

Company Registration No. 03230332 (England and Wales)

**TAYLOR HOBSON LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# TAYLOR HOBSON LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C Howarth B P Wilson P Zetti	(Appointed 27 April 2018)
<b>Secretary</b>	J Atwell	
<b>Company number</b>	03230332	
<b>Registered office</b>	PO Box 36 2 New Star Road Leicester LE4 9JQ	
<b>Auditors</b>	Ernst & Young LLP No 1 Colmore Square Birmingham B4 6HQ	
<b>Business addresses</b>	PO Box 36 2 New Star Road Leicester LE4 9JQ  Hackworth Industrial Park Shildon County Durham DL4 1LH	

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# TAYLOR HOBSON LIMITED

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# TAYLOR HOBSON LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report and financial statements for the year ended 31 December 2018.

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

	2018 £'000	2017 £'000	Change %
Turnover	57,379	60,151	(4.61)
Operating profit	7,262	13,563	(46.46)
Operating profit as % of sales	12.66%	22.55%	
Net current assets	18,241	22,788	19.95
Total equity	25,681	34,323	(25.18)

Results at the Leicester division were up on prior year, with turnover increasing by 7.0%, and operating profit increasing by 94.7% versus 2017. Underlying performance yielded a 3.0% increase in operating profit on a like for like basis, having adjusted for foreign exchange movements. Gains in Asia and Europe accounted for the increased turnover in 2018.

Distribution costs increased from 2017 in line with sales volumes due to increased sales and service support.

Admin costs reduced marginally year on year on a like for like basis due to cost saving activities, having adjusted for the foreign exchange movements.

Turnover for the Solartron ISA division decreased by 55% to £5.0m (2017 : £11.2m), with 2017 being distorted due to completion of an extremely high value order. Confidence in the industry has continued to grow, with customers continuing to invest in new projects and equipment. Large orders were received by Solartron ISA during Q4 2018 and have continued into Q1 2019. A loss of £1.3m was made during 2018 driven by the stage of completion of contracts and lower value orders in the backlog at the end of the year.

#### 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. 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.

##### 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.

# TAYLOR HOBSON LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### Brexit

The company has considered the risks that might arise from a disorderly Brexit and has considered responses to mitigate those risks. Given the nature of the company's business, the directors are of the opinion that the risks are minimal.

On behalf of the board



B P Wilson

Director

15 May 2019

# **TAYLOR HOBSON LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Company Registration No. 03230332**

The directors present their report for the year ended 31 December 2018.

### **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	(Resigned 5 April 2018)
C Howarth	
B P Wilson	
P Zetti	(Appointed 27 April 2018)

### **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 £31,328,000 were distributed for the year ended 31 December 2018 (2017: £13,252,000).

### **Going Concern**

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

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 to deliver reasonable growth.

### **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 1.

# **TAYLOR HOBSON LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **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. During the year, the company spent £3,747,000 (2017: £3,918,000).

### **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 interim dividends amounting to £5,248,000 and has received interim dividends amounting to £4,075,000 in respect of the year ending 31 December 2019 since 31 December 2018.

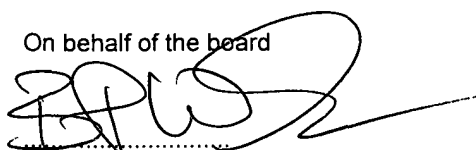
### **Auditor**

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

15 May 2019

# **TAYLOR HOBSON LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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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**

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#### **Opinion**

We have audited the financial statements of Taylor Hobson Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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

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

We have nothing to report in this regard.

# TAYLOR HOBSON LIMITED

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

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### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

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

*Ernst & Young LLP*  
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*16<sup>th</sup> May 2019*

# TAYLOR HOBSON LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
<b>Turnover</b>	<b>3</b>	57,379	60,151
Cost of sales		(30,309)	(27,185)
<b>Gross profit</b>		<u>27,070</u>	<u>32,966</u>
Distribution costs		(15,288)	(13,856)
Administrative expenses		(4,728)	(5,683)
Other operating income		208	136
<b>Operating profit</b>	<b>4</b>	<u>7,262</u>	<u>13,563</u>
Interest receivable and similar income	<b>7</b>	16,397	3,990
Interest payable and similar expenses	<b>8</b>	(521)	(563)
<b>Profit before taxation</b>		<u>23,138</u>	<u>16,990</u>
Taxation	<b>9</b>	(582)	(2,134)
<b>Profit for the financial year</b>	<b>23</b>	<u><u>22,556</u></u>	<u><u>14,856</u></u>

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 2018

		<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
<b>Profit for the year</b>		<b>22,556</b>	<b>14,856</b>
<b>Other comprehensive income</b>			
Actuarial (loss)/gain on defined benefit pension scheme	<b>20</b>	(245)	739
Tax credit / (charge) related to actuarial (loss) / gain		42	(9)
<b>Other comprehensive (loss)/income for the year</b>		<b>(203)</b>	<b>730</b>
<b>Total comprehensive income for the year</b>		<b>22,353</b>	<b>15,586</b>

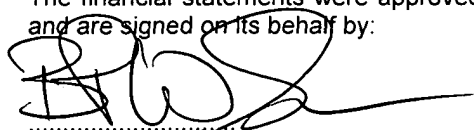
# TAYLOR HOBSON LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		2018	2017
	Notes	£'000	£'000
<b>Fixed assets</b>			
Goodwill	11	1,886	2,182
Other intangible assets	11	4,307	5,156
Total intangible assets		6,193	7,338
Tangible assets	12	4,343	4,285
Investments	13	19,931	19,931
		30,467	31,554
<b>Current assets</b>			
Stocks	14	7,747	7,446
Debtors	15	16,989	17,081
Cash at bank and in hand		8,577	11,391
		33,313	35,918
<b>Creditors: amounts falling due within one year</b>	17	(15,072)	(13,130)
Net current assets		18,241	22,788
<b>Total assets less current liabilities</b>		48,708	54,342
<b>Creditors: amounts falling due after more than one year</b>	18	(6,301)	(5,800)
<b>Provisions for liabilities</b>	19	(16,726)	(14,219)
<b>Net assets</b>		25,681	34,323
<b>Capital and reserves</b>			
Called up share capital	21	5,150	5,150
Share premium account	22	7,900	7,900
Profit and loss reserves	23	12,631	21,273
<b>Total equity</b>		25,681	34,323

The financial statements were approved by the board of directors and authorised for issue on 15 May 2019 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 2018

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2017</b>		5,150	7,900	18,507	31,557
<b>Year ended 31 December 2017:</b>					
Profit for the year		-	-	14,856	14,856
Other comprehensive income:					
Actuarial loss on defined benefit plans		-	-	739	739
Tax relating to other comprehensive income		-	-	(9)	(9)
Total comprehensive income for the year		-	-	15,586	15,586
Dividends	10	-	-	(13,252)	(13,252)
Credit to equity for equity settled share-based payments		-	-	432	432
<b>Balance at 31 December 2017</b>		5,150	7,900	21,273	34,323
<b>Year ended 31 December 2018:</b>					
Profit for the year		-	-	22,556	22,556
Other comprehensive income:					
Actuarial gain on defined benefit plans		-	-	(245)	(245)
Tax relating to other comprehensive income		-	-	42	42
Total comprehensive income for the year		-	-	22,353	22,353
Dividends	10	-	-	(31,328)	(31,328)
Credit to equity for equity settled share-based payments		-	-	333	333
<b>Balance at 31 December 2018</b>		5,150	7,900	12,631	25,681

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

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

#### 1.1 Accounting convention

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

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

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

#### 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 2018

### 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 2018

### 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 the lower of replacement cost and 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 2018

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

#### 1.12 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 2018

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### 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 current and deferred tax expense.

#### ***Current tax***

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

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 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 2018

### 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 net defined 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

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.

#### 1.22 Research and Development

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

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 2 Judgements and key sources of estimation uncertainty

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

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

### 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	2018 £'000	2017 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange (losses) / gains	(81)	133
Research and development costs	3,747	3,918
Rents receivable	(29)	(29)
Fees payable to the company's auditors for the audit of the company's financial statements	142	94
Depreciation of owned tangible fixed assets	850	872
Amortisation of intangible assets	1,679	1,600
Cost of stocks recognised as an expense	21,158	20,319
Stocks impairment losses recognised or reversed	(7)	13
Operating lease charges	867	860
	<u>          </u>	<u>          </u>

### 5 Employees

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

	2018 Number	2017 Number
Production	118	111
Engineering	39	40
Sales and Marketing	47	50
Administration	30	31
	<u>          </u>	<u>          </u>
	234	232
	<u>          </u>	<u>          </u>

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	10,890	10,400
Social security costs	1,278	1,281
Pension costs	3,035	5,580
	<u>15,203</u>	<u>17,261</u>

Included in wages and salaries is a total expenses for share-based payments in relation to equity-settled transactions of £333,000 (2017: £432,000), of which £247,000 (2017: £189,000) relates to restricted shares and £86,000 (2017: £243,000 ) relates to share options.

### 6 Directors' remuneration

	2018 £'000	2017 £'000
--	---------------	---------------

Remuneration for qualifying services	867	808
Company pension contributions to defined contribution schemes	39	60
	<u>      </u>	<u>      </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 3).

The number of directors who exercised share options during the year was 2 (2017 - 3).

The number of directors who received shares under long term incentive schemes during the year was 3 (2017 - 3).

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

	2018 £'000	2017 £'000
Remuneration for qualifying services	581	526
Company pension contributions to defined contribution schemes	10	40
	<u>      </u>	<u>      </u>

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

<b>7</b>	<b>Interest receivable and similar income</b>	<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Interest income</b>		
	Interest on bank deposits	22	9
	Other interest income	3	-
	Total interest revenue	25	9
	<b>Income from fixed asset investments</b>		
	Income from shares in group undertakings	16,372	3,981
	Total interest receivable and similar income	16,397	3,990
<b>8</b>	<b>Interest payable and similar expenses</b>	<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	Interest on overdue tax	-	2
	Interest payable to group undertakings	176	127
	Net interest on the defined benefit liability	345	434
	Total interest payable	521	563
<b>9</b>	<b>Taxation</b>	<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	758	2,994
	Adjustments in respect of prior periods	3	-
	Total UK current tax	761	2,994
	Overseas taxation	4	1
	Total current tax	765	2,995
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	187	(630)
	Deferred tax on defined benefit pension scheme	(370)	(231)
	Total deferred tax	(183)	(861)
	Total tax charge	582	2,134



# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 9 Taxation

(Continued)

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

	2018 £'000	2017 £'000
Profit before taxation	23,138	16,990
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	4,396	3,271
Tax effect of expenses that are not deductible in determining taxable profit	88	91
Tax effect of income not taxable in determining taxable profit	(118)	(203)
Effect of changes in tax rates	(22)	114
Patent box deduction	(655)	(373)
Under/(over) provided in prior years	3	-
Dividend income not taxable	(3,110)	(766)
Taxation charge for the year	582	2,134

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

	2018 £'000	2017 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(42)	9

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

### 10 Dividends

	2018 £'000	2017 £'000
Ordinary dividend	31,328	13,252

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Intangible fixed assets

	Goodwill £'000	Patents £'000	Total £'000
<b>Cost</b>			
At 1 January 2018	5,788	7,900	13,688
Additions - separately acquired	-	534	534
At 31 December 2018	5,788	8,434	14,222
<b>Amortisation and impairment</b>			
At 1 January 2018	3,606	2,744	6,350
Amortisation charged for the year	296	1,383	1,679
At 31 December 2018	3,902	4,127	8,029
<b>Carrying amount</b>			
At 31 December 2018	1,886	4,307	6,193
At 31 December 2017	2,182	5,156	7,338

### 12 Tangible fixed assets

	Land and buildings Freehold £'000	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At 1 January 2018	802	3,711	11,616	16,129
Additions	-	147	841	988
Disposals	-	(23)	(1,002)	(1,025)
Intra group transfers	-	-	(24)	(24)
At 31 December 2018	802	3,835	11,431	16,068
<b>Depreciation and impairment</b>				
At 1 January 2018	151	2,751	8,942	11,844
Depreciation charged in the year	19	131	700	850
Eliminated in respect of disposals	-	(23)	(946)	(969)
At 31 December 2018	170	2,859	8,696	11,725
<b>Carrying amount</b>				
At 31 December 2018	632	976	2,735	4,343
At 31 December 2017	651	960	2,674	4,285

Included within freehold land and buildings is land of £197,000 (2017: £197,000) which is not depreciated.

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 13 Fixed asset investments

	Notes	2018 £'000	2017 £'000
Investments in subsidiaries	29	19,931	19,931

### Movements in fixed asset investments

	Shares in group undertakings £'000
Cost or valuation At 1 January 2018 & 31 December 2018	19,931

### 14 Stocks

	2018 £'000	2017 £'000
Raw materials and consumables	4,222	2,787
Work in progress	1,968	3,079
Finished goods and goods for resale	2,080	2,601
Payments received on account	(523)	(1,021)
	<u>7,747</u>	<u>7,446</u>

### 15 Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	5,541	4,332
Gross amounts due from contract customers	778	3,803
Corporation tax recoverable	275	-
Amount due from fellow subsidiary undertaking	5,935	4,852
Other debtors	323	281
Prepayments and accrued income	765	666
	<u>13,617</u>	<u>13,934</u>
Deferred tax asset (note 16)	3,372	3,147
	<u>16,989</u>	<u>17,081</u>

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 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 2018 £'000	Assets 2017 £'000
<b>Balances:</b>		
Decelerated capital allowances	16	3
Other timing differences	21	27
Share based payments	159	160
Defined benefit pension scheme	2,791	2,379
Pension spreading	385	578
	<u>3,372</u>	<u>3,147</u>
<b>Movements in the year:</b>		<b>2018 £'000</b>
Asset at 1 January 2018		(3,147)
Net origination differences taken to income statement		187
Movement re pension scheme taken to income statement		(370)
Movement re pension scheme taken to other comprehensive income		(42)
Asset at 31 December 2018		<u>(3,372)</u>

The company expects deferred tax assets of £152,000 to reverse in 2019.

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

	2018 £'000	2017 £'000
Bank overdraft	-	3
Payments received on account	638	398
Trade creditors	5,111	3,724
Amounts due to fellow subsidiary undertakings	4,169	4,117
Corporation tax	-	819
Other taxation and social security	487	572
Other creditors	398	177
Accruals and deferred income	4,269	3,320
	<u>15,072</u>	<u>13,130</u>

Loans amounting to £2,222,000 have been settled since the year end.

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 18 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Amounts due to fellow subsidiary undertakings	5,800	5,800
Deferred income	501	-
	<u>6,301</u>	<u>5,800</u>

### 19 Provisions for liabilities

	Notes	2018 £'000	2017 £'000
Other provisions		309	226
Retirement benefit obligations	20	16,417	13,993
		<u>16,726</u>	<u>14,219</u>

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

	£'000
At 1 January 2018	226
Additional provisions in the year	83
At 31 December 2018	<u>309</u>

Other provisions comprise warranty provision £309,000 (2017: £226,000).

### 20 Retirement benefit schemes

#### Defined contribution schemes

The charge to the income statement in respect of defined contribution schemes was £631,000 (2017: £406,000).

#### Defined benefit schemes

The defined benefit scheme, covering some of the 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 2016 and has been updated by an independent qualified actuary to 31 December 2018 allowing for cashflows in and out of the scheme and changes to assumptions over the period.

#### Funding policy

The company expects to contribute 23.8% of pensionable salaries in respect of future accrual of benefits in the year to 31 December 2019. The company has recently introduced a salary sacrifice arrangement in respect of employees' pension contributions. For those active members that take part in the arrangement, the company will contribute an additional 5% of pensionable salaries between 1 January 2019 and 31 December 2019.

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 20 Retirement benefit schemes

(Continued)

	2018	2017
	%	%
<i>Key assumptions</i>		
Discount rate	2.85	2.50
Pension increases - RPI capped at 5% pa	3.10	3.10
Pension increases - RPI capped at 2.5% pa	2.10	2.10
Pension increases - CPI capped at 3% pa	1.90	1.90
Inflation assumption (RPI)	3.25	3.20
Inflation assumption (CPI)	2.25	2.20
Expected rate of salary increases	2.50	2.50
	<u>          </u>	<u>          </u>
<i>Mortality assumptions</i>	2018	2017
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	22.20	22.30
- Females	24.20	24.30
	<u>          </u>	<u>          </u>
Retiring in 20 years		
- Males	23.60	23.80
- Females	25.70	25.80
	<u>          </u>	<u>          </u>

The post mortality table used in 2017 and 2018 was a S2NA table for retirement in normal health for individual year of birth with CMI 2016 and CMI 2017 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.

	2018	2017
	£'000	£'000
<i>Amounts recognised in the income statement</i>		
Current service cost	765	733
Net interest on defined benefit liability	345	434
Past service costs	1,521	-
Other costs and income	118	189
	<u>          </u>	<u>          </u>
Total costs	2,749	1,356
	<u>          </u>	<u>          </u>

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 20 Retirement benefit schemes

(Continued)

	2018 £'000	2017 £'000
<i>Amounts taken to other comprehensive income</i>		
Losses/(gains) on plan assets in excess of interest	3,011	(1,630)
Experience losses/(gains) on liabilities	1,124	(187)
Gains from changes to demographic assumptions	(351)	(937)
(Gains)/losses from changes to financial assumptions	(3,539)	2,015
Total costs/(income)	245	(739)

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

	2018 £'000	Restated 2017 £'000
Present value of defined benefit obligations	60,023	60,897
Fair value of plan assets	(43,606)	(46,904)
Deficit in scheme	16,417	13,993
Total liability recognised	16,417	13,993

	2018 £'000	Restated 2017 £'000
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2018	60,897	59,235
Money purchase liabilities at 1 January 2018	(1,508)	(1,376)
Current service cost	765	733
Past service cost	1,521	-
Benefits paid	(1,829)	(1,746)
Contributions from scheme members	51	112
Actuarial (gains) and losses	(2,766)	891
Interest cost	1,463	1,540
Money purchase liabilities at 31 December 2018	1,429	1,508
At 31 December 2018	60,023	60,897

# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 20 Retirement benefit schemes

(Continued)

	2018	Restated 2017
<i>Movements in the fair value of plan assets</i>	<b>£'000</b>	<b>£'000</b>
Fair value of assets at 1 January 2018	46,904	40,684
Money purchase assets at 1 January 2018	(1,508)	(1,376)
Interest income	1,118	1,106
Return on plan assets (excluding amounts included in net interest)	(3,011)	1,630
Benefits paid	(1,829)	(1,746)
Contributions by the employer	570	5,175
Contributions by scheme members	51	112
Money purchase assets at 31 December 2018	1,429	1,508
Other	(118)	(189)
At 31 December 2018	<u>43,606</u>	<u>46,904</u>

	2018	Restated 2017
<i>Fair value of plan assets at the reporting period end</i>	<b>£'000</b>	<b>£'000</b>
Equity instruments	17,662	18,870
Bonds	9,316	9,303
Other assets (including target return funds)	15,199	17,223
Money purchase assets	1,429	1,508
	<u>43,606</u>	<u>46,904</u>

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

The prior year amounts have been restated to include money purchase assets and liabilities at 1 January 2018 of £1,376,000 and at 31 December 2018 of £1,508,000.

### 21 Share capital

	2018	2017
	<b>£'000</b>	<b>£'000</b>
<b>Ordinary share capital</b>		
<b>Allotted, issued and fully paid</b>		
5,150,001 Ordinary shares of £1	<u>5,150</u>	<u>5,150</u>

### 22 Share premium account

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

### 23 Profit and loss reserves

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



# TAYLOR HOBSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 24 Financial commitments, guarantees and contingent liabilities

Bank guarantees given in the normal course of business and outstanding at 31 December 2018 amounted to £1,239,000 (2017: £1,379,000). 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.

### 25 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:

	2018 £'000	2017 £'000
Within one year	746	731
Between two and five years	2,232	2,238
In over five years	5,245	5,753
	<u>8,223</u>	<u>8,722</u>

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £'000	2017 £'000
Acquisition of tangible fixed assets	<u>408</u>	<u>455</u>

### 27 Events after the reporting date

The company has declared and paid interim dividends amounting to £5,248,000 and has received interim dividends amounting to £4,075,000 in respect of the year ending 31 December 2019 since 31 December 2018.

### 28 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 2018

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### 29 Subsidiaries

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

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking and address of registered office		Class of shareholding	% Held Direct
Solartron Metrology Limited	PO Box 36, 2 New Star Road, Leicester LE4 9JQ England	Ordinary	100

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