Registration number: 01960638

Precision House Management Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

Precision House Management Services Limited

Contents

Company Information	1
Strategic Report	2
Directors Report	3 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 7
Profit and Loss Account	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 25

Precision House Management Services Limited

Company Information

Directors	G P Martin S A Peckham G E Barnes
Company secretary	A D C Westley
Registered office	11th Floor The Colmore Building 20 Colmore Circus Queensway Birmingham West Midlands B4 6AT
Auditors	Deloitte LLP Chartered Accountants London United Kingdom

Precision House Management Services Limited

Strategic Report for the Year Ended 31 December 2015

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

Principal activity
The Company's principal activity is to act as a head office function. The Directors do not expect any change in this activity for the forseeable future.

Fair review of the business
The operating loss for the year ended 31 December 2015 was £1,427,000 (year ended 31 December 2014: loss of £3,539,000). The retained loss for the year ended 31 December 2015 was £2,029,000 (year ended 31 December 2014: loss of £4,038,000).

The Company considers its key performance indicators to be in line with those of Melrose Industries PLC as disclosed in the Strategic Report of the 2015 Annual Report.

Principal risks and uncertainties
The Company considers its principal risks and uncertainties to be in line with those of Melrose Industries PLC as disclosed in the Performance Review section of the 2015 Annual Report.

Financial risk management

The Company's activities expose it to a number of financial risks including liquidity risk.

Principal risks

Liquidity risk
To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.

Going concern
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 annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Approved by the Board on 8 July 2016 and signed on its behalf by:

....
G E Barnes
Director

Precision House Management Services Limited

Directors Report for the Year Ended 31 December 2015

The Directors present their report and the financial statements for the year ended 31 December 2015. An indication of likely future developments in the business of the Company is included in the Strategic Report. Information on financial risk management and going concern are also included in the Strategic Report.

Directors of the Company

The directors who held office during the year were as follows:

G P Martin

S A Peckham

G E Barnes

No director had a beneficial interest in the share capital of the Company, except for the fact that each Director held shares and/or options over shares in Melrose Industries PLC, the ultimate parent company and controlling party, and therefore had an indirect beneficial interest in the Company.

Dividends

The Directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2015 (year ended 31 December 2014: £nil).

Employment of disabled persons

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.

Employee involvement

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. The Company has developed a wide range of voluntary practices and procedures for employee involvement. The Company encourages this approach to provide information and consultation and believes this promotes understanding of the issues facing the individual business in which the employee works.

It is Company policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged.

Directors liabilities

The ultimate parent undertaking has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report.

Precision House Management Services Limited

Directors Report for the Year Ended 31 December 2015

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Approved by the Board on 8 July 2016 and signed on its behalf by:

....

G E Barnes
Director

Precision House Management Services Limited

Statement of Directors' Responsibilities

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Precision House Management Services Limited

Independent Auditor's Report to the members of Precision House Management Services Limited

We have audited the financial statements of Precision House Management Services Limited for the year ended 31 December 2015, set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Precision House Management Services Limited

Independent Auditor's Report to the members of Precision House Management Services Limited

Matters on which we are required to report by exception

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

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

Helen Burridge
....
Helen Burridge (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

London
United Kingdom

8 July 2016

Precision House Management Services Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Administrative expenses		(1,427)	(3,539)
Operating loss	4	(1,427)	(3,539)
Interest payable and similar charges	6	(602)	(499)
Loss before tax		(2,029)	(4,038)
Tax on loss on ordinary activities	8	-	-
Loss for the year		(2,029)	(4,038)

The above results were derived from continuing operations.

Precision House Management Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	2015 £ 000	2014 £ 000
Loss for the year	(2,029)	(4,038)
Total comprehensive income for the year	(2,029)	(4,038)

Precision House Management Services Limited

(Registration number: 01960638)
Balance Sheet as at 31 December 2015

	Note	2015 £ 000	Restated 2014 £ 000
Fixed assets			
Intangible assets	9	120	225
Property, plant and equipment	10	149	253
		269	478
Current assets			
Trade and other receivables	11	-	72
Creditors: Amounts falling due within one year			
Trade and other payables	12	(21,540)	(19,792)
Net current liabilities		(21,540)	(19,720)
Net liabilities		(21,271)	(19,242)
Capital and reserves			
Called up share capital	14	1,000	1,000
Profit and loss account		(22,271)	(20,242)
Shareholders' deficit		(21,271)	(19,242)

Approved by the Board on 8 July 2016 and signed on its behalf by:

....

G E Barnes

Director

Precision House Management Services Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2014	1,000	(16,204)	(15,204)
Loss for the year	-	(4,038)	(4,038)
Total comprehensive income	-	(4,038)	(4,038)
At 31 December 2014	1,000	(20,242)	(19,242)

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015	1,000	(20,242)	(19,242)
Loss for the year	-	(2,029)	(2,029)
Total comprehensive income	-	(2,029)	(2,029)
At 31 December 2015	1,000	(22,271)	(21,271)

1 General information

The Company is a private company limited by share capital incorporated in England & Wales under the Companies Act 1985. The nature of the Company's operations and its principal activity are set out in the Strategic Report.

The address of its registered office is:
11th Floor
The Colmore Building
20 Colmore Circus Queensway
Birmingham
West Midlands
B4 6AT

These financial statements were authorised for issue by the Board on 8 July 2016.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Basis of preparation
The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
• Level 3 inputs are unobservable inputs for the asset or liability.

2 Accounting policies (continued)

Transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Further information regarding the transition, including the impact on reserves is shown in note 17.

Summary of disclosure exemptions

As permitted by FRS 101 and where relevant, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Melrose Industries PLC, which are available to the public and can be obtained from 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT.

Going concern

The financial statements have been prepared on a going concern basis.

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 Strategic Report describes the Company's objectives, policies and processes for managing its principal risks, including liquidity risk. The Company's forecasts and projections, including consideration of the availability of finance, show that the Company should be able to continue to operate for the foreseeable future.

After making enquiries and considering the above facts, 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.

Adoption of new and revised Standards

The Company has adopted all mandatory standards, interpretations and amendments that have become effective with effect from 1 January 2015. None of the standards, interpretations and amendments that are effective for the first time have had a material effect on the financial statements.

Finance income and costs policy

Finance costs

Where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

Tax

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

2 Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life. Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period. Depreciation is provided as follows:

Asset class	**Depreciation rate**
Fixture and fittings	3 to 5 years

Intangible assets
Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, on a straight-line basis over their expected useful economic life as follows:

Asset class	**Amortisation rate**
Software licences	3 to 5 years

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2 Accounting policies (continued)

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating 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.

Impairment of non-financial assets
At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

2 Accounting policies (continued)

Financial assets and liabilities

Classification

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2 Accounting policies (continued)

Impairment

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences 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. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 Accounting policies (continued)

Financial liabilities
Classification

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Recognition and measurement

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, 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.

The following are the critical judgements, including those involving key sources of estimation uncertainty, that the Directors have made in the process of applying the Company's accounting policies. These have the most significant effect on the amounts recognised in the financial statements or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of non-current assets

Non-current assets are tested for impairment whenever events or circumstances indicate that their carrying amounts might be impaired. Such events and circumstances would include the effects of restructuring initiated by management.

Where such events and circumstances are identified, to determine whether non-current assets are impaired requires an estimation of the asset's recoverable amount. Management use their judgement in estimating the recoverable amount of each asset, which may be based upon the asset's value in use or its fair value less costs to sell. Where applicable, the value in use calculation requires management to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate the net present value. Such calculations require judgement relating to the appropriate discount factors and long-term growth prevalent in a particular market as well as short and medium term business plans. Management draw upon experience as well as external resources in making these judgements.

4 Operating loss

Arrived at after charging/(crediting)

	2015 £ 000	2014 £ 000
Depreciation expense	121	140
Amortisation expense	105	105
Staff costs	472	1,990
Operating lease rentals	141	172

5 Auditors' remuneration

The fees payable to the Company's auditor for the audit of the financial statements of £3,000 (year ended 31 December 2014: £3,000) were borne by a fellow Group undertaking.

6 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Interest on loans from Group undertakings	602	481
Unwind of discount on provisions	-	18
	602	499

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015 £ 000	2014 £ 000
Wages and salaries	347	1,662
Social security costs	91	223
Pension costs, defined contribution scheme	34	105
	472	1,990

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2015 No.	2014 No.
Administration and support	4	19

8 Income tax

Tax charged/(credited) in the income statement

	2015 £ 000	2014 £ 000
Total current income tax	-	-
Tax charge/(credit) in the income statement	-	-

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2014: higher than the standard rate of corporation tax in the UK) of 20.25% (2014: 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Loss before tax	(2,029)	(4,038)
Corporation tax at standard rate	(411)	(868)
Non-taxable income	-	(77)
Expenses not deductible in determining taxable profit	6	62
Group relief at nil consideration	382	844
Change in unrecognised deferred tax assets	23	-
Other timing differences	-	39
Total tax charge/(credit)	-	-

9 Intangible assets

	Computer software £ 000	Total £ 000
Cost or valuation		
At 1 January 2015	360	360
At 31 December 2015	360	360
Amortisation		
At 1 January 2015	135	135
Amortisation charge	105	105
At 31 December 2015	240	240
Carrying amount		
At 31 December 2015	120	120
At 31 December 2014	225	225

10 Property, plant and equipment

	Plant and equipment £ 000	Total £ 000
Cost or valuation		
At 1 January 2015	435	435
Additions	17	17
At 31 December 2015	452	452
Depreciation		
At 1 January 2015	182	182
Charge for the year	121	121
At 31 December 2015	303	303
Carrying amount		
At 31 December 2015	149	149
At 31 December 2014	253	253

11 Trade and other receivables

	2015 £ 000	2014 £ 000
Prepayments and accrued income	-	57
Other receivables	-	15
	-	72

12 Trade and other payables - amounts falling due within one year

	2015 £ 000	2014 £ 000
Trade payables	10	63
Accruals and deferred income	-	542
Amounts due to Group undertakings	21,530	19,187
	21,540	19,792

13 Pension schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £34,000 (2014: £105,000).

There were no amounts prepaid or payable to the scheme at the end of the current year or the prior year.

14 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	Number	£ 000	Number	£ 000
Ordinary share of £1 each	1,000,000	1,000	1,000,000	1,000

15 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2015 £ 000	2014 £ 000
Within one year	222	183
In two to five years	389	549
	611	732

The amount of non-cancellable operating lease payments recognised as an expense during the year was £141,000 (2014: £172,000)

16 Controlling party

The Company's immediate parent company is Melrose PLC, a company incorporated in England & Wales.

The ultimate parent company and controlling party is Melrose Industries PLC, a company incorporated in England & Wales.

The parent of the smallest and largest group in which these financial statements are consolidated is Melrose Industries PLC, incorporated in England & Wales.

Consolidated financial statements are available from:
11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT.

17 Transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

The transition from UK GAAP to FRS 101 has had no significant effect on the Balance Sheet at either 1 January 2014 or 31 December 2014, or on the Profit and Loss Account for the year ended 31 December 2014. As a result of the transition, computer software was reclassified from tangible fixed assets to intangible fixed assets, the amounts reclassified were £150,000 as at 1 January 2014 and £225,000 as at 31 December 2014.

17 Transition to FRS 101 (continued)

Balance sheet at 1 January 2014

	As originally reported £ 000	Reclassification £ 000	As restated £ 000
Fixed assets			
Intangible assets	-	150	150
Tangible fixed assets	536	(150)	386
	536	-	536
Current assets			
Debtors	115	-	115
Creditors: Amounts falling due within one year	(15,221)	-	(15,221)
Net current assets/(liabilities)	(15,106)	-	(15,106)
Total assets less current liabilities	(14,570)	-	(14,570)
Provisions for liabilities	(634)	-	(634)
Net assets/(liabilities)	(15,204)	-	(15,204)
Capital and reserves			
Share capital	1,000	-	1,000
Profit and loss account	(16,204)	-	(16,204)
Shareholders' funds/(deficit)	(15,204)	-	(15,204)

17 Transition to FRS 101 (continued)

Balance sheet at 31 December 2014

	As originally reported £ 000	Reclassification £ 000	As restated £ 000
Fixed assets			
Intangible assets	-	225	225
Tangible fixed assets	478	(225)	253
	478	-	478
Current assets			
Debtors	72	-	72
Creditors: Amounts falling due within one year	(19,792)	-	(19,792)
Net current assets/(liabilities)	(19,720)	-	(19,720)
Net assets/(liabilities)	(19,242)	-	(19,242)
Capital and reserves			
Share capital	1,000	-	1,000
Profit and loss account	(20,242)	-	(20,242)
Shareholders' funds/(deficit)	(19,242)	-	(19,242)