Directors	D B Coley C Howarth B P Wilson
Secretaries	D B Coley J Atwell
Company number	03230332
Registered office	PO Box 36 2 New Star Road Leicester LE4 9JQ
Auditors	Ernst & Young LLP No 1 Colmore Square Birmingham B4 6HQ
Business address	PO Box 36 2 New Star Road Leicester LE4 9JQ
Bankers	NatWest 1 Granby Street Leicester LE1 6EJ
Solicitors	Freeths LLP 1 Colton Square Leicester LE1 1QH

TAYLOR HOBSON LIMITED

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TAYLOR HOBSON LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

	2016 £'000	2015 £'000	Change %
Turnover	49,330	55,534	(11.17)
Operating profit	8,249	12,327	(33.08)
Operating profit as % of sales	16.72%	22.20%	
Net current assets	17,290	15,148	14.14
Shareholders' funds	31,557	43,585	(27.60)

Leicester Division

Results at our Leicester division were mixed, with reported sales up 6% but operating profits down 3% on 2015.

Financial performance was dominated by foreign exchange movements through the second half of the year, with the decline in rates increasing the comparative value of our foreign denominated sales and costs on translation into sterling.

Underlying sales performance was generally flat with gains in Asia and America being offset by contraction in Europe.

Distribution costs were up on 2015, in part, as a result of sterling weakness but also with higher levels of travel, sales and service support along with inflationary pressures.

Administration expenses were also up on 2015, in spite of higher levels of foreign exchange gains recorded, as amortisation costs increased significantly following the acquisition by Taylor Hobson of the intellectual property of Luphos, a sister-company based in Germany.

Solartron ISA Division

A low order backlog entering 2016, together with limited investment and maintenance in the oil and gas sector and customer delays resulted in 2016 turnover reducing by 58%. Operating profit as a % was reduced from 31.8% to 16.9%, despite the division reducing its cost base to reflect the lower turnover. The second half of the year saw a recovery of the oil price and with it the division saw its order intake increase significantly towards the end of the year

The Precitech division was sold on 1 January 2016 to a fellow subsidiary undertaking.

Principal risks and uncertainties

The company operates in a competitive global environment. We continue to focus on the quality and reliability of our products and services to give good value. The Solartron ISA division operates as a supplier within the oil and gas sector and the sector has been impacted by the continuing low oil price. We constantly review our margins to ensure that we remain good value.

Financial Instruments

Financial risk management

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

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

TAYLOR HOBSON LIMITED

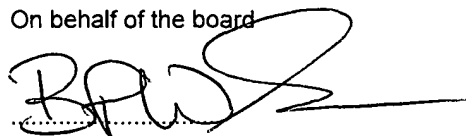
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Foreign currency risk

The company has transactional and translational currency exposures arising from sales and purchases in foreign currencies. It is AMETEK group policy not to actively hedge against foreign currency transactions and balances. However, management monitor and mitigate this risk through active working capital management in respect of foreign currency transactions and cash and bank balances held in currencies other than sterling.

On behalf of the board



B P Wilson

Director

27 Aug 2017

TAYLOR HOBSON LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Company Registration No. 03230332

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

Principal activities

The principal activities of the company are the design, manufacture, distribution and after sales service of ultra precision measurement instruments and the design and manufacture of flow measurement devices for the oil and gas industry.

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
C Howarth
B P Wilson

Directors' insurance

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

Results and dividends

The results for the year are set out on page 8.

Dividends amounting to £17,573,000 were distributed for the year ended 31 December 2016 (2015: £14,245,000).

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and details of the company's exposure to risk are described in the strategic report on pages 1 and 2.

In view of the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Future developments

We anticipate that global economic conditions will remain uncertain with inconsistent performances across our markets and regions. In spite of this, we expect our overall performance through 2017 to deliver modest growth on 2016 through product development, marketing and cost control initiatives.

Market value of land and buildings

In the opinion of the directors the market value of freehold land and buildings is not considered to be materially different to the net book value as disclosed in the notes to the financial statements.

Financial instruments

Details of financial instruments are provided in the strategic report on page 2.

Research and development

The company continues an active programme of research and development in all areas of its activities, with the constant review of existing products and development of new products being an integral part of the programme.

TAYLOR HOBSON LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Disabled persons

Employment policies are designed to provide equal opportunity, irrespective of age, sex, religion, race or marital status. Applications for employment by disabled persons are given full and fair consideration and, where practicable, provision is made for special needs. The company applies the same criteria to disabled employees for training, career development and promotion as to any other employee. If existing employees become disabled, every effort is made to ensure their continued employment.

Employee involvement

It is the company's policy to keep employees fully informed of matters affecting them as employees and to make them aware of the financial and economic factors influencing company performance.

Encouragement is given to employees to contribute towards the company's financial performance by means of an annual bonus scheme for certain employees.

Environment

The group is fully committed to pursuing the best environment practice and conducting its activities in a way that fully recognises its responsibilities to the environment. As part of this, the company's environmental management system has obtained ISO 14001 accreditation since 2002.

Post reporting date events

The company has declared and paid dividends amounting to £23,480,000 and has received dividends amounting to £14,209,000 since 31 December 2016. The company has also made an additional contribution of £4,723,000 to the defined benefit pension scheme.

Auditor

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

Statement of disclosure to auditor

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

On behalf of the board



B P Wilson

Director

27 July 2017

TAYLOR HOBSON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the annual 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.

TAYLOR HOBSON LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TAYLOR HOBSON LIMITED

We have audited the financial statements of Taylor Hobson Limited for the year ended 31 December 2016, 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 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

TAYLOR HOBSON LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TAYLOR HOBSON LIMITED

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or 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.

Ernst & Young LLP

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

28 July 2017

TAYLOR HOBSON LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	49,330	55,534
Cost of sales		(24,534)	(28,526)
Gross profit		24,796	27,008
Distribution costs		(12,903)	(11,511)
Administrative expenses		(3,725)	(3,335)
Other operating income		81	165
Operating profit	4	8,249	12,327
Interest receivable and similar income	7	8,018	7,276
Interest payable and similar expenses	8	(257)	(317)
Profit before taxation		16,010	19,286
Taxation	9	(1,180)	(1,316)
Profit for the financial year	22	14,830	17,970

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

TAYLOR HOBSON LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		2016 £'000	2015 £'000
Profit for the year		14,830	17,970
Other comprehensive income			
Actuarial (loss)/gain on defined benefit pension scheme	19	(11,394)	2,632
Movement of deferred tax relating to pension liability		1,786	(776)
Other comprehensive (loss) / income for the year		(9,608)	1,856
Total comprehensive income for the year		5,222	19,826

TAYLOR HOBSON LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Goodwill	11		2,465		2,826
Other intangible assets	11		6,473		7,790
Total intangible assets			8,938		10,616
Tangible assets	12		4,335		4,879
Investments	13		19,931		19,931
			33,204		35,426
Current assets					
Stocks	14	6,934		7,046	
Debtors	15	13,758		17,177	
Cash at bank and in hand		6,310		1,172	
		27,002		25,395	
Creditors: amounts falling due within one year	17	(9,712)		(10,247)	
Net current assets			17,290		15,148
Total assets less current liabilities			50,494		50,574
Provisions for liabilities	18		(18,937)		(6,989)
Net assets			31,557		43,585
Capital and reserves					
Called up share capital	20		5,150		5,150
Share premium account	21		7,900		7,900
Profit and loss reserves	22		18,507		30,535
Total equity			31,557		43,585

The financial statements were approved by the board of directors and authorised for issue on 27 Aug 2017 and are signed on its behalf by:



B P Wilson
Director

Company Registration No. 03230332

TAYLOR HOBSON LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2015		5,150	-	24,629	29,779
Year ended 31 December 2015:					
Profit for the year		-	-	17,970	17,970
Other comprehensive income:					
Actuarial gain on defined benefit plans		-	-	2,632	2,632
Tax relating to other comprehensive income		-	-	(776)	(776)
Total comprehensive income for the year		-	-	19,826	19,826
Issue of share capital		-	7,900	-	7,900
Dividends	10	-	-	(14,245)	(14,245)
Credit to equity for equity settled share-based payments		-	-	325	325
Balance at 31 December 2015		5,150	7,900	30,535	43,585
Year ended 31 December 2016:					
Profit for the year		-	-	14,830	14,830
Other comprehensive income:					
Actuarial loss on defined benefit plans		-	-	(11,394)	(11,394)
Tax relating to other comprehensive income		-	-	1,786	1,786
Total comprehensive income for the year		-	-	5,222	5,222
Dividends	10	-	-	(17,573)	(17,573)
Credit to equity for equity settled share-based payments		-	-	323	323
Balance at 31 December 2016		5,150	7,900	18,507	31,557

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Taylor Hobson Limited is a 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.

Reduced disclosures

The accounts of Taylor Hobson 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
- share based payment disclosures, including:
 - a description of each type of share based payment arrangement that has existed and;
 - details of exercises and vests during the period
- related party transaction disclosures, including (i) transactions with wholly owned subsidiaries of the AMETEK Inc group and (ii) disclosures related to key management remuneration.

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.

Taylor Hobson Limited is a wholly owned subsidiary of AMETEK Inc and the results of Taylor Hobson 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 Turnover

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

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its life, which is currently estimated to be 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

The goodwill above relates to the acquisition of the Solartron ISA business in 2005. The goodwill was considered to have a useful economic life of 20 years from the acquisition date and this is considered to remain appropriate.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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

Patents	6 years
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1.6 Tangible fixed assets

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

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

Freehold buildings	40 years
Leasehold improvements	10 to 28 years
Plant and machinery	4 to 10 years
Loose tools	1 to 4 years

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

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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 and 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.

1.8 Impairment of fixed assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

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

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

1.9 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

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

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.10 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.11 Cash and cash equivalents

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

1.12 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.

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

Derecognition of financial assets

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

1.13 Financial liabilities

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.14 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.

1.15 Taxation

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

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.

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

1.16 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

1.17 Employee benefits

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

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

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

1.18 Retirement benefits

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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

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

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

1.19 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

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

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

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

1.20 Leases

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

1.21 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.

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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 recognized in the financial statements:

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

3 Turnover

In the opinion of the directors, it would be seriously prejudicial to the interest of the company to provide an analysis of turnover by geographic market.

4 Operating profit	2016 £'000	2015 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(939)	(217)
Research and development costs	3,535	4,888
Rents receivable	(43)	(154)
Release of onerous provision	-	(11)
Fees payable to the company's auditors for the audit of the company's financial statements	94	82
Depreciation of owned tangible fixed assets	966	910
Loss on disposal of tangible fixed assets	-	35
Amortisation of intangible assets	1,600	411
Cost of stocks recognised as an expense	17,019	21,169
Stocks impairment losses recognised or reversed	(39)	72
Operating lease charges	897	966

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees

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

	2016 Number	2015 Number
Production	106	107
Engineering	44	47
Sales and Marketing	50	52
Administration	32	36
	<u>232</u>	<u>242</u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	9,915	10,541
Social security costs	1,129	1,280
Pension costs	975	1,129
	<u>12,019</u>	<u>12,950</u>

Included in wages and salaries is a total expenses for share-based payments in relation to equity-settled transactions of £323,000 (2015: £325,000), of which £168,000 (2015: £174,000) relates to restricted shares and £155,000 (2015: £151,000) relates to share options.

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6	Directors' remuneration	2016 £'000	2015 £'000
	Remuneration for qualifying services	670	556
	Company pension contributions to defined contribution schemes	56	45
		<u>726</u>	<u>601</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2015 - 3).

The number of directors who exercised share options during the year was 2 (2015 - 3).

The number of directors who received shares under long term incentive schemes during the year was 3 (2015 - 3).

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

Remuneration for qualifying services	416	349
Company pension contributions to defined contribution schemes	36	27
	<u>452</u>	<u>376</u>

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

7	Interest receivable and similar income	2016 £'000	2015 £'000
	Interest income		
	Interest on bank deposits	19	6
	Interest receivable from group companies	2	-
		<u>21</u>	<u>6</u>
	Total interest revenue		
		21	6
	Income from fixed asset investments		
	Income from shares in group undertakings	7,997	7,270
		<u>7,997</u>	<u>7,270</u>
	Total interest receivable and similar income	<u>8,018</u>	<u>7,276</u>

8	Interest payable and similar expenses	2016 £'000	2015 £'000
	Interest on bank overdrafts and loans	4	-
	Interest payable to group undertakings	-	3
	Unwind on onerous lease provision	-	2
	Net interest on the defined benefit liability	253	312
		<u>257</u>	<u>317</u>
	Total interest payable	<u>257</u>	<u>317</u>

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Taxation

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits for the current period	1,287	1,388
Adjustments in respect of prior periods	10	(3)
Benefit arising from a previously unrecognised tax loss or credit	-	(6)
Total UK current tax	1,297	1,379
Foreign current tax on profits for the current period	-	6
Adjustments in foreign tax in respect of prior periods	10	-
Total current tax	1,307	1,385
Deferred tax		
Origination and reversal of timing differences	12	94
Changes in tax rates	8	19
Deferred tax on defined benefit pension scheme	(147)	(182)
Total deferred tax	(127)	(69)
Total tax charge	1,180	1,316

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:

	2016 £'000	2015 £'000
Profit before taxation	16,010	19,286
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	3,202	3,905
Tax effect of expenses that are not deductible in determining taxable profit	18	79
Tax effect of income not taxable in determining taxable profit	(117)	(265)
Adjustments in respect of prior years	10	(3)
Effect of changes in tax rates	50	(95)
Group relief	-	(485)
Patent box deduction	(384)	(348)
Dividend income not taxable	(1,599)	(1,472)
Taxation for the year	1,180	1,316

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Taxation

(Continued)

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

	2016 £'000	2015 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(1,786)	776

Factors that may affect the future tax charge

The standard rate of Corporation Tax in the UK reduced from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 20%. The standard rate fell further to 19% with effect from 1 April 2017 and will fall further to 17% with effect from 1 April 2020. The reduction to 17% was enacted during the current period and deferred tax balances have been stated at a rate of 17%

10 Dividends

	2016 £'000	2015 £'000
Ordinary dividend	17,573	14,245

11 Intangible fixed assets

	Goodwill £'000	Patents £'000	Total £'000
Cost			
At 1 January 2016	5,976	7,900	13,876
Intra-group transfer	(188)	-	(188)
At 31 December 2016	5,788	7,900	13,688
Amortisation and impairment			
At 1 January 2016	3,150	110	3,260
Amortisation charged for the year	283	1,317	1,600
Intra-group transfer	(110)	-	(110)
At 31 December 2016	3,323	1,427	4,750
Carrying amount			
At 31 December 2016	2,465	6,473	8,938
At 31 December 2015	2,826	7,790	10,616

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12 Tangible fixed assets

	Land and buildings Freehold	Leasehold improvements	Plant and machinery	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2016	796	3,513	10,945	15,254
Additions	-	133	290	423
Disposals	-	-	(67)	(67)
At 31 December 2016	796	3,646	11,168	15,610
Depreciation and impairment				
At 1 January 2016	113	2,511	7,751	10,375
Depreciation charged in the year	19	187	760	966
Eliminated in respect of disposals	-	-	(66)	(66)
At 31 December 2016	132	2,698	8,445	11,275
Carrying amount				
At 31 December 2016	664	948	2,723	4,335
At 31 December 2015	683	1,002	3,194	4,879

Included within freehold land and buildings is land of £197,000 (2015: £197,000) which is not depreciated.

13 Fixed asset investments

	Notes	2016 £'000	2015 £'000
Investments in subsidiaries	28	19,931	19,931

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 January 2016 & 31 December 2016	19,931
Carrying amount	
At 31 December 2015 and 31 December 2016	19,931

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Stocks

	2016 £'000	2015 £'000
Raw materials and consumables	2,406	2,902
Work in progress	1,744	1,119
Finished goods and goods for resale	2,954	3,062
Payments received on account	(170)	(37)
	<u>6,934</u>	<u>7,046</u>

15 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	4,549	7,773
Gross amounts due from contract customers	1,126	1,058
Amount due from parent undertaking	3,965	6,261
Other debtors	266	230
Prepayments and accrued income	560	463
	<u>10,466</u>	<u>15,785</u>
Deferred tax asset (note 16)	3,292	1,392
	<u>13,758</u>	<u>17,177</u>

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2016 £'000	Assets 2015 £'000
Balances:		
(Accelerated) /Decelerated capital allowances	(15)	2
Other timing differences	15	39
Share based payments	138	130
Defined benefit pension scheme	3,154	1,221
	<u>3,292</u>	<u>1,392</u>
Movements in the year:		2016 £'000
Asset at 1 January 2016		(1,392)
Net origination differences taken to income statement		12
Effect of tax rate changes taken to income statement		8
Movement re pension scheme taken to income statement		(147)
Movement re pension scheme taken to other comprehensive income		(1,786)
Transfer on disposal of division		13
		<u>(3,292)</u>
Asset at 31 December 2016		<u>(3,292)</u>

The company expects deferred tax liabilities of £196,000 to reverse in 2017.

17 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Payments received on account	705	104
Trade creditors	4,002	4,805
Amounts due to fellow subsidiary undertakings	1,723	1,697
Corporation tax	226	288
Other taxation and social security	409	416
Other creditors	112	109
Accruals and deferred income	2,535	2,828
	<u>9,712</u>	<u>10,247</u>

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18	Provisions for liabilities	Notes	2016 £'000	2015 £'000
	Other provisions		386	205
	Retirement benefit obligations	19	18,551	6,784
			<u>18,937</u>	<u>6,989</u>

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	£'000
At 1 January 2016	205
Additional provisions in the year	714
Reversal of provision	(533)
At 31 December 2016	<u>386</u>

Other provisions comprise warranty provision £216,000 and dilapidation provision £170,000.

19 Retirement benefit schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to the income statement in respect of defined contribution schemes was £ 377,000 (2015: £403,000).

Defined benefit schemes

The defined benefit scheme, covering the majority of UK employees (excluding Solartron ISA employees) was closed to new employees during the course of 2001.

Valuation

The valuation used has been based on the most recent actuarial valuation as at 6 April 2013 and has been updated by Barnett Waddingham & Co. to take account of FRS 102 requirements in order to assess the liabilities of the Scheme at 31 December 2015 and 31 December 2016.

Funding policy

The company expects to contribute 20.2% of pensionable salaries in respect of future accrual of benefits.

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19 Retirement benefit schemes

(Continued)

	2016	2015
	%	%
<i>Key assumptions</i>		
Discount rate	2.70	3.85
Pension increases - RPI capped at 5% pa	3.10	2.90
Pension increases - RPI capped at 2.5% pa	2.10	2.00
Pension increases - CPI capped at 3% pa	1.90	1.80
Inflation assumption (RPI)	3.30	3.05
Expected rate of salary increases	2.50	3.00
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2016	2015
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	22.46	22.38
- Females	24.61	24.50
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	24.19	24.80
- Females	26.48	26.37
	<u> </u>	<u> </u>

The post mortality table used in 2015 and 2016 was a SAPS S2 table for retirement in normal health for individual year of birth with CMI 2015 core model with long term improvement rate of 1.25%

Following the Government's announcement that statutory increases for pensions in deferment and in payment will in future be based on the Consumer Prices Index rather than the Retail Prices Index, allowance has been made for deferred pension revaluation in excess of GMP and increases in payment to post April 1988 GMP to be based on the Consumer Prices Index rather than the Retail Prices Index.

	2016	2015
	£'000	£'000
<i>Amounts recognised in the income statement</i>		
Current service cost	597	581
Net interest on defined benefit liability	253	312
Other costs and income	107	179
	<u> </u>	<u> </u>
Total costs	957	1,072
	<u> </u>	<u> </u>

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19 Retirement benefit schemes

(Continued)

	2016 £'000	2015 £'000
<i>Amounts taken to other comprehensive income</i>		
Gain on plan assets in excess of interest	(455)	(418)
Experience losses on liabilities	1,252	73
Losses from changes to demographic assumptions	-	141
Losses / (gains) from changes to financial assumptions	10,597	(2,428)
Total costs/(income)	11,394	(2,632)

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

	2016 £'000	2015 £'000
Present value of defined benefit obligations	59,235	46,474
Fair value of plan assets	(40,684)	(39,690)
Deficit in scheme	18,551	6,784
Total liability recognised	18,551	6,784

	2016 £'000	2015 £'000
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2016	46,474	47,821
Current service cost	597	581
Benefits paid	(1,558)	(1,502)
Contributions from scheme members	111	115
Actuarial (gains) and losses	11,849	(2,214)
Interest cost	1,762	1,673
At 31 December 2016	59,235	46,474

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19 Retirement benefit schemes

(Continued)

	2015 £'000	2016 £'000
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2016	39,690	38,743
Interest income	1,509	1,361
Return on plan assets (excluding amounts included in net interest)	455	418
Benefits paid	(1,558)	(1,502)
Contributions by the employer	584	734
Contributions by scheme members	111	115
Other	(107)	(179)
At 31 December 2016	40,684	39,690
	<u>2016</u>	<u>2015</u>
<i>Fair value of plan assets at the reporting period end</i>	<u>£'000</u>	<u>£'000</u>
Equity instruments	14,239	18,257
Bonds	3,255	1,588
Property	406	397
Other assets	22,784	19,448
	<u>40,684</u>	<u>39,690</u>

Other assets includes the scheme's investments in diversified growth funds

20 Share capital

	2016 £'000	2015 £'000
Ordinary share capital		
Issued and fully paid		
5,150,001 Ordinary shares of £1	5,150	5,150

21 Share premium account

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

22 Profit and loss reserves

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

23 Financial commitments, guarantees and contingent liabilities

Bank guarantees given in the normal course of business and outstanding at 31 December 2016 amounted to £1,658,000 (2015: £1,432,000). The guarantees would crystallise if, for example, the company defaulted on delivery of goods to a customer who had paid in advance. This possibility is considered to be remote.

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Operating lease commitments

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

	2016 £'000	2015 £'000
Within one year	65	28
Between two and five years	290	343
In over five years	8,822	9,307
	<u>9,177</u>	<u>9,678</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2016 £'000	2015 £'000
Acquisition of property, plant and equipment	<u>121</u>	<u>149</u>

26 Events after the reporting date

The company has declared and paid dividends amounting to £23,480,000 and has received dividends amounting to £14,209,000 since 31 December 2016. The company has also made an additional contribution of £4,723,000 to the defined benefit pension scheme.

27 Controlling party

The immediate parent company is AMETEK Instruments Group UK Limited, a company registered in England and Wales.

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 P O Box 36, 2 New Star Road, Leicester LE4 9JQ.

TAYLOR HOBSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

28 Subsidiaries

These financial statements are separate company financial statements for Taylor Hobson Limited.

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking and country of incorporation or residency		Class of shareholding	% Held Direct
Solartron Metrology Limited	PO Box 36 2 New Star Road Leicester LE4 9JQ England	Ordinary	100.00

Solartron Metrology Limited is involved in the manufacture and sale of sensor measurement products.