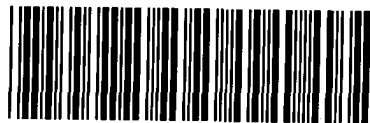


Radiodetection Limited

Annual Report and Financial Statements for the year ended 31 December 2017

Registered number: 01334448

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Officers and professional advisers

DIRECTORS

K P Lench
J Nurkin
M A Reilly
S W Sproule

REGISTERED OFFICE

Western Drive
Bristol
BS14 0AF

SOLICITORS

Eversheds
Bridgewater Place
Water Lane
Leeds
LS11 5DR

BANKERS

Bank of America NA
5 Canada Square
London
E14 5AQ

AUDITOR

Deloitte LLP
Statutory Auditor
Cardiff
United Kingdom

Strategic report

STRATEGY AND OBJECTIVES

The principal activity of the company is the design and manufacture of equipment used for the location and inspection of buried utilities. The objectives of the company are to continue to grow our business and maintain our position as market leaders, without sacrificing financial stability. Our strategy to achieve these objectives is to focus on growth globally, while ensuring that our products continue to meet the needs of our customers by investing in research and development activities to support a programme of new product launches.

BUSINESS MODEL

Commitment to the customer is the foundation of Radiodetection's success. This, combined with design innovation and a skilled and dedicated workforce, has produced a range of products that are an essential part of utility workers' and contractors' lives in over sixty countries throughout the world. Radiodetection maintains a strong practice of ongoing development of products and commercial research.

Every product in the Radiodetection range is designed and manufactured to the highest standards. Radiodetection's manufacturing operations are ISO 9001 accredited, and our products benefit from a range of approvals in specific industries.

To back up this commitment to excellence, Radiodetection customers benefit from an extensive service and technical support programme. With complete customer support, repair and parts facilities located around the globe, clients have access to "hands-on" advice and consulting.

REVIEW OF THE BUSINESS

Revenue increased by 9.4% in 2017 (2016: 0.2% declined) to £54,528,000. The highest revenue increase was in intercompany sales relating to locator and inspection products; the year-on-year increase was 18%. The external sales increased by 2.3% vs 2016. The lack of growth in 2016 was caused mainly by challenging conditions in the United Kingdom and Asia. Growth was achieved in the rest of Europe and the United States regions, assisted by favourable exchange rate movements.

Profit before tax in 2017 was £21,292,000, which is higher than in 2016 when the profit before tax was £19,635,000. The increase is driven by higher sales (£4,044,000) to intercompany entities, which is partially due to favourable exchange rate movements during 2017 as these sales are transacted in foreign currencies. The intercompany sales mix margin slightly increased from 58.6% in 2016 to 61% in 2017; the increase is partially offset by exchange rate movement vs GBP which constituted £1,204,000 on intercompany sales.

FUTURE DEVELOPMENTS

2018 will continue to present challenges due to ongoing political volatility around the globe.

The company will nevertheless continue its programme of launching new or updated existing product ranges, including enhancements to its locator and inspection product ranges. These new or updated products and services will ensure the company continues to lead the market in terms of product capability, and the company will therefore be strongly positioned to return to growth.

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) that we use to monitor our progress against our objectives are:

Revenue and revenue growth

This KPI enables the company to monitor how it is progressing against its objective of business growth. Revenue for 2017 increased by 9.4% (2016: 0.2% decline). The revenue increase was due a combination of organic growth across all geographical markets as well as favourable exchange rate effects on intercompany sales during the year.

Strategic report (continued)

KEY PERFORMANCE INDICATORS (continued)

Operating profit

This KPI enables the company to monitor its ongoing financial stability and maintain its tight control over costs. Operating profit has grown from 38.6% in 2016 to 38.9% in 2017. The small increase in 2017 is driven mainly by favourable exchange rate movements.

Net cash flow, before group cash pooling, and cash conversion of operating profits

The company uses this KPI to monitor its financial stability and to ensure that control is maintained over working capital requirements. The company has continued to maintain tight controls over workings capital, achieving strong cash conversions. The net cash generated for the cash pooling arrangement, excluding dividend transactions and corporation tax payments, was £19,363,000 (91% conversion) in 2017 and £19,290,000 (100% conversion) in 2016. The lower cash conversion rate in 2017 was mainly due timing differences such as higher sales and intercompany AP balances in the final month of 2017 (total of £1.2m). Excluding the timing differences, the conversion in 2017 was 97%, which is slightly lower than 2016 but is in line with prior years. The cash conversion in 2015 was 97%.

Stock turns

This KPI is used by the company to monitor how efficiently it is using stock and to ensure that the levels of stock held are suitable for the level of trade being carried out. The measure is calculated as the cost of stock recognised as an expense (note 5) divided by the stock value per the balance sheet. The stock turns have increased slightly from 6.6 in 2016 to 6.8 in 2017 as the company continues to maintain strict control over stock levels.

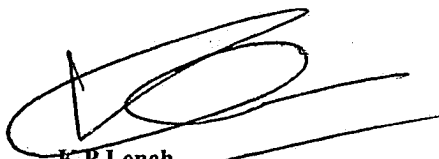
PRINCIPAL RISKS AND UNCERTAINTIES

The Company could be adversely affected by the impact of the current macroeconomic and political environment on key suppliers and customer groups. In particular, Brexit has the potential to affect the Company. The Company has a rigorous process for identifying and monitoring all business-critical suppliers and develops appropriate contingency plans for suppliers that are considered to be vulnerable. The Company also has a rigorous planning process to assess the impact of macroeconomic and political developments on key customer groups.

The company's activities expose it to financial risks including foreign exchange risk, interest rate risk and cash flow risk. To reduce these risks, the company manages cash through a group cash pooling arrangement and operates foreign currency bank accounts. Further detail is included in the directors' report.

Loss of key customers is also a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

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



K P Lench
Director

Date: 28/9/18

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2017.

GOING CONCERN

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

The company's forecasts, which allow for reasonably possible changes in trading performance, show that the company will continue to be cash-generative across the forecast period, which is more than one year from the date of approval of these financial statements. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

RESEARCH AND DEVELOPMENT

The company is committed to ongoing investment in engineering, research and development to produce high quality products using the latest technology. The amount spent on research and development during the year was £2,170,000 (2016: £1,781,000).

RESULTS AND DIVIDENDS

The profit after tax for the year was £20,796,00 (2016: £17,056,000). There was no dividend declared or paid during 2017. The directors declared a dividend of £12,973,000 (£49.56 per ordinary share) on 22 June 2016. The dividend was paid on 24 June 2016 to the ordinary shareholder on the register of members on 22 June 2016.

DIRECTORS

The directors who served during the year and subsequently were as follows:

K P Lench
J Nurkin
M A Reilly
S W Sproule

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. It is the company's policy that no speculative trading in financial instruments shall be undertaken. The current policy is not to enter into forward exchange contracts as foreign currency exposure is managed by the parent company. However, the company operates foreign currency bank accounts to mitigate foreign currency risk.

Cash flow risk

Some of the company's sales are to customers outside the UK, and it is therefore exposed to movements in exchange rates. The company also sources some materials from outside the UK. The company minimises the risk of exchange rate fluctuations by operating foreign currency bank accounts where necessary.

Directors' report (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The company's principal financial assets are bank balances and trade 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.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has access to a group central cash pooling account.

AUDITOR

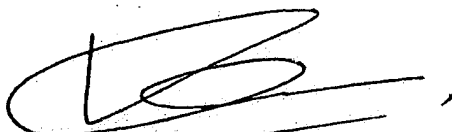
In the case of each of the persons who are directors of the company at the date when this report is approved:

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

A resolution to reappoint 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



K P Lench
Director

Date: 28/9/18

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 Radiodetection 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 31 December 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 Radiodetection Limited (the company') which comprise:

- the Statement of comprehensive income, incorporating the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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 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.

Independent auditor's report to the member of Radiodetection Ltd (continued)

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. This description forms part of our auditor's report.

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.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Delyth Jones

Delyth Jones (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom

Date: 28 September 2018

Statement of comprehensive income, incorporating the profit and loss account
For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	3	54,528	49,857
Cost of sales		(23,594)	(22,034)
Gross profit		30,934	27,823
Distribution costs		(2,780)	(2,809)
Administrative expenses		(6,893)	(5,784)
Operating profit		21,261	19,230
Finance income	4	31	405
Profit before taxation	5	21,292	19,635
Tax on profit	8	(440)	(2,579)
Profit for the financial year attributable to the equity shareholder of the company		20,852	17,056
Other comprehensive income			
Remeasurement of net defined benefit asset	22	3,347	(9,435)
Tax relating to components of other comprehensive income		(569)	1,685
Total comprehensive income attributable to equity shareholder of the company		23,630	9,306

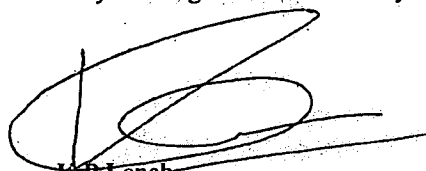
All of the activities of the company are classed as continuing.

Balance sheet
At 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	11	229	192
Tangible assets	12	2,010	2,109
Investments	13	1,649	1,648
		<u>3,888</u>	<u>3,949</u>
Current assets			
Stocks	14	3,041	2,851
Debtors due within one year	15	6,415	5,146
Defined benefit pension scheme asset	22	5,094	767
Deferred tax asset due in more than one year	16	221	263
Cash at bank and in hand		45,835	27,951
		<u>60,606</u>	<u>36,978</u>
Creditors: amounts falling due within one year	17	<u>(7,722)</u>	<u>(8,025)</u>
Net current assets		<u>52,884</u>	<u>28,953</u>
Total assets less current liabilities		<u>56,772</u>	<u>32,902</u>
Creditors: amounts falling due after more than one year	18	(249)	(367)
Provisions for liabilities	19	(640)	(144)
		<u>55,883</u>	<u>32,391</u>
Net assets		<u>55,883</u>	<u>32,391</u>
Capital and reserves			
Called-up share capital	20	262	262
Pension reserve		3,274	468
Profit and loss account		52,347	31,661
		<u>55,883</u>	<u>32,391</u>
Shareholder's funds		<u>55,883</u>	<u>32,391</u>

The financial statements of Radiodetection Limited, registered number 01334448, were approved by the Board of Directors and authorised for issue on

They were signed on its behalf by:


K.P. Leneh
Director

28/0/18

Statement of changes in equity
At 31 December 2017

	Called-up share capital £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
At 31 December 2015	262	7,881	28,136	36,279
Profit for the financial year	-	337	16,720	17,056
Dividends paid	-	-	(12,973)	(12,973)
Remeasurement of net defined benefit asset	-	(9,435)	-	(9,435)
Tax relating to other comprehensive income	-	1,685	-	1,685
Total comprehensive income	262	468	31,883	32,613
Debit to equity for equity-settled share-based payment	-	-	(222)	(222)
At 31 December 2016	262	468	31,661	32,391
Profit for the financial year	-	28	20,824	20,852
Remeasurement of net defined benefit asset	-	3,347	-	3,347
Tax relating to other comprehensive income	-	(569)	-	(569)
Total comprehensive income	262	3,274	52,485	56,021
Debit to equity for equity-settled share-based payment	-	-	(138)	(138)
At 31 December 2017	262	3,274	52,347	55,883

The Pension reserve and Profit and loss account are both distributable reserves.

The Pension reserve reflects the movements in the defined benefit pension asset and the corresponding deferred tax liability.

Notes to the financial statements

For the year ended 31 December 2017

1. ACCOUNTING POLICIES

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

a. General information and basis of accounting

Radiodetection Limited is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act. The address of the registered office is Radiodetection Limited, Western Drive, Bristol, BS14 0AF. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

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 Radiodetection Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Radiodetection Limited 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. Radiodetection Limited is consolidated in the financial statements of its parent, SPX Corporation, which may be obtained from the company's website (www.spx.com). Exemptions have been taken from the requirement to produce consolidated accounts, and in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

b. Consolidated financial statements

The company is exempt from the preparation of consolidated financial statements as it is included in the parent company's financial statements, details of which may be obtained from the company's website (www.spx.com).

c. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the company; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The company meets its day-to-day working capital requirements from cash reserves and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. 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 three years.

Notes to the financial statements

For the year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

e. Tangible fixed assets

Tangible fixed assets are stated at cost, 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:

Long leasehold land and buildings	2.5% per annum
Motor vehicles	20% to 33% per annum
Plant and machinery	14% to 33% per annum
Production tooling	25% per annum

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at 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 intends either 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) Investments

Investments in subsidiaries and associates are measured at cost less impairment.

(iii) Equity instruments

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

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Notes to the financial statements

For the year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

g. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling prices, less further costs expected to be incurred to completion and disposal. Cost is calculated using standard costs adjusted for recorded variances to approximate the FIFO (first-in, first-out) method. Standard costs are updated annually to ensure a close relationship with actual costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

h. Impairment of assets

Assets 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.

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.

i. 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.

Notes to the financial statements

For the year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

i. Taxation (continued)

The company is part of a group of companies which are eligible to claim current year tax losses from other group companies. The company's current year tax charge recognises the benefit of tax losses claimed under group relief if there is sufficient evidence at the time of preparation that such losses are available. Changes arising to the company's tax charge as a result of the benefit of tax losses are reflected in the financial statements as prior year adjustments in financial statements for subsequent years.

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.

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.

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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

j. Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue is recognised on transfer of the risks and rewards of ownership of goods to the customer. This is generally on despatch of goods, in accordance with the company's standard terms of business. This also applies to the majority of service revenue, which largely represents repair and maintenance of customers' equipment: the revenue is recognised at the time the repaired equipment is despatched to the customer.

For other service revenue, including the provision of training in the correct operation of Radiodetection equipment, revenue is recognised at the time the service is provided to the customer.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

k. Employee benefits

For defined contribution pension schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Notes to the financial statements

For the year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

k. Employee benefits (continued)

Radiodetection Limited sponsors two defined benefit plans. For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, 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 credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

l. 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.

m. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

n. Share-based payments

The company operates a share-based payments scheme for certain of its employees. Equity instruments in SPX Corporation are awarded at no exercise price to the recipient. Awards are equity-settled at their gross value net of associated income tax liabilities. To the extent that the value of shares required is in excess of a round number of shares, the excess value is settled in cash.

Each award is valued at the grant date, and the value is recognised as an expense over the vesting period. The company reimburses SPX Corporation for the value of shares issued, and the company recognises liabilities for the reimbursement due for shares that have not yet vested. Changes in the value of liabilities due to fluctuations in the share price of SPX Corporation between the grant date and vesting date are recognised directly through equity as either capital contributions from or distributions to the parent company.

Notes to the financial statements

For the year ended 31 December 2017

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.

Key source of estimation uncertainty – impairment of investments

Determining whether investments 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 investment and a suitable discount rate in order to calculate present value. The future cash flow estimate is based on the subsidiaries' current financial performance adjusted to take into account the future sales and operational initiatives detailed in their strategic plan. The discount rate used of 12% is based on the ultimate parent company's cost of capital used for capital investments. A reduction of 129% in the estimated future cash flows would be required to cause an impairment in the carried investment value.

Key source of estimation uncertainty – defined benefit pension scheme actuarial assumptions

The actuarial valuations of the defined benefit obligations require assumptions to be made regarding price inflation based on an average RPI, discount rates based on high quality corporate bonds, mortality rates based on the CMI mortality projections model and future increases in pension benefits based on LPI. The professional actuaries for each plan propose suitable values for the assumptions, and the company reviews these to ensure that they are suitable. A reduction of 1% of the present value of the defined benefit obligations would be required to change the net asset recognized on the balance to a net liability.

3. TURNOVER AND REVENUE

The directors are of the opinion that the company's activities comprise one class of business.

An analysis of the company's turnover by geographical market is set out below:

	2017 £'000	2016 £'000
Turnover		
United Kingdom	13,612	12,485
Rest of Europe	8,995	7,935
USA	17,801	15,667
Asia	8,106	8,949
Other overseas countries	6,014	4,821
	<u>54,528</u>	<u>49,857</u>

Notes to the financial statements

For the year ended 31 December 2017

3. TURNOVER AND REVENUE (continued)

An analysis of the company's revenue is as follows:

	2017 £'000	2016 £'000
Sale of goods	52,606	48,379
Rendering of services	1,922	1,478
Turnover and total revenue	54,528	49,857

4. FINANCE INCOME

	2017 £'000	2016 £'000
Bank interest (receivable)	3	59
Net interest on defined benefit assets (see note 22)	28	346
	31	405

5. PROFIT BEFORE TAXATION

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

	2017 £'000	2016 £'000
Depreciation of tangible fixed assets (note 12)	226	229
Amortisation of intangible assets (note 11)	56	48
Research and development expenditure	2,170	1,781
Operating lease rentals	224	201
Foreign exchange gains	(72)	(170)
Cost of stock recognised as an expense	20,778	18,903
Impairment of stock recognised as an expense	270	340
Reversal of impairment of stock	(283)	(195)
Auditor's remuneration:		
- the audit of the company's annual financial statements	84	84
- taxation compliance services	35	21

The impairment of stock arose as a result of anticipated future demand for the items being insufficient to ensure the recoverability of the carrying value of the stock.

The reversal of past impairment losses arose as a result of unforeseen demand for stock items previously impaired.

Impairments, reversal of impairments of fixed assets, intangible assets and stocks and amortisation of intangible assets are included in administrative expenses.

Notes to the financial statements
For the year ended 31 December 2017

6. STAFF NUMBERS AND COSTS

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

	2017 Number	2016 Number
Production	61	63
Sales	40	39
Administration	28	29
Engineering	35	32
	<u>164</u>	<u>163</u>

Their aggregate remuneration comprised:

	£'000	£'000
Wages and salaries	6,933	6,246
Social security costs	634	581
Defined benefit pension costs (see note 22)	443	52
Other pension costs	420	414
Share-based payments	103	8
	<u>8,533</u>	<u>7,301</u>

7. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2017 £'000	2016 £'000
Directors' remuneration:		
Emoluments	239	234
Company contributions to money purchase pension schemes	19	19
	<u>258</u>	<u>253</u>

	Number	Number
The number of directors who:		
Are members of a defined benefit pension scheme	-	-
Are members of a money purchase pension scheme	1	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	<u>1</u>	<u>1</u>

Notes to the financial statements

For the year ended 31 December 2017

7. DIRECTORS' REMUNERATION AND TRANSACTIONS (continued)

	2017 £'000	2016 £'000
Remuneration of the highest paid director:		
Emoluments	239	234
Company contributions to defined contribution pension schemes	19	19

The remuneration of the other directors was borne by other group companies for both years. The other directors spend an insignificant portion of their time on the affairs of the company and no amount has been allocated in respect of their emoluments relating to services provided to the company (2016: £nil).

There were no directors who were members of defined benefit or target benefit pension schemes in 2017 (2016: none). Shares were received and receivable by one director under long-term incentive schemes as described further in note 9 (2016: one director).

8. TAX ON PROFIT

The tax charge comprises:

	2017 £'000	2016 £'000
Current tax on profit		
UK corporation tax	1,790	2,316
Adjustments in respect of prior years		
UK Corporation tax	(1,319)	-
Total current tax	471	2,316
Deferred tax		
Origination and reversal of timing differences	(33)	217
Changes in tax rates	2	46
Total deferred tax	(31)	263
Total tax on profit	440	2,579

Adjustment in respect of prior years is a result of an amendment to the patent box deduction.

The standard blended rate of tax applied to reported profit on ordinary activities is 19.25 per cent (2016: 20 per cent).

Deferred taxes are valued at 17%, based on the future tax rates introduced in the Finance Act 2016 (2016: 17%, based on the future tax rates introduced in the Finance Act 2016).

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

Notes to the financial statements

For the year ended 31 December 2017

8. TAX ON PROFIT (continued)

Factors affecting the future tax charge

In the budget on 8 July 2015, the government announced reductions in the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. The current tax rate of 19.25% is the average of 20% for three months to 1 April 2017 and 19% for the remaining nine months. Furthermore on 16 March 2016 the UK Government has proposed that the UK corporation tax rate will now fall to 17% with effect from 1 April 2020. These changes were substantively enacted in September 2016.

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 before tax	21,292	19,635
	£'000	£'000
Tax on profit at standard UK corporation tax rate of 19.25 per cent (2016: 20.00 per cent)	4,099	3,931
Effects of:		
- Expenses not deductible for tax purposes	14	25
- Movements in short-term timing differences	4	21
- Depreciation in excess of capital allowances	(32)	(59)
- Patent box deduction	(823)	-
- Group relief	(1,298)	(1,490)
- R&D enhanced relief	(107)	(31)
- Defined benefit pension adjustment	(59)	(82)
- Adjustments in respect of prior years	(1,319)	-
- Deferred tax expense relating to origination and reversal of timing differences	(41)	218
- Deferred tax expense relating to changes in tax rates	2	46
Total tax charge for year	440	2,579

The standard rate of tax applied to reported profit on ordinary activities is 19.25 per cent (2016: 20.00 per cent). The applicable tax rate has changed in accordance with Section 6 of the Finance Act 2013.

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

Notes to the financial statements

For the year ended 31 December 2017

9. DIVIDENDS ON EQUITY SHARES

2017	2016
£'000	£'000

Amounts recognised as distributions to equity holders in the period:

There was no dividend declared for the year ended 31 December 2017
(2016: £49.56) per ordinary share

-	12,973
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10. SHARE-BASED PAYMENTS

The company operates a share-based payment scheme for certain of its employees. Equity instruments in SPX Corporation are awarded at no exercise price to the recipient. The awards vest in three equal instalments at one, two and three years after the date of award. Awards are forfeited if the employee leaves the group before the awards vest. Awards are equity-settled at their gross value net of associated income tax liabilities. To the extent that the value of shares required is in excess of a round number of shares, the excess value is settled in cash.

The company has taken advantage of the exemption available under FRS 102 relating to disclosures surrounding share-based payments on the basis that the arrangements concern equity instruments of SPX Corporation and equivalent disclosures are included in the consolidated financial statements of SPX Corporation.

11. INTANGIBLE FIXED ASSETS

	Software capitalisation £'000
Cost	
At 1 January 2017	927
Additions	93
	<hr/>
At 31 December 2017	1,020
	<hr/>
Amortisation	
At 1 January 2017	735
Charge for the year	56
	<hr/>
At 31 December 2017	791
	<hr/>
Net book value	
At 31 December 2017	229
	<hr/>
At 31 December 2016	192
	<hr/>

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss.

Notes to the financial statements
For the year ended 31 December 2017

12. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £'000	Motor vehicles £'000	Plant and machinery £'000	Production tooling £'000	Total £'000
Cost					
At 1 January 2017	2,628	109	3,964	2,340	9,041
Additions		5	122	-	127
At 31 December 2017	2,628	114	4,086	2,340	9,168
Depreciation					
At 1 January 2017	915	70	3,736	2,211	6,932
Charge for the year	81	16	68	61	226
At 31 December 2017	996	86	3,804	2,272	7,158
Net book value					
At 31 December 2017	1,632	28	282	68	2,010
At 31 December 2016	1,713	39	228	129	2,109

13. FIXED ASSET INVESTMENTS

Investments

The company has investments in the following subsidiary undertakings.

<i>Subsidiary undertakings</i>	Country of incorporation	Holding	%
Radiodetection BV	Netherlands	Ordinary shares	100
Radiodetection SARL	France	Ordinary shares	100
Radiodetection (Canada) Limited	Canada	Ordinary shares	100
Radiodetection (Hong Kong) Ltd	China	Ordinary shares	100
Dormant Radio Australia PTY Ltd	Australia	Ordinary shares	100
Radiodetection Australia PTY Limited	Australia	Ordinary shares	100
SPX Pension Trust Company Limited	United Kingdom	Ordinary shares	100

All shares are held directly by Radiodetection Limited.

Principal activity

Dormant Radio Australia PTY Ltd and Radiodetection (Hong Kong) Ltd are dormant.

SPX Pension Trust Company Limited acts as trustee of the SPX UK Pension Scheme.

The remaining companies' principal activities are the sale of equipment manufactured by Radiodetection Limited.

Notes to the financial statements

For the year ended 31 December 2017

13. FIXED ASSET INVESTMENTS (continued)

Registered offices

Radiodetection BV	Industriestraat 11, Heerenberg, Netherlands 7041 GD's, Netherlands
Radiodetection SARL	13 Grand Rue, Neuf Marché, France 76220, France
Radiodetection (Canada) Limited	344 Edgeley Blvd., Unit 34 Concord, Ontario, L4K 4B7, Canada
Radiodetection (Hong Kong) Ltd	Room 708, 7/F CC Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong
Dormant Radio Australia PTY Ltd	Unit 14, 5-7 Prosperity Parade, Warriewood, NSW 2102, Australia
Radiodetection Australia PTY Ltd	Unit 14, 5-7 Prosperity Parade, Warriewood, NSW 2102, Australia
SPX Pension Trust Company Ltd	Genoa House, Everdon Park, Daventry, Northamptonshire, NN11 5YJ, UK

Subsidiary undertakings

Cost	£'000
At 1 January 2017 and at 31 December 2017	7,243
Provisions for impairment	
At 1 January 2017 and at 31 December 2017	5,594
Carrying value	
At 31 December 2016 and at 31 December 2017	1,648

Subsidiary undertakings have not been consolidated by Radiodetection Limited as permitted by s.401 of the Companies Act 2006 as they are consolidated in the financial statements of SPX Corporation. The impairment of investments arose as a result of the forecasted future cash flows for one subsidiary being lower than the carrying value of the investment.

14. STOCKS

	2017 £'000	2016 £'000
Raw materials and consumables	1,677	1,546
Work in progress	186	146
Finished goods and goods for resale	1,178	1,159
	<u>3,041</u>	<u>2,851</u>

15. DEBTORS

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	5,080	4,546
Amounts owed by group undertakings	828	140
Income tax receivable	119	-
VAT	79	143
Other debtors	1	11
Prepayments and accrued income	308	306
	<u>6,415</u>	<u>5,146</u>

Notes to the financial statements
For the year ended 31 December 2017

16. DEFERRED TAX ASSET

The deferred tax asset comprises the following:

	2017 £'000	2016 £'000
Depreciation in excess of capital allowances	148	180
Other timing differences	74	83
	<u>221</u>	<u>263</u>
		Deferred tax asset £'000
At 1 January 2017		263
Origination and reversal of timing differences		(42)
Changes in tax rates		-
At 31 December 2017		<u>221</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.

None of the deferred tax asset is expected to reverse during 2018.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Payments received on account	32	9
Trade creditors	5,778	4,946
Amounts owed to group undertakings	584	1,196
Corporation tax	329	1,340
Other taxation and social security	195	187
Accruals and deferred income	804	274
Other creditors	-	73
	<u>7,722</u>	<u>8,025</u>

Notes to the financial statements
For the year ended 31 December 2017

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £'000	2016 £'000
Amounts owed to group undertakings	128	167
Defined benefit pension liability (note 22)	121	181
Accruals and deferred income	-	19
	<u>249</u>	<u>367</u>

19. PROVISIONS FOR LIABILITIES

	Product warranties £'000	Deferred tax liability £'000	Total £'000
At 1 January 2017	14	130	144
Charged to profit and loss account	21	(73)	(52)
Charged to statement of changes in equity	-	569	569
Utilisation of provision	(21)	-	(21)
At 31 December 2017	<u>14</u>	<u>626</u>	<u>640</u>

Product warranties

The warranty provision is established to recognise known and expected claims against delivered products within the contractual warranty period for such sales. The expenditure is expected to be incurred within 12 months of the balance sheet date.

Deferred tax liability

The deferred tax liability relates to temporary timing differences on the defined benefit pension surplus. 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.

None of the deferred tax liability is expected to reverse during 2017.

20. CALLED-UP SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, called-up and fully-paid 261,751 ordinary shares of £1 each	<u>262</u>	<u>262</u>

The company has one class of ordinary shares which carry no right to fixed income.

Notes to the financial statements

For the year ended 31 December 2017

21. FINANCIAL COMMITMENTS

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

	2017 £'000	2016 £'000
- within one year	150	138
- between one and five years	125	141
- after five years	710	718
	<u>985</u>	<u>997</u>

22. EMPLOYEE BENEFITS

Defined contribution schemes

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2017 was £420,000 (2016: £414,000).

Defined benefit schemes

The company participates in two group defined benefit schemes for qualifying employees:

The SPX UK Pension Scheme (previously the SPX UK Pension Plan) and the related costs are assessed in accordance with the advice of professionally qualified actuaries, Towers Watson.

The Dezurik International – Stanplan F scheme and the related costs are assessed in accordance with the advice of professionally qualified actuaries, KPMG.

SPX UK Pension Scheme and SPX UK Pension Plan

The SPX UK Pension Scheme and SPX UK Pension Plan are funded defined benefit plans.

The SPX UK Pension Plan closed to future accrual on 1 March 2015. During 2015, a new pension scheme "SPX UK Pension Scheme" was set up and Radiodetection Limited is the single sponsoring employer of this new arrangement.

The wind-up of the SPX UK Pension Plan was triggered during 2015. As part of the wind-up, certain members with relatively low value benefits were offered a winding-up lump sum to extinguish their benefit entitlement in the SPX UK Pension Plan. Now allowance is made for a settlement gain or loss from these lump sums as they are expected to be relatively small; however, the lump sums paid have been included in the benefits paid during 2015.

The remaining liabilities and the majority of the assets were transferred from the SPX UK Pension Plan to the SPX UK Pension Scheme in 2015. Although the wind-up of the SPX UK Pension Plan was triggered in 2015, it had not been completed ahead of 31 December 2015. As such, the SPX UK Pension Plan held approximately £0.6m of residual assets as at 31 December 2015. The residual assets of the Plan were transferred into the Scheme during 2016. Therefore, at 31 December 2016, the Plan does not hold any assets or have any liabilities.

The company has aggregated the two pension schemes for the purposes of these notes as both are subject to the same rules and risks, and any assets remaining once the wind-up of the SPX UK Pension Plan is complete will pass to the SPX UK Pension Scheme.

Notes to the financial statements

For the year ended 31 December 2017

22. EMPLOYEE BENEFITS (continued)

In December 2014, the majority of pensioner and dependent liabilities were bought out with Just Retirement. Since then, the Scheme's administrators and Just Retirement have worked to cleanse the membership data and, in October 2016, the Trustee paid a true-up premium of £842,000 to Just Retirement in respect of the additional liabilities arising from the data cleanse activities.

A comprehensive actuarial valuation was carried out by the trustees as at 24 February 2016 for funding purposes. The company has employed an independent actuary to approximately update the results from the 24 February 2016 actuarial valuation allowing for differences between the actuarial assumptions used for funding purposes and those adopted by the company to measure the Defined Benefit Obligation, as well as adjusting for benefits paid, accrual of benefits and special events between 31 March 2013 and 31 December 2017.

There is no contractual agreement or stated policy for charging the net defined benefit cost and therefore the sponsoring employer of the scheme recognises the whole of the scheme surplus or deficit in its financial statements.

The total cost related to the schemes was:

	2017 £'000	2016 £'000
Recognised as income in the profit or loss account	443	(52)
Cost recognised in other comprehensive income	(3,345)	9,156
	<u>(2,902)</u>	<u>9,104</u>

The amount included in the balance sheet arising from the company's reimbursement rights in respect of the schemes is as follows:

	£'000	£'000
Present value of defined benefit obligations	(94,754)	(96,793)
Fair value of scheme assets	99,848	97,560
Net asset recognised in the balance sheet	<u>5,094</u>	<u>767</u>

Movements in the value of defined benefit obligation were as follows:

	£'000	£'000
At 1 January	96,793	72,687
Effect of employee service in the current period	-	-
Interest cost on the defined benefit obligation	2,409	2,687
Remeasurement of the defined benefit obligation	207	24,306
Scheme introductions, changes, curtailments and settlements	(3,036)	(842)
Scheme participants' contributions	-	-
Benefits paid from scheme assets	(1,619)	(2,045)
Termination benefits	-	-
At 31 December	<u>94,754</u>	<u>96,793</u>

Notes to the financial statements
For the year ended 31 December 2017

22. EMPLOYEE BENEFITS (continued)

Movements in the fair value of scheme assets were as follows:

	2017 £'000	2016 £'000
At 1 January	97,560	82,266
Interest income on scheme assets	2,441	3,031
Return on scheme assets greater than discount rate	3,552	15,150
Scheme introductions, changes, curtailments and settlements	(3,063)	(842)
Employer contributions	1,425	292
Scheme participants' contributions	-	-
Benefits paid	(1,619)	(2,045)
Administrative costs paid	(448)	(292)
At 31 December	99,848	97,560
	£'000	£'000
Return on scheme assets	5,993	18,181

Movements in the reimbursement right recognised as an asset were:

	£'000	£'000
At 1 January	767	9,579
Effect of employee service in the current period	-	-
Interest income	32	344
Remeasurement of the defined benefit obligation	(207)	(24,306)
Return on scheme assets greater than discount rate	3,552	15,150
Scheme introductions, changes, curtailments and settlements	(27)	-
Employer contributions - paid by Radiodetection Limited	1,425	292
Employer contributions - paid by other group companies	-	-
Termination benefits	-	-
Administrative costs paid	(448)	(292)
At 31 December	5,094	767

The scheme assets comprise the following:

	2017	2016
Equity securities	46.6%	37.8%
Debt securities	53.4%	62.2%
Real estate/property	0.0%	0.0%
Other assets	0.0%	0.0%
	100%	100.0%

None of the scheme assets includes any of the company's own financial instruments (2016: £nil), nor are any of the scheme assets occupied by, or in use by, the company (2016: £nil).

Notes to the financial statements

For the year ended 31 December 2017

22. EMPLOYEE BENEFITS (continued)

The principal actuarial assumptions used were:

	2017	2016
Discount rate	2.40%	2.55%
Price inflation (RPI)	3.30%	3.40%
Rate of salary increase	N/A	N/A
Pension increases for in-payment benefits	3.05%	3.10%
Pension increases for deferred benefits	2.30%	2.40%
Male life expectancy at age 65	21.7	22.0
Female life expectancy at age 65	24.3	24.3
Male life expectancy at age 65 in 2030	23	23.7
Female life expectancy at age 65 in 2030	25.8	26.1

Dezurik International – Stanplan F

On 24 September 2015, Radiodetection Limited became the sponsoring employer of the Dezurik International – Stanplan F, which is a defined benefit arrangement. All benefit accruals under the scheme ceased with effect from 30 September 1999, although the wind-up on the scheme has not been triggered.

A full actuarial valuation was carried out at 26 January 2018 and the defined benefit obligation has been adjusted to the reporting date of 31 December 2017 using an approximate roll-forward approach, allowing for benefits paid to members over the period.

During 2017, Radiodetection Limited has paid employer contributions of £140,000 (2016: £170,004).

The total cost related to the scheme was:

	2017 £'000	2016 £'000
Recognised as expense in the profit and loss account	82	104
Expense recognised in other comprehensive income	(2)	279
	<u>80</u>	<u>383</u>

The amount included in the balance sheet arising from the company's reimbursement rights in respect of the scheme is as follows:

	£'000	£'000
Present value of defined benefit obligations	(6,410)	(6,221)
Fair value of scheme assets	<u>6,289</u>	<u>6,040</u>
Net liability recognised in the balance sheet	<u>(121)</u>	<u>(181)</u>

Notes to the financial statements
For the year ended 31 December 2017

22. EMPLOYEE BENEFITS (continued)

Movements in the value of defined benefit obligation were as follows:

	2017 £'000	2016 £'000
At 1 January	6,221	5,132
Transferred on 24 September	-	-
Interest cost on the defined benefit obligation	157	191
Remeasurement of the defined benefit obligation	165	1,120
Benefits paid from scheme assets	(133)	(222)
At 31 December	6,410	6,221

Movements in the fair value of scheme assets were as follows:

	£'000	£'000
At 1 January	6,040	5,164
Transferred on 24 September	-	-
Interest income on scheme assets	153	193
Return on scheme assets greater than discount rate	167	841
Employer contributions	140	170
Benefits paid	(133)	(222)
Administrative costs paid	(78)	(106)
At 31 December	6,289	6,040

	£'000	£'000
Return on scheme assets	320	1,034

Movements in the net liability/reimbursement right recognised as an asset were:

	£'000	£'000
At 1 January	(181)	32
Transferred on 24 September	-	-
Interest income	(4)	2
Remeasurement of the defined benefit obligation	(165)	(1,120)
Return on scheme assets greater than discount rate	167	841
Employer contributions	140	170
Administrative costs paid	(78)	(106)
At 31 December	(121)	(181)

Notes to the financial statements
For the year ended 31 December 2017

22. EMPLOYEE BENEFITS (continued)

The scheme assets comprise the following:

	2017	2016
Equity securities	72.6%	69.4%
Debt securities	27.1%	29.6%
Other assets	0.3%	1.0%
	<u>100%</u>	<u>100.0%</u>

None of the scheme assets includes any of the company's own financial instruments (2016: £nil), nor are any of the scheme assets occupied by, or in use by, the company (2016: £nil).

The principal actuarial assumptions used were:

	2017	2016
Discount rate	2.40%	2.55%
Price inflation (RPI)	3.20%	3.25%
Pension increases (CPI max 5%)	2.20%	2.25%
Male life expectancy at age 65	22.1	21.7
Female life expectancy at age 65	23.9	24.2
Male life expectancy at age 65 in twenty years	23.5	23.2
Female life expectancy at age 65 in twenty years	25.5	26.8

23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard SPX Corporation, a company incorporated in the United States of America, as the ultimate parent company and the ultimate controlling party.

SPX Corporation is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. The consolidated financial statements of SPX Corporation are available to the public and may be obtained from the company's website (www.spx.com). The registered office of SPX Corporation is 13320-A Ballantyne Corporate Place, Charlotte, NC 28277, U.S.A.