

Registered number: 00872110

**Rockwell Automation Limited**

**Annual report and financial statements**

**for the year ended 30 September 2017**

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# Rockwell Automation Limited

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# **Rockwell Automation Limited**

## **Company Information**

### **Directors**

K Maharaj  
W J Quinn  
A K Suttle  
M C Bottomley

### **Registered office**

Pitfield  
Kiln Farm  
Milton Keynes  
MK11 3DR

### **Bankers**

Deutsche Bank  
6 Bishopgate  
London  
EC2P 2AT

### **Auditor**

Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom

# **Rockwell Automation Limited**

## **Strategic Report**

The directors present their strategic report for the year ended 30 September 2017.

### **Review of the business**

Rockwell Automation Limited is a subsidiary of Rockwell Automation Canada and Rockwell European Holdings Limited, companies incorporated in the United Kingdom and Canada. The ultimate parent company and controlling entity is Rockwell Automation Incorporated, incorporated in the United States of America.

The principal activity of the company is provision of electronic automation and control equipment and solutions for industrial applications acting as a sales and marketing agent, manufacturer and assembler. Company performance improved compared to prior year.

### **Business Model**

The company operates partly under a principal commissionaire structure and an entrepreneurial business.

### **Key performance indicators**

The main performance indicator is the annual operating earnings.

As shown in the company's profit and loss account on page 11, the company's 12 month period sales have increased to £71,913k from £62,442k in the prior year. The operating profit for the year is £15,818k compared to an operating profit in the prior year of £17,998k.

The company's intercompany sales increased due to improved economic conditions in market of trusted products in Asia. The mix of sales to specific intercompany parties, and intercompany mark-up, changed from prior year. This leads to slightly lower operating profit compared to the increase in sales.

The balance sheet on page 13 of the financial statements shows that the company's net assets at the year-end have increased by £10,325k, from £69,615k to net assets of £79,940k.

# Rockwell Automation Limited

## Strategic report (continued)

### Principal risks and uncertainties

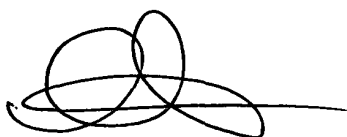
Rockwell Automation Limited is a wholly owned subsidiary, whose ultimate parent is Rockwell Automation Inc., a company incorporated in USA. The company and other European subsidiaries operate as part of the group's European region.

The directors expect the general level of activity to remain consistent with 2017 in the forthcoming year. This is a result from stable continued sales performance.

The principal risk factors are:

- A downturn in the worldwide general economic climate and any subsequent impact on capital investment could have an adverse effect on the financial operational performance of the Company. In addition, certain markets in which the business operates are subject to geo-political risk and as such are difficult to predict. To mitigate this risk, the Company with its parent has a worldwide presence and has a variety of channels to market;
- The Company continues to be monitor developments around Brexit. Any possible impact will be timely addressed within the Company.
- The Company operates in an environment in which technological advances could impact future business performance. The Company now owns the intellectual property rights to the products that it sells;
- The Company has transactions in a number of foreign currencies. This exposes the business to both transactional currency risks (being exchange gains and losses arising on buying and selling in foreign currencies) and translational currency risks (being exchange gains and losses arising on the retranslation of foreign denominated assets and liabilities to period end rates). The Company operates a foreign exchange policy designed to manage the impact of both these risks;
- The success of the Company is dependent on recruiting, retaining and developing appropriately skilled, competent personnel at all levels. The Company has a remuneration policy designed to attract, motivate and retain individuals of the calibre required as well as a policy of developing skills within the business through graduate and apprentice programs; and
- The Company has a range of key performance indicators to monitor the progress of the business and has a policy of involving key management within a regular review process. This process includes the measurement of success against agreed targets, validation of the control environment and the monitoring of agreed action plans for the development and control of the business. The management review process provides a basis for early warning indicators in respect of the key Risk Factors.

For and on behalf of the Board



K Maharaj  
Director

15 December 2017

Pitfield  
Kiln Farm  
Milton Keynes  
MK11 3DR

# Rockwell Automation Limited

## Directors' report

The directors present their annual report on the affairs of Rockwell Automation Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 30 September 2017.

### Going Concern

The financial position of the company, its profit and loss account and balance sheet are shown on pages 11 and 13.

Given this, and the directors' assessment based on forecasts and projections of expected business levels and cash flows for a period of one year from the date of approval of these financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least the forthcoming 12 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements and believe that the company is well placed to manage its business risks successfully.

### Results & Dividends

The profit after taxation for the year ended 30 September 2017 amounted to £12,330k (2016: £11,384k). The directors recommend a dividend of £10,400k to be paid for the year. (2016: nil).

### Future developments

As of the balance sheet date, and the presentation of these financial statements, for the foreseeable future the business activities are expected to remain the same.

### Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 25 to the financial statements.

### Research and development

During 2017 the Company incurred expenditure on R&D projects related to safety enhancements to controllers' ranges. Consistent with prior years, the company has decided to expense these costs to the profit & loss account.

### Existence of branches outside the UK

The company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

### 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.

#### *Cash flow risk*

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company chooses not to hedge these exposures due to the group strategy.

#### *Credit risk*

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Company's credit risk is primarily attributable to a defined benefits pension scheme.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

# **Rockwell Automation Limited**

## **Directors' report**

### **Directors**

The directors, who served throughout the year and up to the date of signing, except as noted, were as follows:

K Maharaj

W J Quinn

A K Suttle

M C Bottomley (appointed 6 October 2016)

### **Directors' indemnities**

The Company has not made qualifying third party indemnity provisions for the benefit of its directors.

### **Political contributions**

No political donations were made by the company during the year.

### **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 Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

# Rockwell Automation Limited

## Directors' report

### 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 formal and informal meetings, the Company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### Auditor

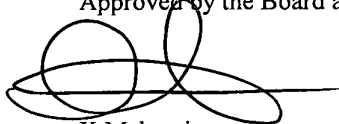
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 in order 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.

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



K Maharaj

Director

15 December 2017

Pitfield  
Kiln Farm  
Milton Keynes  
MK11 3DR



**Rockwell Automation 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 Rockwell Automation Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Rockwell Automation Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

#### **Other information**

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

## **Independent auditor's report to the members of Rockwell Automation Limited (continued)**

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 respect of these matters.

### **Responsibilities of directors**

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, 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: [www.frc.org.uk/auditorsresponsibilities](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.

### **Report on other legal and regulatory requirements**

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

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

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

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 any material misstatements in the strategic report or the directors' report.

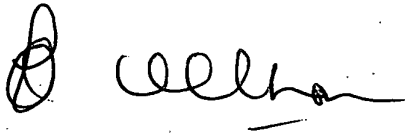
#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**Independent auditor's report to the members of Rockwell Automation Limited (continued)**

A handwritten signature in black ink, appearing to read 'Lee Welham', with a horizontal line underneath the name.

Lee Welham (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge UK

18 December 2017

## Rockwell Automation Limited

### Profit and loss account

For the year ended 30 September 2017

		2017 £'000	2016 £'000
	Note		
<b>Turnover</b>	3	71,913	62,442
Cost of sales		(25,992)	(19,277)
<b>Gross profit</b>		45,921	43,165
Distribution costs		(14,928)	(14,190)
Administrative expenses		(15,175)	(12,529)
Other operating income		-	1,552
<b>Operating profit</b>		15,818	17,998
Finance costs (net)	4	(394)	(525)
<b>Profit on ordinary activities before taxation</b>	5	15,424	17,473
Tax on profit on ordinary activities	9	(3,094)	(6,089)
<b>Profit for the financial year attributable to the equity shareholders of the Company</b>		12,330	11,384

All activities derive from continuing operations.

## Rockwell Automation Limited

### Statement of comprehensive income

For the year ended 30 September 2017

		2017 £'000	2016 £'000
	Note		
Profit for the financial year		12,330	11,384
Re-measurement of net defined benefit liability	23	9,406	2,559
Tax relating to components of other comprehensive income		(1,599)	(435)
Other comprehensive income		7,807	2,124
Total comprehensive income attributable to equity shareholders of the Company		20,137	13,508

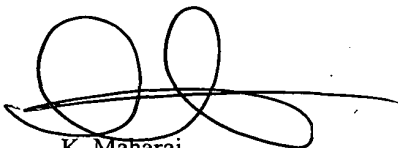
# Rockwell Automation Limited

## Balance sheet

At 30 September 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Goodwill	12	29,736	32,111
Tangible assets	13	1,968	2,297
		<u>31,704</u>	<u>34,408</u>
<b>Current assets</b>			
Stocks	15	719	1,155
Debtors	16	24,734	26,625
Investments	17	40,997	23,000
Cash at bank and in hand		13,545	25,430
		<u>79,995</u>	<u>76,210</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(13,105)</u>	<u>(10,466)</u>
<b>Net current assets</b>		<u>66,890</u>	<u>65,744</u>
<b>Total assets less current liabilities</b>		<u>98,594</u>	<u>100,152</u>
<b>Provisions for pension liability</b>	19	(15,970)	(27,997)
<b>Provisions for liabilities</b>	20	(2,684)	(2,540)
		<u>79,940</u>	<u>69,615</u>
<b>Net assets</b>		<u>79,940</u>	<u>69,615</u>
<b>Capital and reserves</b>			
Called-up share capital	21	19,845	19,845
Share premium account	21	9,853	9,853
Equity reserve	21	4	4
Profit and loss account	21	50,238	39,913
		<u>79,940</u>	<u>69,615</u>
<b>Shareholders' funds</b>		<u>79,940</u>	<u>69,615</u>

The financial statements of Rockwell Automation Limited (registered number 00872110) were approved by the board of directors and authorised for issue on 15 December 2017. They were signed on its behalf by:

  
K. Maharaj  
Director

# Rockwell Automation Limited

## Statement of changes in equity Year ended 30 September 2017

	Note	Called-up share Capital £'000	Share Premium account £'000	Equity Reserve £'000	Profit and loss account £'000	Total £'000
At 30 September 2015		19,845	9,853	4	26,092	55,794
Profit for the financial year		-	-	-	11,384	11,384
Re-measurement of net defined benefit liability	23	-	-	-	2,559	2,559
Tax relating to items of other comprehensive income	23	-	-	-	(435)	(435)
<b>Total comprehensive income</b>		-	-	-	13,408	13,408
Credit to equity for equity settled share-based payment	11	-	-	-	313	313
At 30 September 2016		19,845	9,853	4	39,913	69,615
Profit for the financial year		-	-	-	12,330	12,330
Re-measurement of net defined benefit liability	23	-	-	-	9,406	9,406
Tax relating to items of other comprehensive income	23	-	-	-	(1,599)	(1,599)
<b>Total comprehensive income</b>		-	-	-	20,137	20,137
Dividend	10	-	-	-	(10,400)	(10,400)
Credit to equity for equity settled share-based payment	11	-	-	-	588	588
At 30 September 2017		19,845	9,853	4	50,238	79,940



# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

### 1. Accounting Policies

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

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

Rockwell Automation Limited ('the Company') is a private company, incorporated in the United Kingdom in Milton Keynes under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 and 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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 advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Rockwell Automation BV, which may be obtained at Rivium Promenade 160 Capelle aan den IJssel, 2909 LM, Netherlands. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### *b. Going concern*

The financial statements have been prepared using the going concern basis of accounting.

The Directors have acknowledged the latest guidance on going concern and in reaching their conclusions have taken into account factors including financing and future performance.

The company operates a defined benefits pension scheme, which is in deficit. The Directors have received a letter of support from Rockwell Automation Inc., the ultimate holding company, and this includes support to meet the pension obligations.

After making due enquiries and taking account of possible changes in trading performance, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### *c. Intangible assets – research and development*

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. This period is between three and five years. Provision is made for any impairment.

#### *d. Intangible assets – Goodwill*

Goodwill is the excess of purchase consideration over the fair value of the net assets acquired and amortised in equal annual instalments over a period of 20 years which is their estimated useful economic life. Provision is made for any impairment.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

### 1. Accounting policies (continued)

#### e. *Tangible fixed assets*

Tangible assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	over the life of the lease
Plant and machinery	-	5 years
Motor vehicles	-	3 years
Fixtures and fittings	-	3 years

Freehold land is not depreciated.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### f. *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.

#### g. *Investments*

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

#### h. *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### i. *Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

### 1. Accounting policies (continued)

#### i. Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### j. 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 Company'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.

Unrelieved tax losses and other deferred tax assets are 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

### *j. Taxation (continued)*

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously,

### *k. Turnover*

Turnover is stated net of VAT and trade discounts and includes the following:

Entrepreneurial Product Sales:

The revenue from the sale of goods is recognised when the goods are physically delivered to the customer and the significant risks and rewards of ownership are transferred to the buyer.

Engineering & Design Service Agreement, Services Rendered, Investment Management Fees, and the Commissionaire fee:

Turnover from the supply of these services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

### *l. Employee benefits*

The company contributes to various defined contribution personal pension plans on behalf of its employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

### *m. Foreign currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above).

# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

### 1. Accounting policies (continued)

#### n. Leases

##### *Lease Assets: lessee*

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

##### *Lease Assets: lessor*

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

#### o. 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.

#### p. Share-based payment

The company has applied the requirements of FRS 102 Section 26 Share-based Payment. In accordance with the transitional provisions, FRS 102 Section 26 has been applied to all grants of equity instruments to the company's employees by Rockwell Automation Inc. after 7 November 2002 that were unvested as of 1 October 2006.

Equity-settled payments are made to certain employees. Equity-settled share based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of 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 Company'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 management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

### 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.

## **Rockwell Automation Limited**

### **Notes to the financial statements**

**For the year ended 30 September 2017**

#### **2. Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### ***Critical judgements in applying the Company's accounting policies***

The following are the critical judgements, 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.

##### ***Key source of critical judgement***

In determining the pension valuation under FRS102 key assumptions and judgement was applied in the actual valuation, as it relates to mortality tables, future improvements, the annual caps and floors in applying the relevant RPI and CPI rates.

##### ***Key source of estimation uncertainty – impairment of intangible assets***

Determining whether intangible assets are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value. The nature, facts and circumstance of the investment drives the valuation methodology.

# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

### 3. Turnover

Turnover is attributable to the provision of electronic automation, control equipment, and solutions for industrial applications products.

Under the current business structure of the company turnover is further classified into the following income groups:

	2017 £'000	2016 £'000
Entrepreneurial Product Sales	19,696	14,281
Engineering & Design Service Agreement	390	1,374
Royalty on IP Ownership	10,797	10,523
Services Rendered	99	18
Investment Management Fees	-	689
Commissionaire Agreement	40,931	35,557
Turnover	<u>71,913</u>	<u>62,442</u>

An analysis of the Company's Commissionaire Agreement revenue is as follows:

Commissionaire Sales recorded in the Principal	<u>127,688</u>	<u>114,831</u>
Commissionaire Fee on Agent Sales	1,915	1,722
Commercial Expense Reimbursement	36,491	31,361
Commission Fee on Product Support	<u>2,525</u>	<u>2,474</u>
Commissionaire Agreement revenue	<u>40,931</u>	<u>35,557</u>

An analysis of the Company's turnover by geographical market is set out below.

	2017 £'000	2016 £'000
<b>Turnover:</b>		
UK	41	74
Asia and the Far East	781	1,203
Middle East	-	826
Europe (excluding UK)	44,690	38,825
Americas	26,381	21,509
Rest of World	<u>20</u>	<u>5</u>
	<u>71,913</u>	<u>62,442</u>

# Rockwell Automation Limited

## Notes to the financial statements For the year ended 30 September 2017

### 4. Finance costs (net)

	2017 £'000	2016 £'000
Interest payable and similar charges	(12)	-
Less: Investment income	(157)	(555)
Other finance costs	563	1,080
	<u>394</u>	<u>525</u>

### Investment income

	2017 £'000	2016 £'000
Income from current asset investments (see note 17):		
Money Markets & Deposits	157	553
Other interest receivable and similar income	-	2
	<u>157</u>	<u>555</u>

### Other finance income/ (costs)

	2017 £'000	2016 £'000
Net interest on defined benefit liability (see note 23)	<u>(563)</u>	<u>(1,080)</u>



# Rockwell Automation Limited

## Notes to the financial statements For the year ended 30 September 2017

### 5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2017 £'000	2016 £'000
Depreciation of tangible fixed assets (note 13)	518	412
Amortisation of intangible assets (note 12)	2,374	2,374
Research and development	5,215	3,497
Operating lease rentals	3,300	3,377
Foreign exchange gain	(995)	(1,189)
Cost of stock recognised as an expense	13,111	8,731
Reversal of impairment of stock	88	(324)
	<u>518</u>	<u>(324)</u>

### 6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £71,699 (2016: £70,456).

On 11 October 2017 the members of the Company approved the principal terms and conditions presented with the Deloitte LLP engagement letter for the 2017 audit.

### 7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2017	2016
Production	361	399
Distribution	154	152
Sales	120	124
Administration	53	81
	<u>688</u>	<u>756</u>

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	34,622	32,001
Social security costs	3,904	4,782
Other pension costs	5,409	4,013
	<u>43,935</u>	<u>40,796</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

The prior year other pensions cost has been restated to reflect only those defined benefit scheme costs and defined contribution scheme costs included within operating costs.

# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

### 8. Directors' remuneration and transactions

	2017 £'000	2016 £'000
Aggregate emoluments (excluding pension contributions)	460	301
Company pension contributions to money purchase schemes	27	17
	<u>487</u>	<u>318</u>
	2017	2016
<b>The number of directors who:</b>		
Are members of a defined benefit pension scheme	2	1
Are members of a money purchase pension scheme	2	1
Exercised options over shares in the parent company	1	1
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	1	1
	<u>6</u>	<u>4</u>
	2017 £'000	2016 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	217	252
Company contributions to defined benefit pension schemes	13	13
	<u>230</u>	<u>265</u>
The highest paid director did exercise share options in the year.		
The highest paid director is a member of the Company's defined benefit pension scheme.		

# Rockwell Automation Limited

## Notes to the financial statements For the year ended 30 September 2017

### 9. Tax on profit on ordinary activities

The tax charge comprises:

	2017 £'000	2016 £'000
<b>Current tax on profit on ordinary activities</b>		
UK corporation tax	2,745	3,423
Adjustments in respect of prior years		
UK corporation tax	(292)	(222)
<b>Total current tax</b>	<u>2,453</u>	<u>3,201</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	520	179
Effect of decrease in tax rate on opening liability	(67)	2,524
Adjustments in respect of prior years	188	185
<b>Total deferred tax</b>	<u>641</u>	<u>2,888</u>
<b>Total tax on profit on ordinary activities</b>	<u><u>3,094</u></u>	<u><u>6,089</u></u>

The standard rate of tax applied to reported profit on ordinary activities is 19.50 per cent (2016: 20 per cent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016.

There is no expiry date on timing differences, unused tax losses or tax credits.

# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

### 9. Tax on profit on ordinary activities (continued)

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

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	15,424	17,473
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.50 per cent (2016: 20 per cent)	3,008	3,489
Effects of:		
- Expenses not deductible for tax purposes	87	132
- Adjustments to tax charge in respect of previous periods	(104)	2,302
- Tax rate changes	(67)	183
- Share options	(294)	(23)
- Amortization of Goodwill	463	475
- Roundings and adjustments	1	(469)
Total tax charge for period	3,094	6,089

### 10. Dividends on ordinary shares

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 30 September 2016	10,400	-

### 11. Share-based payments

The ultimate parent company, Rockwell Automation Inc., operates a stock option scheme in which certain directors and employees of the group may be granted non-qualified and incentive stock options to purchase common stock. The options are exercisable at a price equal to the fair value of the stock on grant dates. The exercise price for some options granted under the plans may be paid in cash, shares of common stock or a combination of cash and shares. Stock options expire ten years after the grant date and vest rateably over three years.

## Rockwell Automation Limited

### Notes to the financial statements For the year ended 30 September 2017

#### 11. Share Based Payments (continued)

Details of the stock options granted to employees of Rockwell Automation Limited are as follows:

	2017	2017	2016	2016
	Number of stock options	Weighted Average Exercise Price (in £)	Number of stock options	Weighted Average Exercise Price (in £)
Outstanding at beginning of the year	82,798	53.63	85,494	53.63
Transferred in	-		2,670	74.64
Transferred out	-		(15,755)	53.63
Granted during the year	20,060	88.00	22,040	67.15
Exercised during the year	(35,405)	57.16	(10,951)	50.47
Forfeited during the year	(800)	88.00	(700)	67.15
Outstanding at the end of the year	<u>66,653</u>	<u>59.39</u>	<u>82,798</u>	<u>58.17</u>
Exercisable at the end of the year	<u>26,593</u>		<u>44,017</u>	

The per-share weighted average fair value of stock options granted during the years ended 30 September 2017, 2016 and 2015 was \$25.70, \$21.28 and \$26.70, respectively. The total intrinsic value of stock options exercised was \$141.1 million, \$21.9 million and \$46.1 million during 2017, 2016 and 2015, respectively. We estimated the fair value of each stock option on the date of grant using the Black-Scholes pricing model which we believe is the most appropriate and acceptable financial modelling valuation system for our company using the following assumptions:

	2017	2016
Average risk-free interest rate	1.85%	1.76%
Expected dividend yield	2.21%	2.78%
Expected volatility	0.24	0.29
Expected term (years)	5.1	5.1

The average risk-free interest rate is based on the five-year U.S. treasury security rate in effect as of the grant date. The expected dividend yield is based on the expected annual dividend as a percentage of the market value of Rockwell Automation Inc.'s common stock as of the grant price. We determined expected volatility using a weighted average of daily historical volatility of the stock price over the most recent period corresponding to the expected term as of the grant date. We determined the expected term of the stock options using historical data adjusted for the estimated exercise dates of unexercised options.

## Rockwell Automation Limited

### Notes to the financial statements

For the year ended 30 September 2017

#### 11. Share Based Payments (continued)

The company recognised share-based compensation expenses relating to vested options of £388,851 and £313,813 in 2017 and 2016 respectively. This calculated using a weighted average exercise price for each option of \$25.70 and \$21.28 for 2017 and 2016 respectively, and converting to sterling using moving average exchange rates for each year.

#### 12. Intangible fixed assets

	£'000
<b>Cost</b>	
At 1 October 2016 and 30 September 2017	45,871
<b>Amortisation</b>	
At 1 October 2016	(13,760)
Charge for the year	(2,374)
At 30 September 2017	(16,134)
<b>Net book value</b>	
At 30 September 2016	32,111
At 30 September 2017	29,736

EJA, a 100% subsidiary of Rockwell Automation Inc, which was purchased in 2011, is considered material to the Company. The carrying amount as at 30 September 2017 was £22,750k (30 September 2016: £24,500k) and the brand has an estimated remaining useful life of 13 years.

The Lektronix brand, which was purchased in 2012, is considered material to the Company. The carrying amount as at 30 September 2017 was £6,986k (30 September 2016: £7,611k) and the brand has an estimated remaining useful life of 14 years.

# Rockwell Automation Limited

## Notes to the financial statements For the year ended 30 September 2017

### 13. Tangible fixed assets

	Leasehold improvements £'000	Freehold land and buildings £'000	Plant and machinery £'000	Assets in the course of construction £'000	Fixtures and Fittings £'000	Total £'000
<i>Cost</i>						
At 1 October 2016	2,173	818	3,397	93	529	7,010
Additions	15	-	243	102	-	360
Transfers	62	-	1	(63)	-	-
Disposals	-	-	(218)	-	-	(218)
At 30 September 2017	2,250	818	3,423	132	529	7,152
<i>Depreciation</i>						
At 1 October 2016	1,454	341	2,529	-	389	4,713
Charge for the year	219	22	256	-	22	519
Disposals	-	-	(48)	-	-	(48)
At 30 September 2017	1,673	363	2,737	-	411	5,184
<i>Net book value</i>						
At 30 September 2017	577	455	686	132	118	1,968
At 30 September 2016	719	477	868	93	140	2,297

### 14. Fixed asset investments

#### Investments

Details of the principal investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Subsidiaries	Business	Country of incorporation	Class of capital	Proportion of shares and voting rights
Silvertech Middle East FZCO Plot No. MO-0449, Jebel Ali Freezone, Dubai, United Arab Emirates	Control systems	UAE	Ordinary shares of AED 100,000 each	49%
Magnemotion UK Limited Pitfield, Kiln Farm, Milton Keynes, Buckinghamshire, United Kingdom	Dormant	Great Britain	Ordinary shares of £1 each	* see note

# Rockwell Automation Limited

## Notes to the financial statements For the year ended 30 September 2017

### 14. Fixed asset investments (continued)

#### *Subsidiary undertakings*

	Shares in subsidiaries £'000
<b>Cost</b>	
At 1 October 2016 and 30 September 2017	270
<b>Impairment</b>	
At 1 October 2016 and September 2017	(270)
<b>Net book value</b>	
At 30 September 2017 and 2016	-

Rockwell Automation Limited divested in ICS Middle East Company joint venture during 2016.

\*100% of the ordinary share capital of Magnemotion UK Limited has been treated as a subsidiary undertaking because the Company controls this investment, directing its financial and operating policies so as to obtain benefits from its activities. The assets of the company have been integrated into RAL and Magnemotion UK Limited is struck off as per 24 January 2017.

### 15. Stocks

	2017 £'000	2016 £'000
Raw materials and consumables	310	495
Work in progress	-	5
Finished goods and goods for resale	409	655
	<u>719</u>	<u>1,155</u>

The directors do not consider the replacement cost of stock to be materially different from the value stated above.

### 16. Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	145	118
Amounts owed from group undertakings	20,138	20,028
Other debtors	-	103
Deferred income taxes (see below)	3,284	5,359
Prepayments and accrued income	1,167	1,017
	<u>24,734</u>	<u>26,625</u>



# Rockwell Automation Limited

## Notes to the financial statements For the year ended 30 September 2017

### 16. Debtors (continued)

#### *Deferred tax*

Deferred tax is provided as follows:

	2017 £'000	2016 £'000
Accelerated capital allowances	242	320
Tax losses available		
Pensions	2,815	4,760
Other timing differences	227	280
	<u>3,284</u>	<u>5,359</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

### 17. Current asset investments

	2017 £'000	2016 £'000
Listed investments – money markets	<u>40,997</u>	<u>23,000</u>

### 18. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	3,409	3,674
Amounts owed to group undertakings	339	480
Corporation tax	1,193	2,708
Other taxation and social security	1,022	1,758
Accruals and deferred income	7,130	1,824
Defined contribution pension scheme accrual	12	22
	<u>13,105</u>	<u>10,466</u>

### 19. Provisions for pension liability

The balance is the pension liability of the group defined benefit scheme for qualifying employees. The most recent actuarial valuation of the Rockwell Automation Pension Scheme was carried out at 30 September 2017 by a qualified actuary.

# Rockwell Automation Limited

## Notes to the financial statements For the year ended 30 September 2017

### 20. Provisions for liabilities

	2017 £'000	2016 £'000
At 1 October 2016	2,540	2,599
Charged to profit and loss	183	154
Utilisation	(39)	(213)
At 30 September 2017	<u>2,684</u>	<u>2,540</u>

The provision for dilapidation has been provided for leases that are due to expire between June 2018 and May 2026.

### 21. Called-up share capital and reserves

	2017 £'000	2016 £'000
<i>Authorised, Allotted and fully paid-up</i>		
15,500,000 "A" ordinary shares of £1 each	15,500	15,500
4,344,730 "B" ordinary shares of £1 each	4,345	4,345
	<u>19,845</u>	<u>19,845</u>

Both classes of ordinary shares have full voting, dividend and capital distribution rights.

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

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

The equity reserve represents additional paid in capital.

### 22. Financial commitments

Capital commitments are as follows:

	2017 £'000	2016 £'000
Contracted for but not provided for		
- finance leases entered into	10,112	7,866
- other	1,481	2,016
	<u>11,593</u>	<u>9,882</u>

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017		2016	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	1,720	762	1,666	794
- between one and five years	5,293	719	3,495	1,222
- after five years	3,099	-	2,705	-
	<u>10,112</u>	<u>1,481</u>	<u>7,866</u>	<u>2,016</u>

## Rockwell Automation Limited

### Notes to the financial statements

For the year ended 30 September 2017

#### 23. Employee benefits

##### *Defined contribution schemes*

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The cost of contributions made by the company to the defined contribution scheme amounted to £746,562 (2016: £872,052).

The Company participates in a group defined benefit scheme for qualifying employees. The most recent actuarial valuation of the Rockwell Automation Pension Scheme was carried out at 30 September 2017 by a qualified actuary.

The scheme was closed to new members with effect from 6 September 2010 and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

As from 6 September 2010 the scheme was also closed to existing members and ceased to accept contributions from them. Following the closure, no further contributions based on pensionable salary will be payable by the company going forward. The Company will, however, continue to make contributions in accordance with the recovery plan dated 31 January 2017. In this plan the Company agreed £275k will be monthly contributed from February 2017 to March 2024. The Company also agreed to make a one-time contribution of £1,400k in February 2017.

The net benefit expense for the year ended 30 September 2017 is £4,983k, which is similar to the expense of £4,780k for the year ended 30 September 2016.

Assumptions and dates used at disclosure	2017	2016
Discount rate	2.60%	2.30%
Price inflation	3.30%	3.00%
Rate of salary increase	4.30%	4.00%
Pension increases for in-payment benefits	3.10%	2.80%
Pension increases for deferred benefits	2.30%	2.00%
Plan participant census date	31.03.16	31.03.16

##### **Demographic assumptions**

The measurement date is 30 September 2017. For purposes of determining benefit obligations as of the measurement date, participant data as of the census date, 31 March 2017 are used. It should be noted that ultimately the results are a roll forward of full census data obtained as part of the 31 March 2017 valuation.

The mortality tables used are a base table (all tables updated to 2016 using future improvement assumption) and a future table (with CMI 2015 projections with a 1.5% pa long term rate of improvement).

The expected rate of return on assets is calculated as the average rate of return expected on the assets held in the scheme over the remaining life. This includes income and changes in the asset fair value, net of scheme expenses, and is based on market expectations at the beginning of the period. This assumption is used to determine the expected return on assets for the pension expense.

Scheme Asset Information:

# Rockwell Automation Limited

## Notes to the financial statements

For the year ended 30 September 2017

	2017 Proportion of total assets	2016 Proportion of total assets
Equities	60%	62%
Bonds: index-linked	40%	38%
Other	0%	0%
Net assets of the Plan	100.0%	100.0%

The market value of assets is £161,458,000 (2016: £145,103,000).

### 23. Employee benefits (continued)

The asset figure we have used of £161,458k comprises of:

1. A bid valuation of the invested assets of the Rockwell Automation Pension Scheme (excluding AVCs and other money purchase benefits) of £160,828k, supplied by Legal & General Investment Management.
2. Estimated net current assets/liabilities for the Scheme of £630k, supplied by the Willis Towers Watson team.

#### Development of net balance sheet position

	2017 £'000	2016 £'000
Present value of defined benefit obligations	(177,429)	(173,101)
Fair value of scheme assets	161,458	145,103
Deficit in scheme	(15,971)	(27,998)

#### Development of net balance sheet position

	2017 £'000	2016 £'000
Liability recognised in balance sheet	(15,971)	(27,998)
Related deferred tax asset	2,715	4,760
	(13,256)	(23,238)

#### Amounts used in profit and loss account in respect of the scheme

	2017 £'000	2016 £'000
Effect of employee service in the current period	4,034	3,192
Net interest on net defined benefit liability	563	1,080
Administrative expenses	393	508
Cost recognised in P&L	4,990	4,780

Analysis of amount recognised in the Statement of Comprehensive Income (OCI):

## Rockwell Automation Limited

### Notes to the financial statements For the year ended 30 September 2017

	2017 £'000	2016 £'000
Actuarial (gain)/loss arising during period	(351)	21,015
Return on scheme assets greater than discount rate	(9,055)	(23,574)
Movement on related deferred tax asset	1,599	435
Remeasurement effects recognised in OCI	<u>(7,807)</u>	<u>(2,124)</u>

#### 24. Contingent liabilities

Guarantees have been issued to customers by way of bank bonds in respect of progress payments received for the successful completion of long term contract work. The contingent liability in respect of these at 30 September 2017 was £1,459k (2016: £1,321k).

#### 25. Subsequent events

On 30 November 2017, the Rockwell Automation Limited acquired Odos Imaging, in order to leverage 3D time-of-flight technology for sensing and safety applications.

#### 26. Controlling party

Rockwell Automation Limited is a subsidiary of Rockwell Automation Canada and Rockwell European Holdings Ltd, companies incorporated in the United Kingdom and Canada.

The ultimate parent company and controlling entity is Rockwell Automation Inc., which is incorporated in the United States of America. Copies of the group financial statements of Rockwell Automation Inc., are available from Rockwell Automation Inc., Global Headquarter, 1201 South Second Street, Milwaukee, Wisconsin 53204, USA. This is the largest and smallest group into which the accounts for the company are consolidated.

#### 27. Related party transactions

As a wholly owned subsidiary of Rockwell Inc. (see note 26), the company is exempt from the requirement to disclose details of transactions with other wholly owned group companies.

There are no other transactions with related parties requiring disclosure under FRS 102 Section 33.