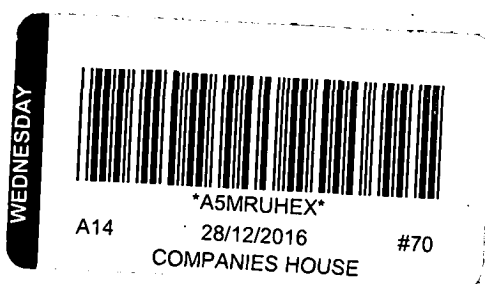


Registration number: 00533160

# Pentair European Steel Strip Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2015



## **Pentair European Steel Strip Limited**

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**Pentair European Steel Strip Limited**  
**Officers & Professional Advisers**

<b>Directors</b>	T. Toffolo M. Tapsik
<b>Company secretary</b>	S. K. Grundy
<b>Registered office</b>	Sharp Street Worsley Manchester M28 3NA
<b>Bankers</b>	Barclays Eagle Point 1 Capability Green Luton LU1 3US
<b>Auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor Leeds United Kingdom

**Pentair European Steel Strip Limited**  
**Strategic Report for the Year Ended 31 December 2015**

The directors present their strategic report for the year ended 31 December 2015.

**Principal activity**

The principal activity of the company is that of a non-trading entity. Under a Business Sale Agreement dated 12 November 2004, the trade and certain business assets of the company were sold to Caparo Precision Steel Strip Limited and accordingly the company ceased to trade from that date.

**Business review**

On 3 June 2014 Pentair Limited, the ultimate parent company at 31 December 2013 and registered in Switzerland, merged into Pentair plc, registered in the Republic of Ireland. Pentair Limited was removed from the Swiss commercial register as a result of the cross border merger in accordance with a merger agreement between the entities. Pentair plc became the ultimate parent company and controlling party from that date.

**Fair review of the business**

The company did not trade during the year and therefore there are no Key Performance Indicators to disclose.

At 31 December 2015 and at 31 December 2014 the company had net current liabilities of £27,000 and net liabilities of £15,494,147. All amounts are owed to fellow group undertakings.

**Going concern**

The directors have reviewed the financial position of the company, the continuing support from the wider group and the continued support from Pentair International Holding S.a.r.l., a fellow group company, including consideration of the uncertainties arising from the current difficult economic environment and the consequential impact of this upon trading and financing.

At 31 December 2015 the company had net current liabilities of £15,494,147 and net liabilities of £15,494,147. All amounts are owed to fellow group undertakings.

Since there is continued support from the group, the directors have a reasonable expectation 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.

**Financial risk management objectives and policies**

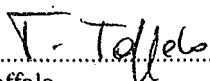
The company is non trading and as a result, it does not have activities to expose it to any financial risks including credit risk and liquidity risk. The company does not use derivative financial instruments.

**Cash flow risk**

The company operates appropriate control over its creditor balances and therefore exposure to cash flow risk from realising its working capital is small

32 December 2016

Approved by the Board on ..... and signed on its behalf by:

  
.....  
T. Toffolo  
Director

**Pentair European Steel Strip Limited**  
**Directors' Report for the Year Ended 31 December 2015**

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

**Results and dividends**

The result for the year ended 31 December 2015 was £nil (2014 - £nil). The directors do not recommend the payment of a dividend (2014 - £nil).

**Statement of comprehensive income**

No statement of comprehensive income is presented with these financial statements because the company has not received income, incurred expenditure or recognised any other comprehensive income during either the year under review or the preceding accounting year.

**Directors of the company**

The following served as directors of the company during the year and since the year end, except as noted:

M. Boardman (resigned 17 November 2015)

T. Toffolo

M. Tapsik (appointed 18 November 2015)

**Important post balance sheet events**

Pentair plc (NYSE: PNR) announced on 18 August 2016 that it has reached an agreement to sell its Valves and Controls business to Emerson (NYSE: EMR). The cash purchase price is \$3.15 billion, subject to customary working capital adjustments. The transaction is anticipated to be completed late in 2016 or early in 2017 and is subject to customary closing conditions and necessary regulatory approvals.

**Disclosure of information to the auditor**

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

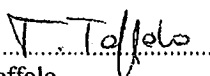
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

22 December 2016

Approved by the Board on ..... and signed on its behalf by:

  
.....  
T. Toffolo  
Director

## **Pentair European Steel Strip Limited**

### **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under the 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 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 European Steel Strip Limited**

We have audited the financial statements of Pentair European Steel Strip Limited for the year ended 31 December 2015, which comprise the balance sheet and the related notes 1 to 10. 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 (APB'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 the 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 result 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of  
Pentair European Steel Strip Limited**

*..... continued*

**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

Date: *28 December 2016*



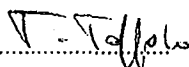
**Pentair European Steel Strip Limited**  
**(Registration number: 00533160)**  
**Balance Sheet at 31 December 2015**

	Note	2015 £ 000	2014 £ 000
Creditors: Amounts falling due within one year	5	(15,494)	(27)
Net current liabilities		(15,494)	(27)
Creditors: Amounts falling due after more than one year	6	-	(15,467)
Net liabilities		<u>(15,494)</u>	<u>(15,494)</u>
<b>Capital and reserves</b>			
Called-up share capital	7	10	10
Profit and loss account		<u>(15,504)</u>	<u>(15,504)</u>
Shareholder's deficit		<u>(15,494)</u>	<u>(15,494)</u>

The company did not trade during the current year or preceding year and has made neither profit nor loss, nor any other comprehensive income. There have been no movements in shareholder's deficit. Accordingly, no separate statement of comprehensive income nor a statement of changes in equity is presented.

The financial statements of Pentair European Steel Strip Limited, registered number 00533160, were approved by the Board and authorised for issue on 22 December 2016.

Signed on behalf of the Board by:

  
 .....  
 T. Toffolo  
 Director

## **Pentair European Steel Strip Limited**

### **Notes to the Financial Statements**

**Year Ended 31 December 2015**

#### **1 Accounting policies**

##### **Basis of preparation**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

##### **General information and basis of accounting**

Pentair European Steel Strip Limited is a company 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 principal activities of the company and the nature of the company's operations are set out in the strategic report on pages 2 to 3.

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 prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. No material adjustments were made on transition. See note 10 for more information.

The functional 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 meets the definition of a qualifying entity under FRS 102 and has therefore taken advantages of the disclosure exemptions available to it in respect of its separate financial statements. Exemption have been taken in relation to financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

##### **Going concern**

The directors have reviewed the financial position of the company and the wider group and the continued support from Pentair International Holding S.a.r.l., a fellow group company, including consideration of the uncertainties arising from the current difficult economic environment and the consequential impact of this upon trading and financing.

At 31 December 2015 the company had net current liabilities of £27,000 and net liabilities of £15,494,147. All amounts are owed to fellow group undertakings.

Since there is continued support from the group, the directors have a reasonable expectation 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.

## **Pentair European Steel Strip Limited**

### **Notes to the Financial Statements**

**Year Ended 31 December 2015**

*..... continued*

#### **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.

#### **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.

Due to the nature and complexity of the company's operations there are no significant judgements or areas of estimation uncertainty, and accordingly no further disclosures are made in this regard.

## **2 Statement of comprehensive income**

No statement of comprehensive income is presented with these financial statements because the company has not received income, incurred expenditure or recognised any other comprehensive income during the year under review or the preceding financial year. There have been no movements in shareholder's deficit during the year under review or the preceding year.

**Pentair European Steel Strip Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2015**

..... *continued*

**3 Operating result**

The audit fee of £1,000 (2013 - £1,000) is borne by a group undertaking.

**4 Directors' remuneration**

The company had no employees in the current year or previous financial year.

None of the directors received any remuneration from the company during the year (2014 - £nil). The emoluments of the directors are paid by other group undertakings that make no recharge to the company as it is not possible to make an accurate apportionment of their emoluments in respect of their services to specific group companies.

**5 Creditors: Amounts falling due within one year**

	2015 £ 000	2014 £ 000
Amounts owed to group undertakings	<u>15,494</u>	<u>27</u>

**6 Creditors: Amounts falling due after more than one year**

	2015 £ 000	2014 £ 000
Amounts owed to group undertakings	<u>-</u>	<u>15,467</u>

All amounts owed to group undertakings shown as falling due after more than one year have no specified repayments terms, except that they are not repayable in less than one year, and do not bear interest.

**7 Called-up share capital and reserves**

**Allotted, called-up and fully paid shares**

	No. 000	2015 £ 000	No. 000	2014 £ 000
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

**Profit and loss account** - includes all current and prior period retained profits and losses

## **Pentair European Steel Strip Limited**

### **Notes to the Financial Statements**

**Year Ended 31 December 2015**

*..... continued*

#### **8 Post balance sheet events**

Pentair plc (NYSE: PNR) announced on 18 August 2016 that it has reached an agreement to sell its Valves and Controls business to Emerson (NYSE: EMR). The cash purchase price is \$3.15 billion, subject to customary working capital adjustments. The transaction is anticipated to be completed late in 2016 or early in 2017 and is subject to customary closing conditions and necessary regulatory approvals.

#### **9 Ultimate parent company**

The company is a wholly owned subsidiary undertaking of Pentair Tubing Limited, a company registered in England and Wales. Copies of the financial statements can be obtained from Companies House, Crown Way, Cardiff CF4 3UZ.

The ultimate parent company, controlling party and only group for which consolidated financial statements are prepared is Pentair plc, a company incorporated in the Republic of Ireland. Copies of the consolidated financial statements may be obtained from the company secretary, Pentair plc, PO Box 471, Sharp Street, Walkden, M28 8BU.

#### **10 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 a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102 there has been no change to equity reported at 1 January 2014 and 31 December 2014 nor the profit for the year ended 31 December 2014.