

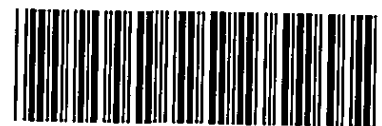
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# **Eaton Holding Limited**

## **Report and Financial Statements**

31 December 2011

WEDNESDAY



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16/01/2013

#327

COMPANIES HOUSE

**Directors**

P C Banning  
I B Yule  
J M Ward

**Secretary**

P C Banning

**Auditors**

Ernst & Young LLP  
G1  
5 George Square  
Glasgow G2 1DY

**Solicitors**

Dundas & Wilson CS  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EN

**Registered Office**

PO Box 554  
Abbey Park  
Southampton Road  
Titchfield PO14 4QA

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

### Results and dividends

The profit for the year after taxation amounted to £39,160,000 (2010 – loss of £5,482,000) In accordance with company legislation, no dividend is payable (2010-£nil)

### Principal activities and review of the business

The principal activity of the company is that of an investment holding company During the year, the Company acquired investments in Eaton Power Solutions Limited, Eaton Power Quality Limited and Eaton Holdings II Limited from a fellow Group company in exchange for the issue of share capital The company recognised a share premium equal to the difference between the par value of the shares issued and the fair market value of the investments acquired The investments in Eaton Power Solutions Limited and Eaton Power Quality Limited were subsequently transferred to another Group company

Profit for 2011 included dividends received from Eaton Limited totalling £42,100,000 Other gains in the period related principally to foreign exchange on intercompany loans Interest payable increased slightly from £4,110,000 to £4,290,000

### Key performance indicators

Measurement of the company's performance is consistently applied and control is exercised by local and divisional management The company has a budgeting system in place whereby actual performance is measured against budget on a monthly reporting timetable

### Future developments

The company expects similar activity in 2012 continuing as a holding company

### Principal risks and uncertainties

In view of its limited activities, the company is only exposed to risks arising from

- Interest rate risk The company has mitigated the risk to its position from changes in interest rates on the loans outstanding by agreeing that interest payable can be rolled up and added to the loan balance
- Investment risk, in that the value of its investments could fall below their historical cost carrying value To mitigate this risk, the directors undertake periodic impairment reviews to ensure that the present value of the investments, based on future cash-flows, exceeds the historic cost values

### Financial risk management objectives and policies

The company's policy does not permit trading in any financial instruments

The company has various other financial instruments such as intercompany creditors that arise directly from its financing operations

The main risks arising from the company's financial instruments are interest rates as explained above This is covered by intercompany financing arrangements

### Going Concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis The company's business activities, a review of the business and a description of the principal risks and uncertainties, together with the company's financial risk management processes and narrative regarding its exposure to key financial risks are outlined above

## Directors' report (continued)

### Going Concern (continued)

The company participates in the group's centralised treasury arrangements, which operate across the group and as such shares banking arrangements with its parent and fellow subsidiaries. Under such an arrangement, short term cashflow (both deficits and excesses) are managed by the group treasury to optimise the group's overall cash position. The directors have made enquiries with group treasury that there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Eaton Corporation to continue as a going concern or its ability to continue with the current banking arrangements.

The financial statements have been prepared under the going concern concept as the Directors have received confirmation that the company will continue to receive financial support from other Eaton group companies, who have agreed to provide adequate funds for the company to meet its liabilities as they fall due for at least a period of one year from the date of approval of these financial statements.

After making such enquiries, the directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the accounts.

### Directors

The directors who served the company during the year were as follows:

P C Banning

J M Ward

I B Yule

### Directors' qualifying third party indemnity provisions

The company has arranged insurance cover to indemnify one or more of its directors 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 remains in force as at the date of approving the directors' report.

### Disclosure of information to the auditors

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

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

### Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

On behalf of the Board



P C Banning  
Secretary

14/01/2013

## 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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,
- 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 proper 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.

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# **Independent auditors' report**

## **To the members of Eaton Holding Limited**

We have audited the financial statements of Eaton Holding Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. 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).

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 auditors**

As explained more fully in the Statement of Directors' Responsibilities on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

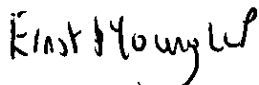
## Independent auditors' report (continued)

To the members of Eaton Holding 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



Annie Graham (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

14 January 2013.

## Profit and Loss Account

For the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Dividend income		42,100	-
Other operating gains/(charges)		1,350	(1,372)
<b>Operating profit/(loss)</b>		<b>43,450</b>	<b>(1,372)</b>
Interest payable and similar charges	3	(4,290)	(4,110)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>39,160</b>	<b>(5,482)</b>
Tax	4	-	-
<b>Profit/(loss) for the financial year</b>	9	<b>39,160</b>	<b>(5,482)</b>

All items in the profit and loss account relate to continuing operations

## Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £39,160,000 in the year ended 31 December 2011 (2010 - loss of £5,482,000)

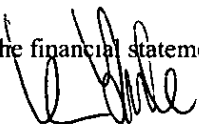


## Balance sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
<b>Fixed assets</b>			
Investments	5	138,754	138,754
<b>Creditors</b> amounts falling due within one year	6	(71,423)	(44,558)
<b>Net current liabilities</b>		(71,423)	(44,558)
<b>Total assets less current liabilities</b>		67,331	94,196
<b>Creditors</b> amounts falling due after more than one year	7	(46,900)	(182,025)
<b>Net Assets / (liabilities)</b>		20,431	(87,829)
<b>Capital and reserves</b>			
Called up share capital	8	2,000	2,000
Share premium account	9	136,660	67,560
Capital contribution reserve	9	17,682	17,682
Profit and loss account	9	(135,911)	(175,071)
<b>Shareholders' funds/(deficit)</b>	10	20,431	(87,829)

The financial statements were approved for issue by the Board of Directors on 14 January 2013

  
I B Yule  
Director

Company Registration Number 3316660

# Notes to the financial statements

at 31 December 2011

## 1. Accounting policies

### *Fundamental accounting concept*

The financial statements have been prepared under the going concern concept on the basis that the Directors have received confirmation that the company will continue to receive financial support from other Eaton group companies, who have agreed to provide adequate funds for the company to meet its liabilities as they fall due for at least a period of one year from the date of approval of these financial statements

### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with the applicable UK accounting standards

The company is exempt from preparing group financial statements, and has not done so, as it has utilised the exemption available to intermediate holding companies under section 401 of the Companies Act 2006

### *Statement of cash flows*

No statement of cash flows has been prepared as the company is entitled to an exemption under FRS 1

### *Investments*

Investments in subsidiary undertakings are held at cost. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

### *Deferred tax*

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### *Auditor remuneration*

Auditor remuneration costs are borne by another group company

## 2. Directors' emoluments

No director received, or was due to receive, any emoluments in connection with their service as a director of this company in either year

## 3. Interest payable and similar charges

	2011 £000	2010 £000
On loans due to fellow group undertakings	4,290	4,110

## Notes to the financial statements

at 31 December 2011

### 4. Tax

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are reconciled below

	2011 £000	2010 £000
Profit/(loss) on ordinary activities before tax	39,160	(5,482)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	10,377	(1,535)
<i>Effects of</i>		
Non-taxable income	(11,157)	-
Expenses not deductible for tax purposes	59	820
Group relief	721	715
Current tax for the year	-	-

#### *Factors affecting future tax charges*

In Budget 2011 on 23 March 2011, the Chancellor of the Exchequer announced a reduction in the UK rate of corporation tax to 26%. This reduced rate applied from 1 April 2011 and was enacted using secondary legislation, called the Provisional Collection of Taxes Act. A further 1% rate reduction to 25% was also announced and it was intended that this would be effective from 1 April 2012. However, in his budget of 21 March 2012, the Chancellor of the Exchequer announced a number of further changes to the UK Corporation Tax rate. These included a reduction in the UK corporation tax rate from 25% to 24% effective from 1 April 2012 (and substantively enacted as of 26 March 2012 and dealt with by Resolution under the Provisional Collection of Taxes Act). The UK government intends to further reduce the UK corporate income tax rate, to 22%, in annual increments of 1% per annum which will be enacted in successive Finance Bills. Consequently, the company will only recognise the impact of the rate change which is substantively enacted at that time in its financial statements.

## Notes to the financial statements

at 31 December 2011

### 5. Investments

	<i>Subsidiary undertakings £000</i>
Carrying value At 1 January 2011	138,754
<u>Acquisitions</u>	
Eaton Holdings II Limited	-
Eaton Power Quality Limited	52,300
Eaton Power Solutions Limited	16,800
<u>Disposals</u>	
Eaton Power Quality Limited	(52,300)
Eaton Power Solutions Limited	(16,800)
	<hr/>
At 31 December 2011	138,754 <hr/>

The company holds directly 100% of the ordinary share capital of Eaton Limited, Eaton Electric Limited, and Ultronic Limited (manufacturing companies) and Aphel Technologies Limited and Eaton Industries Limited (holding companies), incorporated in England and Wales

On 31 September 2011 the company acquired the entire share capital of Eaton Holdings II Limited, Eaton Power Quality Limited and Eaton Power Solutions Limited (manufacturing companies incorporated in England and Wales) at fair value as at the date of acquisition. The investments in Eaton Power Quality Limited and Eaton Power Solutions Limited were subsequently transferred to a fellow group company

The capital and reserves at 31 December 2011 and the profit / (loss) for the year then ended were as follows

	<i>Capital and reserves as at 31 December 2011 £000</i>	<i>Profit/(Loss) for the year ended 31 December 2011 £000</i>
<i>Name of undertaking</i>		
Eaton Limited	180,557	1,333
Eaton Electric Limited	4,890	(9,618)
Ultronic Limited	(19,748)	(1,880)
Eaton Industries Limited	(22,574)	(104,121)
Aphel Technologies Limited	506	-
Eaton Holdings II Limited	(20,371)	(1,045)
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## Notes to the financial statements

at 31 December 2011

### 6. Creditors. amounts falling due within one year

	2011 £000	2010 £000
Loans from group undertaking	71,242	44,558
Corporation tax payable	181	-
	<u>71,423</u>	<u>44,558</u>

### 7 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Loans from group undertaking	46,900	182,025
	<u>46,900</u>	<u>182,025</u>

The company's loans with other group companies bear interest at commercial rates, which are based on LIBOR. The directors have confirmed with other Eaton group companies that adequate funds will be provided for the company to meet its liabilities as they fall due.

The £46,900,000 loan is repayable no later than 2013 and is repayable earlier at the option of the borrower. It bears interest at a rate of LIBOR plus 0.25% per annum.

### 8. Issued share capital

	No	2011 £000	No	2010 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2,000,005	2,000	2,000,002	2,000
		<u>2,000</u>		<u>2,000</u>

During the year, 3 shares with a par value of £3 were issued in exchange for investments acquired from a fellow group company. A share premium of £69,099,997 was recognised, being equal to the difference between the par value of the shares and the fair value of the investments acquired.

### 9. Reserves

	Capital contribution reserve £000	Share premium account £000	Profit and loss account £000
At 1 January 2011	17,682	67,560	(175,071)
Premium on issue of shares	-	69,100	-
Profit for the year	-	-	39,160
At 31 December 2011	<u>17,682</u>	<u>136,660</u>	<u>(135,911)</u>

# Notes to the financial statements

at 31 December 2011

## 10. Reconciliation of movements in equity shareholder's funds

	2011 £000	2010 £000
Shareholder's deficit at 1 January	(87,829)	(82,347)
Profit/(loss) for the year	39,160	(5,482)
Premium on issue of shares	69,100	-
Shareholder's funds/(deficit) at 31 December	20,431	(87,829)

## 11. Related party transactions

The company has taken advantage of the exemption in FRS 8, paragraph C not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate parent undertaking. The company has not transacted with any other related parties in the year.

## 12. Ultimate parent undertaking and controlling party

On 22 September 2011 the company was acquired by Eaton Holding LLC, another group company, registered in the United States of America. The shares were transferred for nil consideration. The company's ultimate parent undertaking is Eaton Corporation which is incorporated in the United States of America. The only group of which the company is a member and for which group financial statements are prepared is that headed by Eaton Corporation. Copies of the 2011 Annual Report of Eaton Corporation can be obtained from the following address:

Eaton Corporation  
Eaton Centre  
Cleveland  
Ohio 44114-2584  
USA