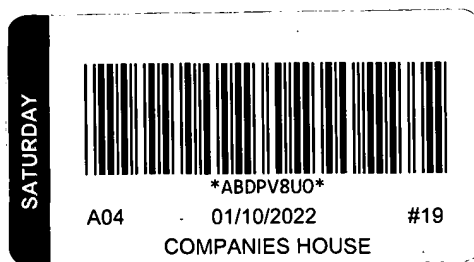


ABB Cable Management Products Limited

Strategic Report, Directors' Report and
Financial Statements

31 December 2021

Registered number 00675001



Contents

Company Information	1
Strategic Report	2
Directors' Report	4
Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements	6
Independent auditor's report to the members of ABB Cable Management Products Limited	7
Statement of Profit and Loss and Other Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes	15

Company Information

Directors

DW Nicholl (Resigned 10 August 2021)
DJ Hughes
ME Moussa
DK Lowen (Appointed 11 August 2021)

Secretary

VA MacLean

Registered Office

ABB Limited
Daresbury Park
Daresbury
Warrington
Cheshire
WA4 4BT

Registered number

00675001

Bankers

Deutsche Bank
1 Great Winchester Street
London
EC2N 2DB
&
Roßmarkt 18
60311 Frankfurt
Germany

Auditor

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Strategic Report

The Directors present their Strategic Report for ABB Cable Management Products Limited ('the Company') for the year ended 31 December 2021.

Business review and principal activities

The principal activity of the Company is the design, manufacture and distribution of cable protection systems (including accessories) and up to September 2020, electrical switches and controls. Sales revenue is generated across construction, transportation, industrial and OEM markets both in the UK and overseas using appropriate distribution channels.

The results for the year are set out on page 11. Turnover for the year was £18,870,000 (2020: £15,414,000). The total profit for the year after tax was £291,000 (2020: £560,000). The turnover in the prior period was affected by the COVID-19 pandemic (see below) and the business has seen a recovery in its turnover in 2021 as markets returned to normal following the pandemic, while profit has decreased due to increased costs, and a squeeze on margins.

In the previous year the business discontinued its operations in respect of electronic timers and switches when it sold the remaining inventory of the Elkay brand to a third party, in order to focus solely on the core business of manufacturing and distribution of cable protection systems. The turnover prior to discontinuing the product line was £Nil (2020: £512,000) and profit was £Nil (2020: £85,000).

Principal risks and uncertainties

Competitive pressure in the Middle East and United Kingdom is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers; prompt response times in the supply of products and services and in the handling of customer queries; and through the maintenance of strong relationships with customers.

The Company's business may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

Impact of Brexit

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an implementation period which ended on 31 December 2020. The terms of the future relationship with the European Union have had minimal impact on the ABB Group in the UK and its trade, customers, suppliers and the wider economy. In order to manage the uncertainties associated with Brexit an extensive working group had been set up to focus on this topic. The Directors continue to monitor the situation closely and will take action when the impact on the Company and the wider UK economy becomes clearer. To date the only issue has been delays at EU and UK ports. This has been mitigated by increased stock holding in the short term.

Strategic Report *(continued)*

COVID-19

In March 2020 the World Health Organisation (WHO) announced the COVID-19 outbreak a global pandemic. ABB has been consistently monitoring this situation and in line with governmental measures taken to contain the spread of the virus, we have made appropriate work arrangements and implemented precautionary travel restrictions. This includes all employees avoiding any non-business critical travel. We are also following applicable national health services regulations and WHO guidance.

The health and safety of our employees, customers and partners remains our number one priority and we are working hard to assess and mitigate any risks.

We have taken various internal preventive and protective measures in accordance with ABB's crisis management and business contingency plans.

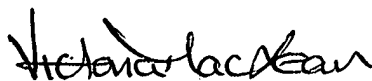
The spread of COVID-19 has resulted in an economic downturn in jurisdictions in which the Company operates and the global economy more widely. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in the markets.

The Company's balance sheet exposure has been reviewed and the Company continues to maintain positive net asset value. Since the onset of the pandemic the Company has remained operational, with key activities such as manufacturing and distribution of products being maintained. The Company has also implemented strict cost management measures. Notwithstanding the Company's strong balance sheet position, deterioration in the situation could have further adverse implications arising from the impacts on the global economy.

Credit and foreign exchange risk

All of the Company's sales are made on a credit basis and past history has shown that control systems have kept any risk to a minimum. The Company has minimal exposure to foreign exchange risk.

On behalf of the board



Victoria Mac Lean
Company Secretary

Date: 30 September 2022

Directors' Report

The Directors present their report for the year ended 31 December 2021.

Dividends

The Company did not pay an interim or final dividend of £nil during the year ended 31 December 2021 (2020: nil).

Directors

The Directors who served during the year and to the date of this report were as follows:

DW Nicholl (Resigned 10 August 2021)

DJ Hughes

ME Moussa

DK Lowen (Appointed 11 August 2021)

Environment

ABB Cable Management Products Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The Company operates in accordance with ABB Group policies, details of which can be found online at this address: <https://new.abb.com/sustainability>. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Future Developments

The Directors aim to maintain the current management policies of the Company.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared forecasts for a period covering at least 12 months from the date of approval of these financial statements, evaluating the downside impacts of COVID-19. However, given the trade of the Company is dependent on its penultimate parent company, ABB Asea Brown Boveri Ltd ("ABB"), the directors have concluded that the Company is reliant on continuing financial support from ABB to meet its liabilities as they fall due for that period.

ABB has indicated its intention to continue to make available such funds as are needed by the company for a period of at least 12 months from the date of approval of these financial statements. The directors have considered the ability of ABB to provide the financial support required by the above circumstances based on the information provided by ABB. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' Report (continued)

Research and development

The Company carries out research and development programmes to suit its particular market, product and customer needs.

Political and charitable donations

ABB Cable Management Products Limited made no political donations or incurred any political expenditure during either the current or preceding year.

Directors' qualifying third party indemnity provisions

The Company has granted 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 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 auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to appoint KPMG LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board



Victoria Mac Lean
Company Secretary
Daresbury Park
Daresbury
Warrington
Cheshire
WA4 4BT

Date: 30 September 2022

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of ABB Cable Management Products Limited

Opinion

We have audited the financial statements of ABB Cable Management Products Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Statement of Changes in Equity, the Balance Sheet and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent auditor's report to the members of ABB Cable Management Products Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is simple in nature with high volume of lower value transactions and follows a highly automated process with no opportunity for manipulation outside of management override of controls and therefore no fraud risk relating to revenue recognition has been identified..

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We performed procedures identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation which included testing those journals to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Independent auditor's report to the members of ABB Cable Management Proucts Limited (continued)

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of ABB Cable Management Products Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

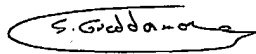
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of ABB Cable Management Products Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



Slim Gueddana (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square,
Manchester
M2 3AE

Date 30 September 2022

Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 December 2021

	<i>Note</i>	Continuing operations 2021 £000	Discontinued operations 2021 £000	Total 2021 £000
Turnover	3	18,870	-	18,870
Cost of sales		(15,113)	-	(15,113)
Gross profit		3,757	-	3,757
Operating expenses	4	(3,473)	-	(3,473)
Operating profit	5	284	-	284
Other interest receivable and similar income	8	34	-	34
Profit before taxation		318	-	318
Tax on profit	10	(27)	-	(27)
Profit for the financial period		291	-	291
Other comprehensive income		-	-	-
Total comprehensive income for the year		291	-	291

Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 December 2020

	<i>Note</i>	Continuing operations 2020 £000	Discontinued operations 2020 £000	Total 2020 £000
Turnover	3	14,902	512	15,414
Cost of sales		(11,498)	(397)	(11,895)
Gross profit		3,404	115	3,519
Operating expenses	4	(2,819)	(30)	(2,849)
Operating profit	5	585	85	670
Other interest receivable and similar income	8	13	-	13
Profit before taxation		598	85	683
Tax on profit	10	(108)	(15)	(123)
Profit for the financial period		490	70	560
Other comprehensive income		-	-	-
Total comprehensive income for the year		490	70	560

The notes on pages 15-24 form part of these financial statements.

Balance Sheet
as at 31 December 2021

	<i>Notes</i>	2021 £000	2020 £000
Fixed assets			
Intangible assets	11	3,546	3,546
Tangible assets	12	<u>3,204</u>	<u>3,123</u>
		6,750	6,669
Current assets			
Stocks	13	3,033	2,091
Debtors	14	16,474	14,703
Cash		<u>-</u>	<u>2,309</u>
		19,507	19,103
Creditors: amounts falling due within one year	15	<u>(3,957)</u>	<u>(3,763)</u>
Net current assets		15,550	15,340
Net assets		<u>22,300</u>	<u>22,009</u>
Capital and reserves			
Called up share capital	17	1,250	1,250
Share premium account		11,000	11,000
Profit and loss account		<u>10,050</u>	<u>9,759</u>
Shareholder's funds		<u>22,300</u>	<u>22,009</u>

The notes on pages 15-24 form part of these financial statements.

These Financial Statements were approved by the board of Directors on 29 September 2022 and were signed on its behalf by:


Malgorzata Moussa
Director

Date: 30 September 2022

Company registered number: 00675001

Statement of Changes in Equity
For the year ended 31 December 2021

	Called up Share Capital	Share Premium Account	Profit and Loss Account	Total
	£000	£000	£000	£000
At 1 January 2020	1,250	11,000	9,199	21,449
Profit for the financial year	-	-	560	560
Other Comprehensive Income	-	-	-	-
At 31 December 2020	<u>1,250</u>	<u>11,000</u>	<u>9,759</u>	<u>22,009</u>
Profit for the financial year	-	-	291	291
Other Comprehensive Income	-	-	-	-
At 31 December 2021	<u>1,250</u>	<u>11,000</u>	<u>10,050</u>	<u>22,300</u>

The notes on pages 15-24 form part of these financial statements.

Notes

(Forming part of the Financial Statements)

1 Authorisation of Financial Statements and Statement of Compliance with FRS101

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable UK accounting standards.

The Company's financial statements are presented in sterling and amounts are rounded to the nearest thousand except when otherwise indicated.

The financial statements were approved for issue by the Board of Directors on 29 September 2022.

2 Accounting Policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2021.

The Company has taken advantage of the following disclosure exemptions under FRS 101; as the Company is a wholly owned subsidiary of ABB Limited and its results are included in the consolidated Financial Statements of ABB Limited;

- (a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A-38D, 40A-40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (c) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (h) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- (i) The effects of new but not yet effective IFRS's.

Notes *(continued)*

2 *Accounting policies (continued)*

2.1 *Basis of preparation (continued)*

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared forecasts for a period covering at least 12 months from the date of approval of these financial statements, evaluating the downside impacts of COVID-19. However, given the trade of the Company is dependent on its penultimate parent company, ABB Asea Brown Boveri Ltd ("ABB"), the directors have sought confirmation from ABB that it will continue to trade with the entity and provide financial support if and when needed.

ABB has indicated its intention to continue to trade with and to make available such funds as are needed by the company for a period of at least 12 months from the date of approval of these financial statements.

The directors have considered the ability of ABB to continue to trade and provide any financial support as and when required based on the information provided by ABB. As with any company placing reliance on other group entities for trade and financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.2 *Judgements and key sources of estimation uncertainty*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Impairment of intangibles

An annual assessment is made as to whether the current carrying value of intangibles is impaired. Detailed calculations are performed based on discounting expected pre-tax cash flows of the relevant cash generating units at an appropriate rate, the determination of which requires the exercise of judgement

Notes (continued)

2 Accounting policies (continued)

2.3 Significant accounting policies

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	50 years
Plant and machinery	5 to 10 years
Fixtures, fittings, tools, equipment and vehicles	2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value and in the case of work in progress and finished goods, includes the relevant proportion of overheads.

Turnover

Turnover represents the value of sales (excluding value added tax), net of discounts, and retrospective rebates. Turnover is only recognised when risks and rewards are transferred to the third party.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired business are assigned to those units. Each business unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which goodwill is monitored for internal management purposes and shall not be larger than an operating segment before aggregation.

Notes (continued)

2.3 Significant accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Pension costs

The Company operates a defined contribution pension scheme. The cost of providing pensions for employees charged in the profit and loss account represents the contributions payable by the Company for the financial year.

3 Turnover from sale of goods

	2021 £000	2020 £000
<i>The analysis of turnover by geographical area is as follows:</i>		
UK	7,125	6,387
Rest of Europe	4,792	4,278
Rest of World	6,953	4,749
	<u>18,870</u>	<u>15,414</u>

4 Operating expenses

	2021 £000	2020 £000
Distribution costs	1,446	1,209
Administrative expenses	2,027	1,640
	<u>3,473</u>	<u>2,849</u>

5 Operating profit

	2021 £000	2020 £000
<i>Operating profit is stated after charging/(crediting):</i>		
Depreciation of tangible fixed assets	452	472
Rental charges – plant and machinery	14	6
Research and development expenditure	706	586
Exchange differences	(7)	77
Loss on disposal of fixed assets	34	-
Auditor's remuneration:	<u>20</u>	<u>15</u>

Notes (continued)

6 Staff numbers and costs

On 1 May 2015, all persons previously employed by Cable Management Products Limited were transferred to its immediate parent company ABB Limited and the employee costs are recharged to the Company.

The average number of employees whose costs were recharged to the Company in 2021 was 105 (2020: 105).

	2021 £000	2020 £000
<i>The aggregate costs of these persons were as follows:</i>		
Wages and salaries	3,233	2,885
Social security costs	317	250
Other pension costs	387	362
	<u>3,937</u>	<u>3,497</u>

7 Directors' emoluments

The Directors are remunerated by other group companies. No recharge is made for their services but an allocation of their time spent results in a charge of £26,409 (2020: £34,000) borne by other group entities.

8 Other interest receivable and similar income

	2021 £000	2020 £000
Interest receivable	34	13
	<u>34</u>	<u>13</u>

9 Dividends

	2021 £000	2020 £000
No dividends were paid in respect of the current year (2020: £nil per share)	-	-
	<u>-</u>	<u>-</u>

Notes (continued)

10 Tax on profit

Analysis of charge in the period

	2021 £000	2020 £000
<i>UK corporation tax:</i>		
Current tax on income for the year	74	152
Tax under/ (over) provided in earlier years	66	(24)
Total current tax	140	128
<i>Deferred tax (note 16)</i>		
Origination/reversal of timing differences	5	(6)
Impact of increase in rate of taxation	(30)	-
Adjustment in respect of prior years	(88)	1
	(113)	(5)
Tax on profit	27	123

Factors affecting the tax charge for the year

The tax charge for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19.00%). The differences are explained below:

	2020 £000	2020 £000
Tax reconciliation:		
Profit before tax	318	683
Current tax at 19% (2020: 19%)	60	130
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	-
Capital allowances less than depreciation	18	16
Tax (over) provided in earlier years	(22)	(23)
Deferred tax effect of increased rate	(30)	-
	27	123

Factors that may affect the future tax charge:

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

The UK deferred tax asset as at 31 December 2021 was calculated at 25% (2020: 19%).

Notes (continued)

11 Intangible fixed assets

	Goodwill £000
<i>Cost:</i>	
At beginning and end of year	9,357
<i>Accumulated amortisation:</i>	
At beginning of year	5,811
Charge for the year	-
At end of year	5,811
<i>Net book value:</i>	
At 31 December 2021	3,546
At 31 December 2020	3,546

The goodwill arose as a result of hiving up the trade and assets of subsidiary companies historically. The trade continues to form a core part of the business. The subsidiaries have subsequently been liquidated.

12 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools equipment and vehicles £000	Total £000
<i>Cost:</i>				
At beginning of year	3,200	5,361	4,118	12,679
Additions	-	514	55	569
Disposals	-	(391)	(1,030)	(1,421)
At end of year	3,200	5,484	3,143	11,827
<i>Accumulated depreciation:</i>				
At beginning of year	1,151	4,478	3,927	9,556
Charge for the year	84	276	92	452
Disposals	-	(366)	(1,019)	(1,385)
At end of year	1,235	4,388	3,000	8,623
<i>Net book value:</i>				
At 31 December 2021	1,965	1,096	143	3,204
At 31 December 2020	2,049	883	191	3,123

The net book value of freehold land and buildings above includes £569,000 (2020: £569,000) of non-depreciable land.

Notes (continued)

13 Stocks

	2021 £000	2020 £000
Raw materials and consumables	1,883	1,304
Work in progress	51	82
Finished goods and goods for resale	1,099	705
	<u>3,033</u>	<u>2,091</u>

The difference between the estimated replacement cost of stocks and purchase price or production cost is not material.

14 Debtors

	2021 £000	2020 £000
Trade debtors	780	723
Amounts owed by group undertakings	14,751	12,986
Other debtors	466	361
Prepayments and accrued income	269	427
Corporation tax	-	111
Deferred tax (note 17)	208	95
	<u>16,474</u>	<u>14,703</u>

15 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank overdraft	8	-
Trade creditors	2,103	1,550
Amounts owed to group undertakings	1,184	1,954
Other creditors	347	259
Corporation tax	315	-
	<u>3,957</u>	<u>3,763</u>

Notes (continued)

16 Deferred tax asset

	£000
At beginning of year	95
Charge to profit and loss account	113
	<u>208</u>

The elements of the deferred tax asset recognised at 31 December 2021 are as follows:

	2021 £000	2020 £000
Decelerated capital allowances	204	89
Other timing differences	4	6
Total deferred tax	<u>208</u>	<u>95</u>

Deferred tax is recognised in full in both this and the prior year.

17 Called up share capital

	2021 £000	2020 £000
<i>Authorised, issued, called up and fully paid:</i>		
1,250,000 ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

18 Capital commitments

	2021 £000	2020 £000
Amounts contracted:		
Building improvements	-	-
Plant & machinery	657	38
Fixtures, fittings, tools, equipment & vehicles	13	5
	<u>670</u>	<u>43</u>

19 Pension scheme

The Company operates a defined contribution scheme. The pension charge for the year represents contributions payable by the Company to the fund and amounted to £nil (2020: £nil). At 31 December 2021 there were outstanding contributions of £nil (2020: £nil) included within other creditors.

The reason that the values of pension contributions are nil for both this and the previous year is because all staff costs are now recharged from ABB limited – please refer to note 7, Staff numbers and costs.

20 Related party transactions

The Company has taken advantage of the exemption conferred by paragraph 17 of IAS 24 in that transactions with other wholly owned group companies are not disclosed. There were no other related party transactions in 2021 (2020: £nil).

Notes *(continued)*

21 Ultimate Holding Company and controlling party

The Company's immediate parent undertaking is ABB Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and the controlling party of the group into which the Financial Statements of this Company are consolidated is ABB Ltd, which is incorporated in Switzerland. Copies of the Financial Statements of ABB Ltd can be obtained from ABB Ltd, PO Box 8131, CH-8050, Zurich, Switzerland