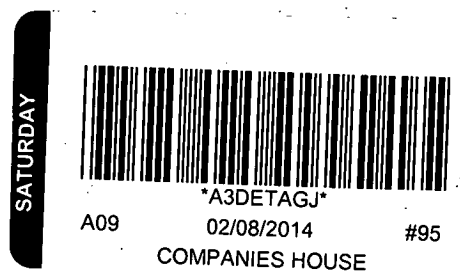


Registered Number: 190137

Megger Instruments Limited

Report and Financial Statements

30 November 2013



Megger Instruments Limited

Registered No: 190137

Directors

A R Hardie
L J Dyer
G Heritage
G R Margery
S Drennan
A Munn
S Martin
B Phillips

Secretary

L J Dyer

Auditor

Grant Thornton UK LLP
The Explorer Building
Fleming Way
Crawley
RH10 9GT

Registered office

Avocet House
Archcliffe Road
Dover
Kent
CT17 9EN

Directors' report

The directors present their report and accounts for the year ended 30 November 2013.

Certain aspects of reporting previously contained within the directors' report are now included within the strategic report on page 4. For completeness, the strategic report includes discussion on the following:

- Strategy of the company
- Performance and development of the company during the period
- Financial position at the end of the period
- Future development
- Risks and uncertainties facing the business

Principal activity

The company's principal activity continued to be the development and manufacture, marketing and distribution of electrical and electronic testing and measuring instruments.

Disposal of Investment

The investment was written down during the year by £500,000 due to impairment. Refer to note 9 for further details.

Going concern

A financial review of the results and financial position of Megger Group, which includes Megger Instruments Limited, occurs each month with the whole Board of Megger Instruments Limited and the board of Megger Group Limited. The company has considerable financial resources together with established long-term relationships with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks and liquidity successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The directors have reviewed the forecasts for the company for the following year and the predictions for growth in revenue and gross profit are conservative.

Employees

The company gives full consideration to applications for employment of disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

The company holds regular meetings with employee representatives to discuss the company's financial results, any significant operating issues, the future plans of the company and other matters of concern to its employees.

Their consultation is generally through informal channels, but is supplemented by an Information & Consultation Committee, whose members are elected by the employees.

Directors' report

Directors

The directors during the year and to the date of this report were as follows:

A R Hardie
L J Dyer
G Heritage
G R Margery
S Drennan
A Munn
S Martin
A Holland (to 4 February 2013)
B Phillips

Directors' qualifying third party indemnity provisions

The Company's parent undertaking has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Research and development activities

The company has a programme of research and development projects in order to develop new products in line with market demand and to respond to rapid change in new technology and a programme of current development projects which address on going enhancements to existing products.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s485(4) of the Companies Act 2006 a resolution to appoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

On behalf of the board



L J Dyer
Director
Date: 18 March 2014

Strategy Report

Strategy of the company

The strategy of Megger Instruments Limited reflects that of Megger Group Limited at 30 November 2013.

Performance and development of the company during the period

The profit for the year after taxation amounted to £5,430,000 (2012 - £5,265,000). The directors declared and paid a dividend of £4,700,000 (2012 - £3,800,000).

The company's key financial and other performance indicators during the year were as follows

	2013	2012	change
Turnover (£000)	28,719	26,583	8.0%
Total operating profit (£000)	7,036	6,775	3.9%
Average monthly number of employees	252	251	0.4%

The level of business increased in the year with revenue up 8%, driven by the additional revenues into Megger Limited, Germany, Switzerland and European Seba companies.

Research & Development spend increased by 6.5% due to continued investment in new products.

The operating profit increased by 3.9% in the year. Working capital increased during the year due to increased debtors (higher revenues in the last two periods of the year).

Staff numbers remained relatively unchanged.

Future development

The major programmes for the future of Megger Instruments Limited are to ensure that the Megger brand value is maintained. This includes increasing New Product Development effectiveness and improving New Product Development marketing outputs and processes. Investment in new product areas and expansion in the Communications Business unit along with investment in Lean Manufacturing techniques and operations throughout the company continues to be the major projects in the company.

Principal risks and uncertainties

The principal risks and uncertainties facing Megger Instruments Limited are exchange rate, legislation and economic conditions.

Exchange rate risks

Megger Instruments Limited procures material internationally and over 50% of its purchases are US Dollar or Euro denominated. Generally the period of time between order receipt and payment is limited and currency gains and losses on individual transactions are not significant. However, over the year Megger Instruments Limited results can be significantly affected by fluctuations in exchange rates. This is partly mitigated by operating bank accounts in the major currencies used.

Legislation risk

The company is fully supportive of health and safety and environmental improvement, but is at a continual disadvantage compared with international competitors, and faces potential design and supply issues as regulations continue to change. The company aims to mitigate these risks by holding regular compliance meetings, adopting ISO standards and has introduced a business continuity project.

Economic conditions risks

Many of the company's products are used in infrastructure development as well as maintenance and are therefore dependent on favourable economic conditions to fund such projects. The Group's products are also used in the general construction industry. Uncertainties in the foreign exchange, debt markets and the

Strategy Report

battle by many governments to reduce their national debt mean that the economic outlook for 2014 remains uncertain.

However, offsetting some of the issues created by the current economic position,

- Most of the Group's product ranges have a limited life in use and require replacement so ensuring a substantial market.
- The Group is introducing numerous new products which are expected to add market share, create new opportunities and trigger demands for upgrades.
- The Group is continuing to invest for the long term.
- Aging infrastructure maintenance will have to continue regardless of economic conditions.
- Growth in infrastructure in emerging economies.

The economic outlook for 2014 generally continues to be uncertain but the Group is expected to remain strongly profitable and cash positive.

Liquidity and cash flow risks

The company aims to mitigate liquidity risk by managing cash generation throughout its operations and by applying cash generation procedures. The company manages cash flow risk by careful negotiation of terms with fellow group companies, customers and suppliers and maintains available funds to enable it to meet its liabilities as they fall due.

On behalf of the board



L J Dyer

Director

Date: 18 March 2014

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under 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 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; 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 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 taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report

to the members of Megger Instruments Limited

We have audited the financial statements of Megger Instruments Limited for the year ended 30 November 2013 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes. 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 auditors' 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 set out on page 6, 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). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

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 30 November 2013 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 and Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the company; or
- the company 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.



Eleanor Walsh FCCA
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Gatwick
Date: 18 March 2014

Profit and loss account

for the year ended 30 November 2013

		2013	2012
	Notes	£000	£000
Turnover	2	28,719	26,583
Cost of sales		<u>(18,668)</u>	<u>(17,484)</u>
Gross profit		10,051	9,099
Distribution costs		(1,060)	(1,028)
Administrative expenses		<u>(1,955)</u>	<u>(1,296)</u>
Operating profit	3	7,036	6,775
Interest receivable and similar income	4	831	718
Interest payable and similar charges	5	<u>(737)</u>	<u>(782)</u>
Profit on ordinary activities before taxation		7,130	6,711
Taxation	6	<u>(1,700)</u>	<u>(1,446)</u>
Profit for the financial year		<u>5,430</u>	<u>5,265</u>

All operations are continuing for the years ended 30 November 2013 and 2012.

Statement of total recognised gains and losses

for the year ended 30 November 2013

		2013	2012
		£000	£000
Profit for the financial year		5,430	5,265
Actuarial gain/(loss) in respect of defined benefit pension schemes	24	1,098	(2,357)
Tax (charge)/credit in respect of defined benefit pension scheme		<u>(220)</u>	<u>547</u>
Total gains recognised since last annual report		<u>6,308</u>	<u>3,455</u>

Balance sheet

at 30 November 2013

	Notes	2013 £000	2012 £000
<i>Fixed assets</i>			
Investment in Group Undertakings	9	194	694
Intangible assets	10	911	1,082
Tangible assets	11	<u>4,078</u> 5,183	<u>4,151</u> 5,927
<i>Current assets</i>			
Stocks	12	3,477	3,666
Debtors	13	6,833	5,760
Cash at bank and in hand		<u>681</u> 10,991	<u>437</u> 9,863
<i>Creditors: amount falling due within one year</i>	14	<u>(3,703)</u>	<u>(3,582)</u>
<i>Net current assets</i>		<u>7,288</u>	<u>6,281</u>
<i>Total assets less current liabilities</i>		12,471	12,208
<i>Creditors: amount falling due over one year</i>	15	(11)	(12)
<i>Provisions for liabilities</i>	17	<u>(168)</u>	<u>(342)</u>
<i>Net assets excluding pension liabilities</i>		12,292	11,854
<i>Defined benefit pension liability</i>	24	<u>(2,474)</u>	<u>(3,644)</u>
<i>Net assets including pension liabilities</i>		<u>9,818</u>	<u>8,210</u>
<i>Capital and reserves</i>			
Called up share capital	18	6,000	6,000
Profit and loss account	19	<u>3,818</u>	<u>2,210</u>
<i>Shareholder's funds</i>	19	<u>9,818</u>	<u>8,210</u>

The financial statements on pages 8 to 20 were approved by the board of directors on 18 March 2014 and were signed on its behalf by:



L J Dyer
Director

18 March 2014

Registered Number: 190137

Notes to the financial statements

at 30 November 2013

1. Accounting policies

Accounting convention

The accounts are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

Statement of cash flows

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements which are publically available.

Revenue recognition

Revenue from the sale of goods is recognised when ownership has passed to the buyer, usually on dispatch of goods, and is recognised net of VAT and discounts.

Investments in Group Undertakings

The cost of fixed asset investments is their purchase cost, together with any incidental expenses of acquisition. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible assets

All fixed assets are initially recorded at cost.

Demonstration stock is capitalised as tangible fixed assets when held for use in the business and is amortised over its estimated useful life up to a maximum of 5 years. On disposal to third parties, the item is transferred to stock at the lower of its carrying cost or net realisable value, and the disposal recognised through revenue and cost of sale.

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 based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	25 years
Plant, equipment and motor vehicles	-	3 - 10 years

Capital works in progress are depreciated from the point at which the asset becomes in service.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible Assets

Capitalised software is capitalised and amortised over its estimated useful life of between 3 and 5 years.

Licences are capitalised and amortised over the term of the license agreement (5 years).

The carrying values of intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes transport and handling costs; in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

Provision is made, where necessary, for obsolete, slow moving and defective stock.

Notes to the financial statements

at 30 November 2013

1. Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period as adjusted for disallowable items.

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, using the incremental approach. Timing differences are differences between the company's taxable profits and its results as stated in the accounts.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Development expenditure

Development expenditure is expensed as incurred.

Leasing commitments

Assets held under finance leases are treated as tangible fixed assets and depreciated over the shorter of the lease term and the assets' useful lives. The deemed capital element of future rentals is treated as a liability and deemed interest calculated at a rate based on the capital value outstanding and is charged over the lease period against operating profit.

Costs in respect of operating leases are charged on a straight-line basis in arriving at the operating profit.

Pensions

The main pension fund is a contributory, defined benefit, externally funded scheme which is contracted out of the UK state scheme. The scheme was closed to new employees on 4 April 2000 and then, all future accrual of benefit under the scheme for existing members was suspended with effect from 31 December 2003. The fund will continue to be valued by professionally qualified independent actuaries, and contributions to the fund are charged to the profit and loss account in accordance with the long-term funding rate as advised by the actuaries.

Following full consultation with its employees, the company closed the scheme with effect from 31 December 2003. For this closed scheme, as the age profile of the active membership rises, the current service cost will rise significantly as members approach retirement.

Scheme assets are measured at fair values. Scheme liabilities include the discounted value of future scheme administration costs. The Scheme liabilities are measured annually on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates of equivalent currency and term of the scheme liabilities. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

Past service costs are recognised over the period in which the benefit changes vest. Interest on the scheme liabilities and the expected return on scheme assets are included in finance costs. Actuarial gains and losses are reported within the statement of total gains and losses.

A UK defined contribution scheme, contracted into the UK state scheme was opened on 1 October 2000 to both existing and new employees. This has now been replaced by a Stakeholder Pension scheme.

Notes to the financial statements

at 30 November 2013

1. Accounting policies (continued)

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The directors have reviewed the forecasts for the company for the following year and the predictions for growth in revenue and gross profit are conservative.

Long-term bonus plans

Certain employees of the Group participate in a long-term bonus plan. Provisions are made for the estimated liability for this plan at each financial year-end, based upon current and estimated future business performance.

2. Turnover

Turnover excludes value added tax but includes transactions with fellow subsidiaries of the ultimate parent company and represents the invoiced value of goods and services supplied.

The company operates in only one continuing class of business and all sales originate from the United Kingdom. An analysis of turnover by geographical market is given below:

	2013	2012
	£000	£000
United Kingdom	16,435	14,757
Europe (excluding UK)	2,528	2,167
The Americas	7,999	7,715
Rest of the World	<u>1,757</u>	<u>1,944</u>
	<u>28,719</u>	<u>26,583</u>

3. Operating profit

This is stated after charging/(crediting):

	2013	2012
	£000	£000
Depreciation of tangible fixed assets - owned assets	863	768
- leased assets	46	111
Hire of plant and equipment	22	6
Other operating leases	69	67
Auditors' remuneration - annual audit services	21	34
Foreign currency exchange differences	(3)	26
Loss/(Profit) on sales of fixed assets	73	(1)
Research and development costs	<u>4,199</u>	<u>3,944</u>

4. Interest receivable and similar income

	2013	2012
	£000	£000
Expected return on pension scheme assets	826	714
Other	<u>5</u>	<u>4</u>
	<u>831</u>	<u>718</u>

5. Interest payable and similar charges

	2013	2012
	£000	£000
Interest on pension scheme liabilities	715	755
Other	<u>22</u>	<u>27</u>
	<u>737</u>	<u>782</u>

Notes to the financial statements

at 30 November 2013

6. Taxation

(a) Analysis of charge for the year

	2013	2012
	£000	£000
UK corporation tax - current year	1,469	1,545
- adjustments in respect of prior periods	<u>(12)</u>	<u>(88)</u>
	1,457	1,457
Deferred taxation:		
Origination and reversal of timing differences	86	(34)
Adjustment in respect of prior periods	<u>157</u>	<u>23</u>
	<u>1,700</u>	<u>1,446</u>

(b) Factors affecting current tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax 23.33% (2012 24.66%). The differences are explained below:

	2013	2012
	£000	£000
Profit on ordinary activities before tax	7,130	6,711
Profit on ordinary activities multiplied by standard rate of corporation tax of 23.33% (2012 – 24.66%)	<u>1,664</u>	<u>1,655</u>
Expenses not deductible for tax purposes	(94)	(147)
Capital allowances for period in excess of depreciation	66	59
Other timing differences	(167)	(22)
Adjustment to charge in respect of previous period – corporation tax	(12)	(88)
Other differences	-	-
	<u>1,457</u>	<u>1,457</u>

(c) Factors affecting future tax charge

As at 30 November 2013 the decrease in the rate of UK corporation tax to 20% is deemed to be 'substantially enacted' and has therefore been reflected within the financial statements for the year ended 30 November 2013. The effect on these financial statements is a decrease in the deferred tax asset of £157k.

As at 30 November 2013, the remaining tax changes announced in the Budget are not yet regarded as 'substantively enacted' and as such, in accordance with accounting standards, the changes have not been reflected in these financial statements. The effect on the Company of these proposed changes to the UK tax system will be reflected in the financial statements in future years, as appropriate, once the proposals have been substantively enacted.

7. Directors' emoluments

	2013	2012
	£000	£000
Aggregate emoluments (excluding payments to the company's defined benefit pension scheme)	<u>847</u>	<u>731</u>

Certain directors of the company as at the year end are also directors or officers of a number of companies within the Megger group. The directors' services to the company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 30 November 2013 and 30 November 2012.

Notes to the financial statements

at 30 November 2013

Directors' emoluments (continued)

	2013	2012
	No.	No.
Number of directors accruing benefits under defined benefit pension schemes	<u>3</u>	<u>3</u>

The emoluments, excluding contributions to the company's defined benefit pension scheme, of the highest paid director of the company are detailed below:

	2013	2012
	£000	£000
Aggregate emoluments (excluding payments to the company's defined benefit pension scheme)	<u>257</u>	<u>141</u>

8. Staff costs

	2013	2012
	£000	£000
Wages and salaries	6,103	6,031
Social security costs	592	552
Other pension costs	<u>4</u>	<u>5</u>
	<u>6,699</u>	<u>6,588</u>

The average monthly number of employees during the year was as follows:

	2013	2012
	No.	No.
Production	190	192
Administration	13	13
Selling and distribution	7	6
Engineering	<u>42</u>	<u>40</u>
	<u>252</u>	<u>251</u>

9. Investments in group undertakings

	2013	2012
	£000	£000
Cost:		
At 1 December 2012	694	-
Additions during the year	-	694
Impairment charge during the year	<u>(500)</u>	<u>-</u>
As at 30 November 2013	<u>194</u>	<u>694</u>

On 7 March 2012, the company acquired 100% of the share capital and voting rights of Relay Engineering Services Limited, a UK incorporated company that manufactured and distributed test and measurement equipment. This is the only investment in group companies.

During the year, following a restructuring, the value of the investment was reviewed and deemed to have decreased as operations of the entity have now largely ceased.

Notes to the financial statements

at 30 November 2013

10. Intangible assets

	<i>Licences</i> £000	<i>Software</i> £000	<i>Total</i> £000
Cost:			
At 1 December 2012	507	1,288	1,795
Additions	13	168	181
Disposals	-	(5)	(5)
At 30 November 2013	<u>520</u>	<u>1,451</u>	<u>1,971</u>
Depreciation:			
At 1 December 2012	75	638	713
Charge for the year	104	244	348
Disposals	-	(1)	(1)
At 30 November 2013	<u>179</u>	<u>881</u>	<u>1,060</u>
Net book value:			
At 30 November 2013	<u>341</u>	<u>570</u>	<u>911</u>
At 1 December 2012	<u>432</u>	<u>650</u>	<u>1,082</u>

11. Tangible fixed assets

	<i>Freehold land and buildings</i> £000	<i>Plant, equipment and motor vehicles</i> £000	<i>Capital Works in Progress</i> £000	<i>Total</i> £000
Cost:				
At 1 December 2012	5,083	11,602	68	16,753
Additions	252	570	106	928
Disposals	(206)	(680)	(9)	(895)
At 30 November 2013	<u>5,129</u>	<u>11,492</u>	<u>165</u>	<u>16,786</u>
Depreciation:				
At 1 December 2012	3,537	9,065	-	12,602
Charge for the year	185	724	-	909
Disposals	(132)	(671)	-	(803)
At 30 November 2013	<u>3,590</u>	<u>9,118</u>	<u>-</u>	<u>12,708</u>
Net book value:				
At 30 November 2013	<u>1,539</u>	<u>2,374</u>	<u>165</u>	<u>4,078</u>
At 1 December 2012	<u>1,546</u>	<u>2,537</u>	<u>68</u>	<u>4,151</u>

Included within plant, equipment and motor vehicles are assets with a net book value of £29,000 (2012 - £49,000) held under finance leases.

12. Stocks

	<i>2013</i> £000	<i>2012</i> £000
Raw materials and consumables	2,557	2,525
Work in progress	51	97
Finished goods and goods for resale	<u>869</u>	<u>1,044</u>
	<u>3,477</u>	<u>3,666</u>

Notes to the financial statements

at 30 November 2013

13. Debtors

	2013	2012
	£000	£000
Trade debtors	393	196
Amounts owed by group undertakings	5,656	4,635
Other debtors	264	279
Prepayments	258	538
Corporation tax	142	-
Deferred taxation (note 16)	120	112
	<u>6,833</u>	<u>5,760</u>

14. Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Trade creditors	1,725	1,718
Amount owed to group undertakings	1,031	720
Other creditors	576	519
Corporation tax	-	147
Other taxes including VAT and social security costs	153	150
Accruals and deferred income	210	260
Obligations due under finance leases (note 20)	8	68
	<u>3,703</u>	<u>3,582</u>

15. Creditors: amounts falling due more than one year

	2013	2012
	£000	£000
Obligations due under finance leases (note 20)	<u>11</u>	<u>12</u>

16. Deferred Taxation

	2013	2012
	£000	£000
<i>Deferred taxation included in the balance sheet as follows</i>		
Included in debtors (note 13)	120	112
Included in defined benefit pension liability (note 24)	<u>618</u>	<u>1,089</u>
	<u>738</u>	<u>1,201</u>

	2013	2012
	£000	£000
Accelerated depreciation/capital allowances	36	(24)
Other timing differences	84	136
Pension costs (note 24)	<u>618</u>	<u>1,089</u>
	<u>738</u>	<u>1,201</u>

17. Provisions for Liabilities

	Deferred Employee Compensation
	£000
At 30 November 2011	342
Charged to the profit and loss account	-
At 30 November 2012	342
Charged to the profit and loss account	(174)
At 30 November 2013	<u>168</u>

The provision for deferred employee compensation relates to a long term incentive plan designed to incentivise senior management. Provisions are made for the estimated liability for these plans at each financial year-end.

Notes to the financial statements

at 30 November 2013

18. Share capital

	<i>Authorised, allotted, called up and fully paid</i>	
	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>
6,000,000 Ordinary shares of £1 each (2012: 6,000,000)	<u>6,000</u>	<u>6,000</u>

19. Reconciliation of shareholder's funds and movements on reserves

	<i>Share Capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' Funds £000</i>
As at 1 December 2011	6,000	2,555	8,555
Profit for the year	-	5,265	5,265
Dividends paid	-	(3,800)	(3,800)
Actuarial loss in respect of defined pension schemes net of deferred tax allowance	-	(1,810)	(1,810)
At 30 November 2012	6,000	2,210	8,210
Profit for the year	-	5,430	5,430
Dividends paid	-	(4,700)	(4,700)
Actuarial gain in respect of defined pension schemes net of deferred tax	-	878	878
At 30 November 2013	<u>6,000</u>	<u>3,818</u>	<u>9,818</u>

20. Finance lease commitments

	<i>2013 £000</i>	<i>2012 £000</i>
Amounts payable:		
within one year	8	68
two to five years	<u>11</u>	<u>12</u>
	<u>19</u>	<u>80</u>

21. Operating lease commitments

	<i>2013 £000</i>	<i>2012 £000</i>
Commitments for the next 12 months for operating leases which expire:		
Within one year	5	9
Between two and five years	<u>119</u>	<u>106</u>
	<u>124</u>	<u>115</u>

These leases are related to the company's fleet of motor cars.

22. Contingent Liabilities and financial commitments

In September 2013 Megger Group Limited borrowed €100,000,000 under a 4 year term loan agreement. In addition a revolving credit line amounting to €20,000,000 (2012 US\$ 40,000,000) is available to Megger Group Limited and other companies within the group.

23. Related party transactions

The company has taken advantage of exemption available under Financial Reporting Standard No. 8 not to disclose related party transactions with members of the Megger Group Limited and TBG Limited groups as the company's share capital is wholly owned. There are no other related party transactions.

Notes to the financial statements

at 30 November 2013

24. Pension arrangements

Megger Instruments Limited (formerly Megger Limited) used to provide a defined benefit pension scheme to employees, but all future accrual of benefit under the scheme was suspended with effect from 31 December 2003.

An independent actuarial valuation of the scheme was carried out as at 5 April 2012. The market value of the scheme investments at that date was £13,492,000 which was £4,612,000 below the actuarial value of benefits that had accrued to members at the valuation date. It was agreed that the level of funding should increase to the rate of £40,000 per month.

Defined benefit scheme - valuation under FRS17

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 6 April 2013 and updated by the scheme actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 November 2013 and 30 November 2012. Scheme assets are stated at their market values at the respective balance sheet dates.

	2013	2012
Discount rate	4.40%	4.00%
Inflation assumption	%	2.50%
Rate of increase in salaries	n/a	n/a
Rate of increase to pensions - Pre retirement	2.60%	2.30%
- Post retirement (pre 4/97)	2.80%	2.40%
- Post retirement (post 4/97)	3.50%	2.70%

The assets and liabilities of the scheme and the expected return at 30 November are:

	2013		2012		2011	
	<i>Expected long term rate of return</i>	<i>Value</i>	<i>Expected long term rate of return</i>	<i>Value</i>	<i>Expected long term rate of return</i>	<i>Value</i>
	%	£000	%	£000	%	£000
Equities		9,836	7.70	8,509	6.50	7,953
Gilts		1,474	3.00	1,461	3.20	1,626
Bonds		3,532	4.00	3,377	5.00	3,083
Cash		124	0.50	148	0.50	104
Total market value of scheme assets		14,966		13,495		12,766
Present value of scheme liabilities		(18,058)		(18,228)		(15,437)
Deficit in the scheme		(3,092)		(4,733)		(2,671)
Deferred tax asset (note 16)		618		1,089		668
Net pension liability		(2,474)		(3,644)		(2,003)

Notes to the financial statements

at 30 November 2013

24. Pension arrangements (continued)

Analysis of the defined benefit cost for the year ended 30 November 2013 is as follows:

	2013	2012
	£000	£000
Current service cost	0	0
Expected return on pension scheme assets	826	714
Interest on pension scheme liabilities	(715)	(755)
Total other finance income/(expense)	<u>111</u>	<u>(41)</u>
Actual return less expected return on pension scheme assets	1,003	376
	(39)	(440)
Experience loss arising on scheme liabilities		
Loss arising from changes in assumptions		
underlying present value of scheme liabilities	<u>134</u>	<u>(2,293)</u>
Actuarial gain/(loss) recognised in the statement of total recognised gains & losses	<u>1,098</u>	<u>(2,357)</u>

Reconciliation of scheme liabilities during the year:

	2013	2012
	£000	£000
Scheme liabilities at the beginning of the year	(18,228)	(15,437)
Total other finance expense	(715)	(755)
Benefits paid	790	697
Actuarial loss	<u>(95)</u>	<u>(2,733)</u>
At 30 November	<u>(18,058)</u>	<u>(18,228)</u>

Reconciliation of scheme assets during the year:

	2013	2012
	£000	£000
Market value of assets at the beginning of the year	13,495	12,766
Expected return on scheme assets	826	714
Actuarial gains	1,003	376
Employer contributions	432	336
Benefits paid	<u>(790)</u>	<u>(697)</u>
At 30 November	<u>14,966</u>	<u>13,495</u>

Notes to the financial statements

at 30 November 2013

24. Pension arrangements (continued)

History of experience gains and losses:

	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
Total market value of assets	14,966	13,495	12,766	12,760	12,368
Present value of scheme liabilities	(18,058)	(18,228)	(15,437)	(15,331)	(15,607)
Deficit in the scheme	(3,092)	(4,733)	(2,671)	(2,571)	(3,239)
Difference between expected return and actual return on pension <i>scheme assets</i>					
- amount (£000)	1,003	376	(590)	57	2,063
- % of scheme assets	7%	3%	(5)%	0%	17%
Experience gains/(losses) arising on scheme Liabilities					
- amount (£000)	(39)	(440)	125	403	(307)
- % of defined benefit obligation	(0)%	(2)%	1%	3%	(2)%
Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses					
- amount (£000)	(1,098)	(2,357)	(489)	364	792
- % of present value of scheme liabilities	(6)%	(13)%	(3)%	2%	7%

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a loss of £5,769,000 (2012 a loss of £6,867,000).

25. Ultimate parent company and controlling party

The directors consider that the company's ultimate parent undertaking and controlling party is TBG Limited, Bay Street Complex, St Georges Bay, St Julian's, STJ 02, Malta. TBG Limited is the largest undertaking of which the Company is a member.

Megger Group Limited is the parent of the smallest group for which group financial statements are prepared. Copies of the accounts of Megger Group Limited can be obtained from Megger Group Limited, Archcliffe Road, Dover, Kent, CT17 9EN.