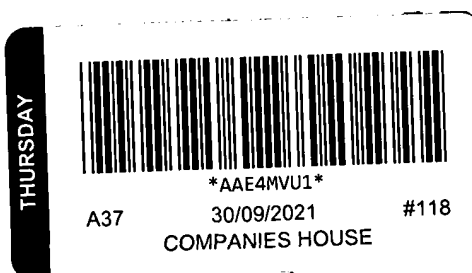


ABB Installation Products Limited

Directors' report and Financial Statements

31 December 2020

Registered Number 00956671



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Company information

Directors	DW Nicholl (Resigned 10 August 2021) DJ Hughes ME Moussa DK Lowen (Appointed 11 August 2021) VA Mac Lean
Secretary	
Registered Office	ABB Limited Daresbury Park Daresbury Warrington Cheshire WA4 4BT
Banker	Deutsche Bank 1 Great Winchester Street London EC2N 2DB
Auditor	KPMG LLP 1 St Peter's Square Manchester M2 3AE

Directors' report

The Directors present their report for ABB Installation Products Limited (the 'Company') for the year ended 31 December 2020.

Business review and principal activities

The Company's principal activity is acting as an agent for ABB BV, a fellow group subsidiary based in Europe. ABB BV manufactures electronic components and emergency lighting for the commercial and industrial building industry. These products are sold throughout the Middle East and the United Kingdom via a fellow subsidiary based in Europe.

In the next year it is planned to undertake a legal entity restructuring whereby the assets and trade of the Company's subsidiary undertaking W J Furse & Co Limited will be transferred into the Company.

The Company invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company, in the medium to long-term. This research and development activity has resulted in a number of updates to existing products.

As shown in the profit and loss account on page 11, the Company's loss before tax was £148,000 (2019: Profit £37,000) a £185,000 decrease in profit from the previous year. The main factors resulting in this decrease in profit before tax were:

- In 2020, there was a £nil (2019: £172,000) impairment of the investment in the Company's subsidiary WJ Furse & Co Limited.
- Costs associated with the continuing operations have decreased by £162,000.
- The impact of GMP equalisation for historical pension transfers of £180,000 has been provided in the current year's results.
- Other finance income has fallen by £89,000.

The Company's turnover has decreased by £238,000, being a 10% decrease compared with the previous year. This decrease arises primarily because costs associated with continuing operations have decreased by £162,000, and accordingly revenues recognised for recharging these costs have fallen.

The balance sheet on page 14 of the Financial Statements shows the Company's financial position at the year-end.

Principal risks and uncertainties

As the Company's business is that of an agent for the manufacture of products which are sold by ABB BV, a fellow group subsidiary, the primary risks the Company faces are those which would affect ABB BV.

Competitive pressure in the Middle East and United Kingdom is a continuing risk, which could result in losing sales to 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.

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

The success of the Company is directly linked to positive economic conditions in the countries where product is sold. Turmoil in the financial markets during recent years has adversely affected world economic activity. The current economic environment has had an adverse effect on demand in their primary markets and a continued decline in economic activity could adversely affect demand, thereby having a material adverse impact on their operating results and financial condition. Additionally, these conditions could also impair the ability of those whom they do business with to satisfy their obligations to them. Finally, a continued decline in economic activity could result in adverse changes to their current projected future operating results that are used to assess asset valuations. Such revisions could lead to potentially significant financial impairment charges for these assets in future periods.

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, as the company imports a minimal amount of goods from countries in Europe and does not export goods. 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.

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 ABB BV's 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.

Going Concern

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

Directors' report *(continued)*

Going Concern *(continued)*

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.

Pension Schemes

The Company has two defined benefit pension plans, which are currently in surplus. For one of these schemes, the Augat Limited Pension and Life Assurance Scheme, the surplus is excluded from the assets of the company, as the surplus is considered to be irrecoverable. The funding level of these pension plans are subject to adverse change resulting from movements in the actuarial assumptions underlying the calculation of plan liabilities, including decreasing discount rates and increasing longevity of plan members, as well as declines in the market value of plan investments. The pension plans are closed to new members and contributions are being made under the terms of a payment schedule agreed with the plan Trustees. Significant adverse changes in the actuarial assumptions underlying the plan valuation and the Company's contributions made into the plans could materially impact the Company's trading results.

Directors and directors' interests

The Directors who held office during the year and subsequently were as follows:

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

Research and development

Research and development costs during the year amounted to £107,000 (2019: £152,000).

Dividends

The Directors do not recommend the payment of a dividend for the year (2019: £nil).

Directors' report *(continued)*

Environment

ABB Installation 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. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

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.

Political and charitable donations

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

Disclosure of information to 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

Legal form of entity

The Company is incorporated in England and Wales as a limited liability company.

Auditor

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



28 September 2021

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

Statement of Directors' responsibilities in respect of the Director's report, and the Financial Statements

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 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;
- 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 Installation Products Limited

Opinion

We have audited the financial statements of ABB Installation Products Limited ("the company") for the year ended 31 December 2020 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 2020 and of its loss 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.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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 for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

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 account 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 believe there is a fraud risk related to revenue recognition because the value of transactions either side of the year end are material and therefore open to manipulation by management in order to achieve the desired results of the company.

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. These included those posted to unusual accounts, or with an unusual journal description.

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 discussed with the directors (as required by auditing standards) 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.

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.

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

Directors' report

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

Our responsibility is to read 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 Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.

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

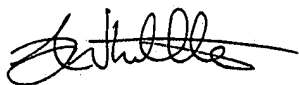
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 Installation 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.



Antony Whittle (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square,
Manchester
M2 3AE

Date ..28 September 2021.....

Profit and loss account
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	3	2,140	2,378
Cost of sales		<u>(1,163)</u>	<u>(1,252)</u>
Gross profit		977	1,126
Distribution costs		(465)	(501)
Administrative expenses		(856)	(626)
Other operating income		<u>86</u>	<u>-</u>
Operating loss		(258)	(1)
Impairment of investments		<u>-</u>	<u>(172)</u>
Loss before interest, other finance income and taxation		(258)	(173)
Other interest receivable and similar income	4	3	14
Other finance income	5	<u>107</u>	<u>196</u>
(Loss)/ profit before taxation	6	(148)	37
Tax on loss/(profit)	7	<u>25</u>	<u>(163)</u>
Loss for the financial year		<u>(123)</u>	<u>(126)</u>

The notes on pages 15 to 31 form part of these financial statements.

**Statement of Comprehensive Income
for the year ended 31 December 2020**

	Notes	2020 £000	2019 £000
Loss for the financial year		(123)	(126)
Other comprehensive income:			
Items that cannot be reclassified to profit or loss			
Remeasurement on defined benefit pension schemes	15	1,128	(1,378)
Related deferred tax	14	(215)	262
Other comprehensive income/(loss)		<u>913</u>	<u>(1,116)</u>
Total comprehensive income/(loss) for the year		<u>790</u>	<u>(1,242)</u>

The notes on pages 15 to 31 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up Share Capital	Share Premium Account	Capital Contribution	Profit and Loss Account	Total
	£	£	£	£	£
At 1 January 2019	4,730	20,980	5,471	(9,605)	21,576
Loss for the financial year	-	-	-	(126)	(126)
Other Comprehensive Income	-	-	-	(1,116)	(1,116)
At 1 January 2020	4,730	20,980	5,471	(10,847)	20,334
Loss for the financial year	-	-	-	(123)	(123)
Other Comprehensive Income	-	-	-	913	913
At 31 December 2020	4,730	20,980	5,471	(10,057)	21,124

The share premium account relates to the premium paid on shares issued in earlier years.

The capital contribution reserve relates to payments made by previous parent undertakings to strengthen the capital position of the Company at that time.

The notes on pages 15 to 31 form part of these financial statements.

Balance Sheet
as at 31 December 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	10	471	488
Investments	11	11,796	11,796
		12,267	12,284
Current assets			
Debtors	12	3,366	3,391
Cash at bank and in hand		694	326
		4,060	3,717
Creditors: amounts falling due within one year	13	(838)	(436)
Net current assets		3,222	3,281
Total assets less current liabilities		15,489	15,565
Provision for liabilities	14	(1,236)	(1,046)
Net assets excluding pension scheme assets		14,253	14,519
Net pension scheme assets	15	6,871	5,815
Net assets		21,124	20,334
Capital and reserves			
Called up share capital	16	4,730	4,730
Share premium		20,980	20,980
Capital contribution		5,471	5,471
Profit and loss account		(10,057)	(10,847)
Shareholders' funds		21,124	20,334

The notes on pages 15 to 31 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:


David Hughes
Director

Date: 28 September 2021

Company registered number: 00956671

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 (FRS101) and in accordance with applicable UK accounting standards.

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The Financial Statements were approved for issue by the Board of Directors on 24 September 2021.

Group accounting

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of ABB Ltd, a company incorporated in Switzerland. A copy of the accounts of ABB Ltd can be obtained from PO Box 8131, CH-8050, Zurich, Switzerland.

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 2020.

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 consolidated in ABB Limited, the ultimate parent company.

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- (c) 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;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 38(a)-38(d), 40(a)-40(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 and 18a of IAS 24 Related Party Disclosures;
- (h) the requirements of IFRS 7 Financial Instruments : Disclosures;
- (i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- (j) 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:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Impairment

A review for impairment of an investment or fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount the asset is written down. The impairment loss is recognised in the profit and loss account.

Notes *(continued)*

2 Accounting Policies *(continued)*

2.2 Judgements and key sources of estimation uncertainty *(continued)*

Pension schemes

The Trust Deed of the Thomas & Betts Retirement Benefits Scheme provides ABB Installation Products with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme. Based on these rights, any net surplus in the scheme is recognised in full.

2.3 Significant accounting policies

Pension scheme

The Company operates a number of defined benefit and defined contribution pension schemes. The surplus or deficit recognised in respect of the defined benefit schemes represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of the schemes are held in separate trustee administered funds. The schemes are closed to future accrual.

The defined benefit schemes' assets are measured using fair values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit schemes expected to arise from employee service in the period is charged to operating profit. The interest income on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are netted and included in finance income/expense. Re-measurement gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. The defined benefit scheme surplus or deficit is recognised in full and presented on the face of the Company balance sheet.

Company management consider it appropriate to recognise the IAS 19 surplus in the Thomas & Betts Retirement Benefits Scheme as the rules governing the scheme provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until there are no members left, as per IFRIC 14.11 (b). On a winding up scenario, any surplus would be returned to the Company. As there is no right to a refund for the Augat Limited Pension and Life Assurance Scheme the surplus is fully restricted.

The Company's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

The discount rate used for the calculation of the Defined benefit obligation are set equal to those used for group accounting under FRS 101 and US GAAP. The discount rates are materially consistent under FRS101 and US GAAP.

Revenue recognition

Under the agency agreement between the Company and ABB BV, commissions are earned when the sale of products is recognised. Costs incurred by the Company in its ordinary course of business, excluding any restructuring costs, are recharged to ABB BV at the time the costs are charged to the Profit & loss account.

Notes (continued)

2 Accounting Policies (continued)

2.3 Significant accounting policies (continued)

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the Financial Statements.

Research and development expenditure

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

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
Freehold Land	not depreciated
Leasehold improvements	life of the lease
Plant and machinery	4 to 10 years
Fixtures, fittings, tools and equipment	3 to 10 years

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

Foreign currencies

Transactions 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.

Notes (continued)

2 Accounting Policies (continued)

2.3 Significant accounting policies (continued)

Job retention scheme

As mentioned in Note 9, all British based staff are employed by the Company's immediate parent company ABB Limited and the employee costs and job retention rebates are recharged to the Company. The Job retention scheme grant is disclosed as other operating income in the profit and loss account.

Investments

Investments are valued at cost unless, in the opinion of the Directors, there has been an impairment, in which case they are immediately written down to cost less amounts written off for impairment losses.

3 Turnover

	2020 £000	2019 £000
The analysis of turnover by geographical area attributable to the Company's principal activity is as follows:		
Europe	<u>2,140</u>	<u>2,378</u>

4 Other interest receivable and similar income

	2020 £000	2019 £000
Other interest	3	13
Bank interest	<u>-</u>	<u>1</u>
	<u>3</u>	<u>14</u>

5 Other finance income

	2020 £000	2019 £000
Expected return on pension scheme assets (note 15)	789	1,094
Interest on pension scheme liabilities (note 15)	(676)	(881)
Interest on irrecoverable surplus (note 15)	<u>(6)</u>	<u>(17)</u>
	<u>107</u>	<u>196</u>

The amounts disclosed represent the combined total for the two defined benefit pension schemes disclosed in Note 15.

6 Loss/Profit before taxation

	2020 £000	2019 £000
<i>Loss/Profit before taxation is stated after (crediting) charging:</i>		
Auditor's remuneration - audit of these financial statements	10	8
Rental charges – plant and machinery	5	2
Rental charges – land and buildings	-	24
Research and development expenditure	107	152
Exchange (gain)	(1)	(1)
Depreciation of tangible fixed assets	<u>41</u>	<u>43</u>

Notes (continued)

7 Tax on loss/profit

	2020 £000	2019 £000
<i>UK Corporation tax:</i>		
Current UK tax at 19% (2019: 19%)	-	-
Adjustment in respect of prior years	-	13
Total current tax charge	-	13
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 14)	9	28
Impact of increase in rate of taxation	-	135
Adjustment in respect of prior years	(34)	(13)
Total deferred tax charge	(25)	150
Tax on loss	(25)	163

Factors affecting the tax charge for the current year

The tax charge for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
<i>Tax reconciliation</i>		
(Loss)/Profit before tax	(148)	37
Tax at 19% (2019: 19%)	(28)	7
<i>Effect of:</i>		
Expenses not deductible for tax purposes	-	35
Depreciation in excess of capital allowances	3	1
Utilisation of advance corporation tax	-	(14)
Deferred tax effect of increased rate	-	135
Adjustment in respect of prior years	-	1)
Tax on (loss)/profit	(25)	163

Factors that may affect future tax charges

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. The UK deferred tax liability as at 31 December 2020 was calculated at 19% (2019: 19%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and increase the deferred tax liability by £399,000.

There are unrecognised deferred tax assets amounting to £149,000 (2019: £148,000) in relation to advance corporation tax on dividends paid in prior years.

Notes (continued)

8 Directors' remuneration

The Directors are employed and remunerated by other group companies. No recharge is made for their services to the Company, but an allocation of their time spent results in a charge of £34,000 (2019: £45,000) being borne by other group entities.

9 Staff numbers and cost

On 1 May 2015, all British based employees were transferred to the Company's 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 2020 was 45 (2019: 51).

	2020 £000	2019 £000
The aggregate costs of these persons were as follows:		
Wages and salaries	990	1,195
Social security costs	85	106
Other pensions	123	142
	<u>1,198</u>	<u>1,443</u>

10 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings tools and equipment £000	Total £000
Cost:				
At beginning of year	736	284	579	1,599
Additions	-	-	24	24
Disposals	-	(33)	(78)	(111)
At end of year	<u>736</u>	<u>251</u>	<u>525</u>	<u>1,512</u>
Accumulated depreciation:				
At beginning of year	308	277	526	1,111
Charged for the year	12	3	26	41
On disposals	-	(33)	(78)	(111)
At end of year	<u>320</u>	<u>247</u>	<u>474</u>	<u>1,041</u>
Net book value:				
At 31 December 2020	<u>416</u>	<u>4</u>	<u>51</u>	<u>471</u>
At 31 December 2019	<u>428</u>	<u>7</u>	<u>53</u>	<u>488</u>

The net book value of freehold land and buildings includes £157,000 (2019: £157,000) of non-depreciable land.

Notes *(continued)*

11 Investments

	Shares in Group undertakings £000
Cost	
At 1 January 2020 and 31 December 2020	<u>21,991</u>
 Provision against investments	
At 1 January 2020	10,195)
Impairment in year	<u>-</u>
At 31 December 2020	<u>10,195)</u>
 Net book value	
At 31 December 2020	<u>1,796</u>
 At 31 December 2019	<u>1,796</u>

At the year end the Company held investments in the following subsidiary undertakings:

Subsidiary undertakings	Country of Incorporation	Percentage of ordinary share capital directly owned	Principal activity
W J Furse & Co Limited	England	100%	Manufacturing

Its registered office is, Daresbury Park, Daresbury, Warrington Cheshire WA4 4BT

12 Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	2,895	3,215
Other debtors	155	77
Prepayments and accrued income	22	74
Corporation tax	<u>294</u>	<u>25</u>
	<u>3,366</u>	<u>3,391</u>

Notes (continued)

13 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	22	95
Amounts owed to group undertakings	651	191
Accruals and deferred income	165	150
	<u>838</u>	<u>436</u>

14 Provisions for liabilities – deferred tax

	2020 £000	2019 £000
Liability at 1 January	(1,046)	(1,158)
Profit and loss account credit for the year (note 7)	25	(150)
Statement of comprehensive income	(215)	262
Liability at 31 December	<u>(1,236)</u>	<u>(1,046)</u>
	2020 £000	2019 £000
Total effect of timing differences:		
Excess of capital allowances over depreciation	57	59
Short term timing differences	<u>(1,293)</u>	<u>(1,105)</u>
Deferred tax liability	<u>(1,236)</u>	<u>(1,046)</u>

Notes (continued)

15 Pension schemes

The Company operated a defined contribution scheme until 30 April 2015. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £Nil (2019: £Nil). At 31 December 2020 there were no outstanding contributions (2019: £Nil).

During the year the Company made no payments into employee private pension schemes (2019: £Nil).

The Company has two defined benefit schemes. Where there are references to this note throughout the Financial Statements, the totals of the two schemes disclosed need to be aggregated. Both of these schemes' funds are administered by trustees and are independent of the Company's finances.

Thomas & Betts Retirement Benefits Scheme

The Company operates a defined benefit pension scheme providing benefits based on final pensionable pay, the Thomas & Betts Retirement Benefits Scheme.

The most recent actuarial valuation as at 31 December 2019 showed the plan assets at £35,100,000 representing 105% of the value of benefits that had accrued to in-service, deferred and pensioner members.

All active members opted out from active service from 1 January 2012. Therefore, there will be no requirement for contributions in respect of future service after that date.

The actuarial valuation used for IAS 19 has been based on the actuarial valuation at 31 December 2019 updated to 31 December 2020 by an independent qualified actuary. The next full actuarial valuation is due as at 31 December 2022. As required by IAS 19, the defined benefit liabilities have been measured using the projected unit method.

The information disclosed below is in respect of the whole of the plan for which the Company is the sponsoring employer throughout the periods shown.

	2020 £000	2019 £000
Present value of funded defined benefit obligations	(30,800)	(29,253)
Fair value of plan assets	37,671	35,068
Net pension balance	<u>6,871</u>	<u>5,815</u>
Movements in present value of defined benefit obligation		
	2020 £000	2019 £000
At 1 January	(29,253)	(26,663)
Interest cost	(569)	(736)
Actuarial gains	704	90
Benefits paid	1,291	1,667
Changes in assumptions underlying the present value of scheme liabilities	(3,553)	3,611
Changes in demographic assumptions	730	-
Past service cost – GMP	(150)	-
At 31 December	<u>(30,800)</u>	<u>(29,253)</u>

Notes *(continued)*

15 Pension scheme *(continued)*

Movements in fair value of plan assets

	2020 £000	2019 £000
At 1 January	35,068	33,660
Expected return on plan assets	676	932
Actuarial gain	3,218	2,143
Benefits paid	(1,291)	(1,667)
At 31 December	<u>37,671</u>	<u>35,068</u>

(Expense)/income recognised in the profit and loss account

	2020 £000	2019 £000
Past service cost - GMP	(150)	-
Interest on defined benefit pension plan obligation <i>(note 5)</i>	(569)	(736)
Expected return on defined benefit pension plan assets <i>(note 5)</i>	676	932
Total	<u>(43)</u>	<u>196</u>

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is a gain of £1,098,000 (2019: £1,378,000 loss).

Cumulative actuarial losses reported in the statement of comprehensive income for accounting periods ending on or after 22 June 2002 are £11,112,000 (2019: £12,210,000).

The fair value of the plan assets and the return on those assets were as follows:

	2020 £000	2019 £000
Equities	-	-
Bonds	37,829	34,882
Others	(158)	186
Total	<u>37,671</u>	<u>35,068</u>
Actual return on plan assets	<u>11.1%</u>	<u>9.2%</u>

None of the plan assets are represented by financial instruments of the Entity. None of the plan assets are occupied or used by the Entity.

As there are no active members, and the scheme trustees are looking to keep risk to a minimum, the majority of the scheme's assets are held in bonds.

Notes (continued)

15 Pension scheme (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2020 %	2019 %
Discount rate	1.35	1.95
Rate of increase of pensions in payment (Pre 1 January 1996)	0.0	0.0
Rate of increase of pensions in payment (1 January 1996 to 5 April 2006)	2.55	2.25
Rate of increase of pensions in payment (Post 5 April 2006)	1.95	1.8
Rate of increase of pensions in deferment	2.55	2.25
Inflation assumption	3.0	3.2

In valuing the liabilities of the pension fund at 31 December 2020 mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 21.5 (2019: 22.3) years (male), 23.8 (2019: 24.5) years (female).

Future retiree aged 50 upon reaching 65: 22.5 (2019: 23.6) years (male), 24.9 (2019: 25.9) years (female).

The UK Statistics Authority and Government responded to a consultation on potential reforms to RPI in November 2020, confirming that from February 2030 increases in RPI will be aligned with CPIH (which is broadly similar to CPI except with an allowance for housing costs). Following advice from the Company's actuaries, there was a reassessment of the assumed future difference between RPI and CPI measures of price inflation. This has been adjusted from a difference of 0.95% p.a. as at the prior year-end to a gap of 0.45% at this year-end.

This has resulted in an estimated actuarial loss of £800,000 being recognised within the actuarial gains and losses within the other comprehensive income.

The average weighted maturity profile of the scheme is 17 years.

Sensitivity Analysis

The present value of the defined benefit obligation is £30,650,000 (2019: £29,253,000).

The sensitivity analysis for the amendments to key assumptions are as follows:

	Assumptions used	Sensitivity analysis	Effect on Defined Benefit Obligation £000
Discount Rate	1.35%	0.25% increase	(1,261)
Inflation (CPI measure)	2.55%	0.25% increase	624
Longevity	107%/108% of SAPS 'S3' tables for males/females, with improvements in line with CMI 2019 core projections model	Increase of 1 year in expected lifetime of scheme members	1,452

Methods and Assumptions used in Sensitivity Analysis

The sensitivity analysis is based on indicative calculations using a methodology consistent with that used for the determination of the Defined Benefit Obligation. The scenarios illustrated are not intended to represent a complete range for each assumption and do not represent upper or lower bounds on what could happen. The sensitivities have been calculated separately. The combined effect of two or more changes could differ from the sum of the figures shown.

Notes (continued)

15 Pension scheme (continued)

Description of Asset-Liability Matching Strategies

The Scheme's assets are invested in a suitably diversified mix of real and fixed securities that match the nature, term and currency of the Scheme's liabilities. The asset portfolio is designed to fully hedge the Scheme's exposure to both interest and inflation risk.

History of plan

The history of the plan for the current and prior periods is as follows:

Experience adjustments

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Difference between the expected and actual return on scheme assets:					
Amount	3,218	2,143	(977)	568	5,173
Percentage of scheme assets	8.5%	6.1%	(2.9%)	1.6%	14.9%
Experience gains and losses on scheme liabilities:					
Amount	704	90	7	1,454	332
Percentage of scheme liabilities	2.3%	0.3%	0.0%	5.1%	1.1%
Total amount recognised in statement of comprehensive income:					
Amount	1,098	(1,378)	475	1,377	(974)
Percentage of the present value of scheme liabilities	3.6%	(4.7%)	1.8%	4.8%	(3.3%)

The Company made no contributions during 2020 (2019: £Nil).

Augat Limited Pension and Life Assurance Scheme

This scheme is closed and includes only deferred members. It is operated by the Company, and until 31 December 2013 was disclosed within the figures of the parent company, Thomas & Betts Holdings (UK). During 2014 the decision was taken to place that company into liquidation, and as part of that process, the Augat Limited Pension and Life Assurance Scheme has been transferred to ABB Installation Products Limited.

The most recent actuarial valuation was carried out on 31 December 2019. The results of that valuation show the Plan assets at £5,800,000 representing 88% of the amount needed to cover the liabilities.

A new schedule of contributions dated 25 February 2021 was agreed between the Trustees and the Company which confirmed the additional £800,000 of Company contributions paid into the fund during 2021. No further contributions are required under this schedule.

The actuarial valuation used for IAS 19 has been based on the actuarial valuation at 31 December 2019 updated to 31 December 2020 by an independent qualified actuary. The next full actuarial valuation is due as at 31 December 2022. As required by IAS 19 the defined benefit liabilities have been measured using the projected unit method.

Notes *(continued)*

15 Pension scheme *(continued)*

The information disclosed below is in respect of the whole of the plan for which the Company is the sponsoring employer throughout the period shown.

	2020 £000	2019 £000
Present value of funded defined benefit obligations	(6,171)	(5,457)
Fair value of plan assets	<u>6,616</u>	<u>5,810</u>
Surplus in the scheme	445	353
Irrecoverable surplus	<u>(445)</u>	<u>(353)</u>
Net pension balance	<u>-</u>	<u>-</u>

Movements in present value of defined benefit obligation

	2020 £000	2019 £000
At 1 January	(5,457)	(5,308)
Interest cost	(107)	(145)
Actuarial (loss)	(51)	(49)
Benefits paid	36	943
Changes in assumptions underlying the present value of scheme liabilities	(691)	(898)
Changes in demographic assumptions	129	-
Past service cost – GMP	<u>(30)</u>	<u>-</u>
At 31 December	<u>(6,171)</u>	<u>(5,457)</u>

Movements in fair value of plan assets

	2020 £000	2019 £000
At 1 January	5,810	5,913
Expected return on plan assets	113	162
Actuarial gain/(loss)	729	678
Benefits paid	(36)	(943)
Employers contributions	<u>-</u>	<u>-</u>
At 31 December	<u>6,616</u>	<u>5,810</u>

Notes (continued)

15 Pension scheme (continued)

Expense recognised in the profit and loss account

	2020 £000	2019 £000
Past service cost – GMP	(30)	-
Interest on defined benefit pension plan obligation (note 5)	(107)	(145)
Expected return on defined benefit pension plan assets (note 5)	113	162
Interest on irrecoverable surplus in year (note 5)	(6)	(17)
Total	<u>(30)</u>	<u>-</u>

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £nil (2019: £nil).

Cumulative actuarial losses reported in the statement of comprehensive income for accounting periods ending on or after 22 June 2002 are £2,526,000 (2018: £2,526,000).

The fair value of the plan assets and the return on those assets were as follows:

	2020 £000	2019 £000
Equities	353	315
Bonds	6,196	5,416
Others	67	79
Total	<u>6,616</u>	<u>5,810</u>
Actual return on plan assets	<u>14.5%</u>	<u>14.2%</u>

None of the plan assets are represented by financial instruments of the Entity. None of the plan assets are occupied or used by the Entity.

As there are no active members, and the scheme trustees are looking to keep risk to a minimum, most of the scheme assets are held in bonds.

The pension surplus on the Balance Sheet has been fully restricted in accordance with FRS 101's asset ceiling provisions and the requirements of IFRIC14.

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2020 %	2019 %
Discount rate	1.35	1.95
Rate of increase of pensions in payment (Pre 6 April 1997)	3.0	3.0
Rate of increase of pensions in payment (Post 5 April 1997)	3.4	3.45
Rate of increase of pensions in deferment	5.0	5.0
Inflation assumption	3.0	3.2

Notes (continued)

15 Pension scheme (continued)

In valuing the liabilities of the pension fund at 31 December 2020 mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 21.5 (2019: 22.3) years (male), 23.8 (2019: 24.5) years (female).

Future retiree aged 50 upon reaching 65: 22.5 (2019: 23.6) years (male), 24.9 (2019: 25.9) years (female).

The UK Statistics Authority and Government responded to a consultation on potential reforms to RPI in November 2020, confirming that from February 2030 increases in RPI will be aligned with CPIH (which is broadly similar to CPI except with an allowance for housing costs). Following advice from the Company's actuaries, there was a reassessment of the assumed future difference between RPI and CPI measures of price inflation. This has been adjusted from a difference of 0.75% p.a. as at the prior year-end to a gap of 0.45% at this year-end.

This has resulted in no actuarial loss being recognised.

The average weighted maturity profile of the scheme is 20 years.

Sensitivity Analysis

The present value of the defined benefit obligation is £ 6,140,000 (2019: £5,457,000).

The sensitivity analysis for the amendments to key assumptions are as follows:

	Assumptions used	Sensitivity analysis	Effect on Defined Benefit Obligation
			£000
Discount Rate	1.35%	0.25% increase	(292)
Inflation (CPI measure)	2.55%	0.25% increase	33
Longevity	107%/108% of SAPS 'S3' tables for males/females, with improvements in line with CMI 2019 core projections model	Increase of 1 year in expected lifetime of scheme members	289

Methods and Assumptions used in Sensitivity Analysis

The sensitivity analysis is based on indicative calculations using a methodology consistent with that used for the determination of the Defined Benefit Obligation. The scenarios illustrated are not intended to represent a complete range for each assumption and do not represent upper or lower bounds on what could happen. The sensitivities have been calculated separately. The combined effect of two or more changes could differ from the sum of the figures shown.

Description of Asset-Liability Matching Strategies

The Scheme's assets are invested in a suitably diversified mix of real and fixed securities that match the nature, term and currency of the Scheme's liabilities. The asset portfolio is designed to fully hedge the Scheme's exposure to both interest and inflation risk.

Notes (continued)

15 Pension scheme (continued)

History of plan

The history of the plan for the current and prior periods is as follows:

Experience adjustments

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Difference between the expected and actual return on scheme assets:					
Amount	729	678	(271)	120	1,022
Percentage of scheme assets	11.0%	11.7%	(4.6%)	2.1%	15.6%

Experience gains and losses on scheme liabilities:

Amount	(51)	(49)	(13)	(17)	(145)
Percentage of scheme liabilities	(0.8%)	(0.9%)	(0.2%)	(0.3%)	(2.3%)

Total amount recognised in statement of comprehensive income

Amount	30	-	(247)	-	-
Percentage of the present value of scheme liabilities	0.5%	0%	(4.7%)	0%	0%

The Company made contributions of £nil during 2020 (2019: £nil).

16 Called up share capital

	2020	2019
	£000	£000
Authorised, allotted, called up and fully paid:		
4,730,293 Ordinary shares of £1 each	<u>4,730</u>	<u>4,730</u>

17 Post balance sheet events

A new schedule of contributions for the Augat Limited Pension and Life Assurance Scheme dated 25 February 2021 was agreed between the Trustees and the Company which confirmed the additional £800,000 of Company contributions paid into the fund during 2021. No further contributions are required under this schedule.

18 Capital commitments

The Company has capital commitments at 31 December 2020 of £9,000 (2019: £18,000).

19 Ultimate parent undertaking

The Company is a subsidiary of ABB Limited which is incorporated in Great Britain and registered 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 can be obtained from ABB Ltd, PO Box 8131, CH-8050, Zurich, Switzerland.