Company Registration No. 03710607

PENTAIR TECHNICAL SOLUTIONS UK LIMITED (PREVIOUSLY PENTAIR THERMAL MANAGEMENT UK LIMITED)

Report and Financial Statements

For the year ended 31 December 2015

A5YGW58R
A05 19/01/2017 #330
COMPANIES HOUSE

PENTAIR TECHNICAL SOLUTIONS UK LTD

2015 REPORT AND FINANCIAL STATEMENTS

CONTENTS

Officers and professional advisers	1
Strategic report	2
Directors' report	5
Directors responsibilities statement	6
Independent auditor's report	7
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

PENTAIR TECHNICAL SOLUTIONS UK LIMITED

2015 REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Martin
S Lemmens
T Toffolo

SECRETARY

S Grundy

REGISTERED OFFICE

Victoria Road
Leeds
LS11 5UG

BANKERS

Barclays Bank PLC
PO Box 729
I Capability Green
Luton
LU1 3US

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds

PENTAIR TECHNICAL SOLUTIONS UK LIMITED

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2015.

CHANGE OF NAME

The company changed its name from Pentair Thermal Management UK Limited to Pentair Technical Solutions UK Limited by passing a special resolution on 11 January 2016.

PRINCIPAL ACTIVITY

The company is involved in the project design, material supply and project execution for major oil and petrochemical developments both in the UK and the rest of the world. The company also designs, manufactures, markets and sells an extensive range of systems and products. These range from heating and wiring cables, self-regulating heating cables, leak detection cables, measurement and monitoring systems and related products, and are sold to the Building, Infrastructure, Industrial, Nuclear, Aerospace and Power Generation markets worldwide.

BUSINESS REVIEW

The company experienced a downturn in activity during the year, resulting in turnover for the year of £16.8m (2014: £17.1m), predominately due to a decline in sales of the company's Pyrotenax products further impacted by the timing and size of some key projects year on year.

The company continues to benefit from its presence in global markets and a diverse range of high quality market leading branded products.

The operating profit for the year was £0.4m (2014: £0.9m). Operating profit has been impacted by the recognition of a one-off exceptional charge in the year of £0.8m, further details of which are given in the notes to the financial statements. Excluding the effect of this one-off item, the improvement in operating profit despite the decrease in turnover is due to the Pyrotenax products attracting lower margins than some of the company's other revenue streams.

The company retains a strong balance sheet and has enjoyed a good cash flow performance during the year. The company continues to be cash positive (in terms of its group cash pooling position).

During the year the net assets increased from £12.6m to £13.0m with the movement being the retained profit that was transferred to reserves during the year.

The Pentair plc group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Thermal Management division of Pentair plc, which includes the company, is discussed in the group's Annual Report which does not form part of this Report.

Taking account of the satisfactory performance in the year and the future outlook, as outlined in the going concern discussion below, the directors consider the prospects of the business to be reasonable.

PRINCIPAL RISKS AND UNCERTAINTIES

A principal risk facing the company is the decline in investment in the UK (and global) oil and gas market, resulting in delay or cancellation of customer projects.

Other risks include exposure to foreign currency fluctuations, bad debts, warranty risks, the effect of Brexit and increased competition for the wiring business to enhanced other technologies.

The company manages these risks by keeping up to date on market information, maintaining strong relationships and providing a value add service to its customers. The company monitors its exposure to rate changes in foreign currencies on a regular basis, and the risk is managed by natural hedges.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Credit risk

The company's principal financial assets are bank balances and cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Cash flow risk

The company's sales are either in Sterling, USD or Euros so it has exposure to movements in foreign exchange rates.

Liquidity risk

The company is financed by interest bearing loans from its parent and has no third party debt. There is no third party interest rate exposure.

GOING CONCERN

The directors have undertaken a full and detailed review on the future financial position of the company, covering a period of at least 12 months from the date of approval of the financial statements. The review undertaken by the directors considered the company's future performance in the very competitive markets in which the company operates and the continuing uncertainties in the global economy despite the recent upturn experienced in some key markets.

Positive cash flows continued to be generated during the year on its own account. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have given their consideration to any risk that this may represent to the company's ability to access funds on demand. Based on the current position of the group cash pool the directors do not consider this a risk. Further profits and positive cash flows have continued to be generated since the balance sheet date.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements.

The directors have considered the company's forecast performance and the current balance sheet and have reasonable expectations that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis the directors continue to adopt the gong concern basis of accounting in preparing the financial statements.

Approved by the Board of Directors and signed on its behalf by:

Sylvain Lemmens
Director
2 / Dec / 2016

PENTAIR TECHNICAL SOLUTIONS UK LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the audited financial statements for the year ended 31 December 2015.

Financial risk management objectives and policies and future developments have been disclosed in the strategic report and form part of this report by cross reference.

RESULTS AND DIVIDENDS

The company's profit for the year ended 31 December 2015 was £0.4m (2014: £0.7m). The company paid no dividend during the year (2014: £4.0m). The directors do not recommend the payment of a further dividend (2014: £nil).

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons will, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through quarterly formal meetings, informal departmental meeting, company electronic magazines and websites. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, all eligible employees are entitled to participate in an annual bonus scheme which is determined, amongst other factors, by the overall profitability of the company.

DIRECTORS AND THEIR INTEREST

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

S Lemmens
T Toffolo
M Boardman (resigned 17/11/2015)
D Martin (appointed 01/03/2016)

No director has a beneficial interest in the shares of the company or other subsidiaries of the ultimate parent company and no contracts exists other than service agreements with the company or other subsidiaries of the ultimate parent company in which the directors have an interest.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) each of the directors has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

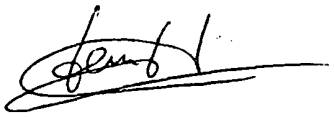
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT

AUDITOR (CONTINUED)

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sylvain Lemmens
Director
2 Dec 2016

PENTAIR TECHNICAL SOLUTIONS UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTAIR TECHNICAL SOLUTIONS UK LIMITED

We have audited the financial statements of Pentair Technical Solutions UK Limited for the year ended 31 December 2015, which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. 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 FRS 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, 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 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion 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.

Matters on which we are required to report by exception
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.



Christopher Powell F.C.A. (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
9 December 2016

PENTAIR TECHNICAL SOLUTIONS UK LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
TURNOVER	3	16,807	17,085
Net operating expenses	5	(16,415)	(16,159)
OPERATING PROFIT	6	392	926
Net interest receivable	7	35	13
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		427	939
Tax on profit ordinary activities	8	(40)	(217)
PROFIT FOR THE YEAR		387	722

The company has no recognised gains or losses in either year other than the results shown above, and therefore no separate statement of comprehensive income has been presented.

All results derive from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

PENTAIR TECHNICAL SOLUTIONS UK LIMITED

BALANCE SHEET
As at 31 December 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	9	274	292
CURRENT ASSETS			
Stock	10	446	336
Debtors	11	14,933	15,870
Cash at bank and in hand		-	78
		15,379	16,284
CREDITORS: Amounts falling due within one year	12	(1,855)	(3,962)
NET CURRENT ASSETS		13,524	12,322
Provisions for liabilities	14	(797)	-
NET ASSETS		13,001	12,614
CAPITAL AND RESERVES			
Called-up share capital	15	9,924	9,924
Profit and loss account		2,993	2,606
Share option reserve		84	84
SHAREHOLDER'S FUNDS		13,001	12,614

The financial statements of Pentair Technical Solutions UK Limited, company number 03710607, were approved by the board of directors and authorised for issue on 2/12/ 2016 and signed on its behalf by:

Sylvain Lemmens
Director
2/12/2016

The accompanying notes are an integral part of this balance sheet.

PENTAIR TECHNICAL SOLUTIONS UK LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Called-up share capital £'000	Share option reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	9,924	84	5,884	15,892
Profit for the financial year	-	-	722	722
Total comprehensive income	-	-	722	722
Dividends paid	-	-	(4,000)	(4,000)
At 31 December 2014	**9,924**	**84**	**2,606**	**12,614**
Profit for the financial year	-	-	387	387
Total comprehensive income	-	-	387	387
At 31 December 2015	**9,924**	**84**	**2,993**	**13,001**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

1. ACCOUNTING POLICIES

General information and basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The company has transitioned to FRS 102 from previously extant UK Generally Accepted Accounting Practice for all years presented. There were no adjustments to the financial statements arising from the transition.

The functional currency and presentational currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company is incorporated in the United Kingdom under the Companies Act. The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The principal accounting policies adopted are described below. They have all been applied consistently throughout the current year and preceding year.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of disclosure exemption available to it in respect of its financial statements. Exemptions have been taken in relation to share based payments, financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

Going concern

The directors have undertaken a full and detailed review on the future financial position of the company, covering a period of at least 12 months from the date of approval of the financial statements. Full details of the review are shown in the Strategic Report.

The directors are of the opinion, based on the review they have undertaken, that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or if hedged, at the forward contract rate.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All gains and losses arising are charged directly to the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, together with any incidental expenses of acquisition, less accumulated depreciation and provision for impairment. Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful life, as follows:

Asset class	Depreciation method and rate
Plant and machinery	between 5% and 33% straight line
Computer equipment	between 20% and 33% straight line
Fixtures and Fittings	between 10% and 20% straight line

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease terms.

Stocks

Stocks are valued on a first-in first-out basis at the lower of cost and net realisable value. Costs include all appropriate production overheads in bringing each product to its present location and condition. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of the cash or other resources received or receivable, net of direct issue costs.

1. ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share based payments

Pentair plc ("the group") issues equity-settled and cash-settled share based payments to certain employees. The company has applied the requirements of FRS 102 Section 26 "Share based payments" in accounting for its share based payments. In both the current year and prior period the share based payments are not material and the directors have determined that no further disclosures in relation to share based payments are necessary.

Equity-settled share based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on managements' best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

A liability equal to the portion of the goods and services received is recognised at the current fair value determined at each balance sheet date for cash-settled share based payments.

Turnover

Turnover is recognised at the point that the goods sold arrive with the customer or when the risks and rewards of ownership are transferred as determined by the specific incoterms on each sale. Revenue is stated net of value added tax and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Pension scheme arrangements

The company operates a defined contribution scheme. Pension contributions for this scheme are charged to profit and loss account as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following is the only critical judgement, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The recognition of revenue and their associated costs in the correct accounting period as dictated by the individual transactions INCO terms. In making its judgement, management have considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Key sources of estimation uncertainty – deferred tax

The company has a deferred tax asset of £111,967 as at 31 December 2015, which is fully recognised in the financial statements. The asset is solely in relation to accelerated capital allowances, the difference between accumulated depreciation and the capital allowances claimed. Management deem it probable at present that they will be recovered against the reversal of future taxable profits and it is correct to recognise the asset. Management continue to monitor this position on an ongoing basis.

3. TURNOVER

Turnover which is stated net of value added tax, represents amounts invoiced to third parties. The turnover is attributable to one continuing activity, as explained in the strategic report.

The split of turnover by geographical market is as follows:

	2015 £'000	2014 £'000
United Kingdom	11,209	12,588
Rest of Europe	3,451	2,141
North and South America	-	252
Middle East and India	2,081	2,035
Asia and Australia	60	68
Africa	6	1
	16,807	17,085

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The emoluments of the directors were as follows:

	2015 £'000	2014 £'000
Aggregate emoluments and benefits	-	75
Pension contributions	-	4
	-	79

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

None of the directors received emoluments from the company for services provided as a director of the company (2014: one). The emoluments of the directors in the current year, and the emoluments of the other directors in the prior year, are paid by other group entities located outside the United Kingdom. The company does not receive recharges for these directors as it is not possible to make an accurate apportionment of their emoluments in respect of services to the company.

	2015 No.	2014 No.
Average number of persons employed		
Production	8	8
Selling and distribution and administration	54	58
	62	66

*Social security costs in 2015 include £797,000 one off expenses relating underpaid National Insurance. The

Staff costs during the period (including directors)	2015 £'000	2014 £'000
Wages and salaries	2,811	2,998
Social security costs*	1,077	320
Redundancy	-	169
Other pension costs	185	205
	4,073	3,692

balance is included in provisions for liabilities as shown in note 14.

5. NET OPERATING EXPENSES

	2015 £'000	2014 £'000
Change in stocks of finished goods and work in progress	(110)	46
Raw materials and consumables	11,779	11,410
Other external charges	17	55
Staff costs (note 3)	4,073	3,692
Depreciation of tangible fixed assets	42	41
Other operating charges	614	915
	16,415	16,159

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015 £'000	2014 £'000
Deprecation of owned tangible fixed assets	42	41
Operating lease rentals:		
- Land and buildings	80	83
- Other	67	23
Foreign exchange losses/(gains)	54	(29)
Loss on disposal of tangible fixed assets	3	-
Cost of stock recognised as an expense	11,669	11,456

The analysis of auditor's remuneration is as follows:

	2015 £'000	2014 £'000
Fees payable to the company's auditor for the audit of the company's financial statements	35	35
Fees payable to the company's auditor for the US GAAP audit of the company's financial statements	-	45
Total audit fees	35	80

7. NET INTEREST RECEIVABLE

	2015 £'000	2014 £'000
Interest receivable on group cash pool	35	36
Interest payable on loan from a group company	-	(23)
Net interest receivable	35	13

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £'000	2014 £'000
Current tax		
Total current tax	34	232
Deferred tax		
Total deferred tax (note 12)	6	(15)
Tax on profit on ordinary activities	40	217

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The differences between the total tax shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	427	939
Tax on profit on ordinary activities at average standard UK corporation tax rate of 20.25% (2014: 21.49%)	86	202
Effects of:		
Expenses not deductible for tax purposes	171	9
Rate difference	-	6
Adjustments in respect of previous periods	(217)	-
Total tax	40	217

Factors that may affect future tax charges

The applicable tax rate changed to 20% from 1 April 2015. Finance Act No2 2015 was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As these rates have been substantially enacted in tax legislation, deferred tax balances have been calculated with reference to these rates in line with the expected period of reversal of the deferred tax balances.

9. TANGIBLE FIXED ASSETS

Cost	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
At 1 January 2015	846	36	313	1,195
Additions	-	27	-	27
Disposals	(20)	-	-	(20)
31 December 2015	826	63	313	1,202
Depreciation				
At 1 January 2014	565	28	310	903
Charge for year	35	6	1	42
	(17)	-	-	(17)
31 December 2015	583	34	311	928
Net book value				
At 31 December 2015	243	29	2	274
At 31 December 2014	281	8	3	292

10. STOCKS

	2015 £'000	2014 £'000
Raw materials and consumables	85	130
Work in progress	22	52
Finished goods	339	154
	446	336

In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

Amounts falling due within one year:	2015 £'000	2014 £'000
Trade debtors	2,527	3,058
Amounts recoverable on contracts	468	1,591
Amounts owed by fellow subsidiary undertakings	11,552	10,424
Prepayments and accrued income	274	679
Deferred tax assets (note 13)	112	118
	14,933	15,870

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Trade creditors	532	659
Amounts owed to fellow subsidiary undertakings	651	2,066
Other taxation and social security	368	373
Accruals	241	511
Other creditors including payments received on account	63	353
	1,855	3,962

The amounts owed to parent undertakings were unsecured, had no fixed repayment date and carried interest rates of 3 months GBP LIBOR + 1.0%. The loan was repaid in full during 2015.

13. DEFERRED TAX ASSET

	£'000
At 1 January 2015	118
Charged to profit and loss account	(6)
At 31 December 2015 (note 10)	112

	2015 £'000	2014 £'000
Deferred taxation assets provided in the financial statements comprises:		
Difference between accumulated depreciation and capital allowances	112	103
Other timing differences	-	15
	112	118

There are no unprovided deferred tax amounts in either the current year or preceding year.

14. PROVISIONS FOR LIABILITIES

	2015 £'000	2014 £'000
At 1 January	-	-
Charge to the profit and loss account	797	-
At 31 December	797	-

The provision relates to additional social security costs payable to HM Revenue and Customs in respect of employees of the company. The provision is based on management's best estimate of the settlement due. The provision is expected to be utilised in the next 18 months.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

15. CALLED-UP SHARE CAPITAL AND RESERVES

	2015 £'000	2014 £'000
Authorised		
25,000,000 ordinary shares of £1 each (2014: 25,000,000)	25,000	25,000
Called-up, allotted and fully paid		
9,924,000 ordinary shares of £1 each (2014: 9,924,000)	9,924	9,924

The profit and loss reserve represents cumulative profits or losses, net of dividends and other adjustments.

The share option reserve arises in connection to the group's share-based payments scheme as described in note 1 to the financial statements. The amount of the reserve represents the value of shares held by employees that have not vested at the reporting date.

16. DIVIDENDS

The company did not pay a dividend during the year (2014: 40.3p per ordinary share).

17. FINANCIAL COMMITMENTS

Operating leases

At 31 December 2015 the company had the following future minimum lease payments under non-cancellable operating leases as follows:

	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	80	99	80	99
Between one and five years	320	122	320	52
After five years	73	-	153	-
	473	221	553	151

18. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The total pension costs for the year were £185,000 (2014: £205,000).

19. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Pentair SSC UK Limited (formerly Pentair Flow Control (UK) Limited), a company registered in England. Copies of the financial statements of Pentair SSC UK Limited are available from Companies House, Crown Way, Cardiff, CR4 3UZ.

The ultimate parent company and controlling party at the date of signing the financial statements is Pentair plc, a company incorporated in Republic of Ireland. This is the only group for which consolidated financial statements are prepared for the year ended 31 December 2015. Copies of the consolidated financial statements may be obtained from the Company Secretary, Pentair plc, PO Box 471, Sharp Street, Walkden, Manchester, M28 8BU.

20. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014.

No reconciliation of equity or reconciliation of profit or loss is presented as there were no material adjustments arising on transition.