

100751/20
OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law

☒ **What this form is NOT**
You cannot use this form
an alteration of manner
with accounting require

FRIDAY



A17

A4LIT5RN

04/12/2015

#255

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ^①

ABB LIMITED

UK establishment
number

B R 0 0 8 7 7 1

→ **Filling in this form**

Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

^① This is the name of the company in
its home state

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

Legislation ^②

COMPANIES (AUDITING AND ACCOUNTING) ACT 2014

^② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ **No** Go to **Section A3**

☒ **Yes** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3**

Name of organisation
or body ^③

ASB ACCOUNTING STANDARDS BOARD

^③ Please insert the name of the
appropriate accounting organisation
or body

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ **No** Go to **Section A5**

☒ **Yes** Go to **Section A4**

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ No Go to Part 3 'Signature'

☒ Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'

① Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ①

ASB ACCOUNTING STANDARDS BOARD

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ No

☒ Yes

Part 3

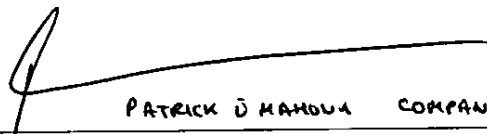
Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X



X

PATRICK J MAHOUA COMPANY SECRETARY

This form may be signed by
Director, Secretary, Permanent representative

27/11/2015

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone



Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



Important information

Please note that all this information will appear on the public record



Where to send

You may return this form to any Companies House address

England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

ABB Limited

Directors' report and financial statements for the year ended
31 December 2014

REGISTERED NUMBER 265676

BR 008771

FC 026748

FRIDAY

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04/12/2015

#254

COMPANIES HOUSE

ABB Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS for the year ended 31 December 2014

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ABB Limited

COMPANY INFORMATION

DIRECTORS	TJ Gregory	(resigned 24 February 2015)
	T O'Reilly	
	LM Andersson	(appointed 24 February 2015)
	IG Funnell	(appointed 24 February 2015)

ALTERNATE DIRECTORS	P O'Mahony	(resigned 2 October 2015)
	W McLaughlin	(resigned 28 October 2014)

SECRETARY	P O'Mahony
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REGISTERED NUMBER	265676
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REGISTERED OFFICE	Belgard Road, Tallaght, Dublin 24
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SOLICITORS	Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2
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BANKERS	HSBC Bank plc, 1 Grand Canal Square, Grand Canal Harbour Dublin 2
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AUDITORS	Ernst & Young, Chartered Accountants, The Atrium Maritana Gate Canada Street Waterford
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ABB Limited

DIRECTORS' REPORT for the year ended 31 December 2014

The directors present their report and audited financial statements for the year ended 31 December 2014

PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS DURING THE YEAR

The company is a member of the ABB Group and was owned by ABB Asea Brown Boveri Ltd, a company registered in Switzerland, until 28 July 2015, when it was transferred to the ownership of ABB Holdings Limited, a company incorporated in the United Kingdom. The ultimate parent remains unchanged.

The principal activities of the company in the year were the supply of power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact.

Operating profit from continuing operations increased by €4,904,000 to €12,787,000 (2013 €7,883,000).

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2014

The profit and loss account for the year ended 31 December 2014 and the balance sheet at that date are set out on pages 9 and 11 respectively. The profit on ordinary activities for the year before taxation amounted to €12,139,000 compared with €7,239,000 in the previous year. After a tax charge of €461,000 (2013 €927,000) a profit of €11,678,000 (2013 €6,312,000) was taken to reserves.

FINANCIAL PERFORMANCE INDICATORS

The company's key measures of financial performance are revenue growth, EBITDA (earnings before interest, taxation, depreciation and amortization) and profit on ordinary activities after taxation.

REVENUE GROWTH

The company's revenue from continuing operations was €114,802,000 (2013 €93,259,000). The increase in revenue from continuing operations during 2014 compared to 2013 was €21,543,000 or 23.1% due to the timing of revenues recognised on one off large projects during the year.

EBITDA

Earnings before interest, taxation, depreciation and amortisation was €13,006,000 (2013 €8,028,000). The increase in EBITDA for 2014 is due to increased revenues and reduction in provisions required against bad debts.

PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

Profit on ordinary activities after taxation was €11,678,000 (2013 €6,312,000). The increase in profit on ordinary activities after taxation for 2014 as compared to 2013 was €5,366,000.

ABB Limited

DIRECTORS' REPORT (continued) for the year ended 31 December 2014

PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish Company Law, the company is required to give a description of the principal risks and uncertainties which it faces. These principal risks are set out hereunder:

- Significant changes in the market place in which the business operates,
- Loss of our key management and other personnel,
- Our business is affected by the economic climate, and
- We are subject to environmental laws and regulations

The company has insurances, business policies and organisational structures to limit these risks and the Board of Directors regularly review, re-assess and proactively limit these risks.

GOING CONCERN

The directors consider that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed budgets and other financial information. For this reason they continue to adopt the going concern basis in preparing the accounts.

FUTURE DEVELOPMENTS

It is the intention of the Directors to continue to develop the current activities of the Company in order to operate in a rapidly changing industry. The Directors intend to continue to develop the current activities of the Company with a view to increasing future profitability, and consider that they are well placed within the market to meet these challenges, and continue to do so in the subsequent financial year.

DIVIDENDS

The company paid an interim dividend of €6,300,000 (2013: €5,688,000).

EMPLOYEE MATTERS

The company continues to consider health and safety to be one of our highest priorities and a fundamental element of being a successful business. We are committed to achieving the highest reasonable practical standards of health, safety and welfare for our employees, contractors, customers and visitors. The company actively engages with local government agencies, trade associations and other similar bodies to promote the benefits of a safe and healthy working environment.

ABB Limited

DIRECTORS' REPORT (continued) for the year ended 31 December 2014

THE ENVIRONMENT

Environmental management is one of the company's highest business priorities and the company continues to strive to improve its social and environmental performance continually. The company's social and environmental efforts include

- Fostering initiatives for economic, environmental, social and educational development,
- Offering customers eco-efficient products that save energy and are safe to use, that optimise the use of natural resources, minimise waste and reduce environmental impact over their complete life cycles, and
- Ensuring that the operations and processes comply with applicable environmental standards and legislation

DIRECTORS

TJ Gregory (British) (resigned 24 February 2015)
T O'Reilly
L M Andersson (Finnish) (appointed 24 February 2015)
IG Funnell (British) (appointed 24 February 2015)
W McLaughlin (British) (resigned 28 October 2014)
P O'Mahony (resigned 2 October 2015)

IMPORTANT EVENTS SINCE THE YEAR END

There have been no important events affecting the company since the year end

ACCOUNTING RECORDS

The measures that the directors have taken to ensure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the company's employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems

These accounting records are maintained at the company's principal place of business which is located at Belgard Road, Tallaght, Dublin 24

ABB Limited

DIRECTORS' REPORT (continued) for the year ended 31 December 2014

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Irish company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law)

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014

In preparing these financial statements, the directors are required to

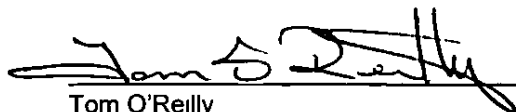
- Select suitable accounting policies for the company financial statements and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from these standards, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit and loss of the company to be determined with reasonable accuracy, and enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITORS

The auditors, Ernst & Young, Chartered Accountants and Statutory Audit Firm, will continue in office in accordance with Section 383(2) of the Companies Act, 2014

On behalf of the Directors


Tom O'Reilly Director


Lena Andersson Director

Date 20/11/2015



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABB LIMITED

We have audited the financial statements of ABB Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act, 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2014 and of its profit for the year then ended
- have been properly prepared in accordance with Generally Accepted Accounting Practice Ireland, and
- have been properly prepared in accordance with the requirements of the Companies Act 2014



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Independent Auditor's Report (continued)
to the members of ABB Limited

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited
- The financial statements are in agreement with the accounting records
- In our opinion the information given in the directors' report is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of sections 305 to 312 of the Companies Act 2014 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made

Dermot Carey
for and on behalf of Ernst & Young
Chartered Accountants and Statutory Audit Firm
Waterford

Date 23/11/2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	<i>Note</i>	<i>2014</i> <i>€'000</i>	<i>2013</i> <i>€'000</i>
Turnover			
Continuing operations	2	114,802	93,259
Raw materials and consumables		<u>(85,636)</u>	<u>(72,817)</u>
Gross Profit		29,166	20,442
Staff costs	3	(14,633)	(12,706)
Depreciation	9	(343)	(305)
Other operating charges		<u>(1,403)</u>	<u>452</u>
Operating profit		12,787	7,883
Restructuring charge	4	<u>(124)</u>	<u>(160)</u>
Profit on ordinary activities before interest		12,663	7,723
Interest receivable and similar income		3	2
Interest payable		(2)	(11)
Other finance cost	5	<u>(525)</u>	<u>(475)</u>
Profit on ordinary activities before taxation	6	12,139	7,239
Tax charge on profit on ordinary activities	7	<u>(461)</u>	<u>(927)</u>
Profit for the financial year	17	<u>11,678</u>	<u>6,312</u>


STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2014

		2014 €'000	2013 €'000
Profit for the financial year		11,678	6,312
Actuarial (loss) / gain on pension scheme	20	(5,095)	1,777
Deferred tax effect of FRS17 adjustments		637	(222)
Total recognised gains for the year		<u>7,220</u>	<u>7,867</u>
Prior year adjustment	1(b)	2,163	
Deferred tax effect of prior year adjustment		(270)	
Total gains recognised since last annual report		<u>9,113</u>	

BALANCE SHEET
at 31 December 2014

	Note	2014 €'000	2013 Restated €'000
FIXED ASSETS			
Tangible assets	9	4,568	4,559
Tangible assets held for resale	9	851	851
		<u>5,419</u>	<u>5,410</u>
CURRENT ASSETS			
Stocks	10	7,228	10,151
Debtors	11	58,951	48,060
Cash at bank and in hand		<u>1,916</u>	<u>4,214</u>
		68,095	62,425
CREDITORS			
Amounts falling due within one year	12	<u>(39,678)</u>	<u>(36,376)</u>
NET CURRENT ASSETS		<u>28,417</u>	<u>26,049</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,836	31,459
CREDITORS Amounts falling due after more than one year – Net obligations under finance leases	18	(44)	-
PENSION LIABILITIES	20	(14,269)	(9,919)
PROVISIONS FOR LIABILITIES AND CHARGES			
Product warranty and environmental provision	15	(6,616)	(9,190)
Deferred tax	7	<u>-</u>	<u>(363)</u>
		<u>12,907</u>	<u>11,987</u>
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	16	635	635
Profit and loss account	17	<u>12,272</u>	<u>11,352</u>
Shareholders' funds	17	<u>12,907</u>	<u>11,987</u>

Approved by the Board on 20/11/2015 and signed on its behalf by


 Tom O'Reilly, Director


 Lena Andersson, Director

Date 20/11/2015

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Act 2014

(b) Prior year adjustment

The financial statements for the year include a prior year adjustment. The restatement impacts the balance sheet and the profit and loss account and has been made to correct errors in the recognition of certain accrued costs to come on projects in years prior to 2013. The impact of the restatement is to increase stock (work in progress) by €1,826,000, decrease accruals by €337,000 and increase the profit and loss account on the balance sheet by €2,163,000. The tax impact of the adjustment is to increase the tax charge by €270,000 with a corresponding increase in the deferred tax liability. The overall impact of these adjustments is to increase retained profit brought forward in 2013 by €1,893,000 with an equivalent increase in net assets.

(c) Accounting convention

The financial statements are prepared under the historical cost convention.

(d) Cash flow statement

The company has availed of the concession in FRS 1 "Cash Flow Statements" which exempts a subsidiary undertaking from the requirement to prepare a cash flow statement on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

(e) Revenue Recognition

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

Short term construction-type contracts, or long term contracts for which reasonably dependable estimates cannot be made, are accounted for under the completed contract method under which turnover is recognised upon substantial completion. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Revenue is recognised on product sales on delivery of goods.

Revenue is recognised on service sales at the time the service has been rendered or in the case of period service contracts, using a proportional method over the life of the contract.

(f) Foreign currencies

The financial statements are expressed in euros (€).

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to euro at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1 ACCOUNTING POLICIES *(continued)*

(g) Fixed assets

Tangible fixed assets are carried at cost less accumulated depreciation and provisions for impairment. The cost of an asset is made up of the purchase price of the asset plus any costs directly attributable to bringing the asset into working condition for its intended use.

Freehold land is not depreciated. For other assets depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives annually on the straight line method as follows:

Buildings	2.5%
Building improvements	20%
Plant and equipment	10% to 12.5%
Motor vehicles	20%
Computer equipment	20%
Computer software	33.3%
Office equipment	12.5%

(h) Impairment of fixed assets

The carrying value of tangible assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Under Irish GAAP, impairment is assessed by comparing the carrying value of an asset with its recoverable amount (being the higher of net realisable value and value in use). Net realisable value is defined as the amount at which an asset could be disposed of, less any direct selling costs. Value in use is defined as the present value of the future cash flows obtainable through continued use of an asset including those anticipated to be realised on its eventual disposal.

(i) Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value and net of amounts received and receivable on account. Cost is determined on a first in first out basis and includes transport and handling costs. In the case of work in progress, cost includes direct materials and labour costs plus attributable overheads. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

(j) Long term contracts

Attributable profit on long-term contracts is recognised using the percentage-of-completion method of accounting and principally uses the cost-to-cost or delivery events method to measure progress towards completion on contracts. The method used by type of contract is based on judgement as to which method best measures progress towards completion on contracts.

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (*continued*)

1. ACCOUNTING POLICIES (*continued*)

(k) *Taxation*

Current tax is recognised based on tax rates and laws in effect during the year

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred that will result in an obligation to pay more, or a right to pay less, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes

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

(l) *Leased assets*

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. Leasing charges under finance leases are charged to revenue in the year incurred as estimated under the sum of digits method. Assets held under operating leases are not capitalised in the financial statements and the related lease charges are expensed in the financial statements over the term of the relevant lease agreements

(m) *Warranties for products*

Provision is made for the estimated liability on all products still under warranty, including claims already received

(n) *Research and development*

Expenditure on research and development is written off in the year in which it is incurred

(o) *Pension benefits*

The company operates two defined benefit pension schemes which are funded. A full actuarial valuation is undertaken every three years and is updated to reflect current conditions in the intervening periods. Scheme assets are valued at market value. Scheme liabilities are measured on an actuarial basis, using the projected unit method and discounted at the current rate of return on a high quality discount bond of equivalent term and currency to the liability. Any surplus is shown as an asset on the balance sheet net of the deferred tax impact. Any deficit is shown on the balance sheet as a liability net of the deferred tax impact. Actuarial gains and losses are recognised immediately in the statement of recognised gains and losses. The current service cost and past service cost of the defined benefit schemes is charged to operating profit and the expected return on assets net of the change in the present value of the scheme liabilities arising from the passage of time, is credited to other finance income

The company also operates a defined contribution scheme. Pension benefits are funded over the employees' period of service by way of contributions to a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 *(continued)*

1. ACCOUNTING POLICIES *(continued)*

(p) Share based payment charges

The group has share based employee incentive plans which are described more fully in Note 21. The relevant shares are those of the ultimate holding company, ABB Ltd registered in Switzerland. The plans are run and administered by companies in the ABB group, outside of Ireland. The fair value of share based payments is charged to the profit and loss account on a straight line basis over the vesting period after taking account of forfeitures.

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (*continued*)

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services to third parties which fall within the company's ordinary activities, stated net of value added tax

Turnover is analysed as follows

Business Segment	Continuing Operations	
	2014 €'000	2013 €'000
Turnover		
Process Automation	5,412	5,654
Low Voltage products	21,508	17,350
Discrete Automation & Motion	5,637	4,492
Power Systems	39,516	22,352
Power Products	42,729	43,411
Total	114,802	93,259

Geographic Market	Continuing Operations	
	2014 €'000	2013 €'000
Turnover		
Ireland	94,273	89,707
Europe	18,306	3,389
Rest of the World	2,223	163
Total	114,802	93,259

3. EMPLOYEES

The average number of persons employed by the company (including directors) during the year was as follows

	2014 Number	2013 Number
Selling	48	46
Operations	78	73
Management and administration	20	22
	146	141

The staff costs comprise	€'000	€'000
Salaries and wages	11,932	10,148
Social welfare costs	1,398	1,325
Pension and other costs	1,303	1,233
	14,633	12,706

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (*continued*)

4 RESTRUCTURING COSTS

Restructuring costs in 2014 have arisen due to the decision to cease the data centre business development activities carried out by the company

Prior year restructuring costs arose due to the announced closure in 2009 of the company's transformer factory located in Waterford as well as the sale of the Dundalk QCS business

	2014 €'000	2013 €'000
Restructuring charge	<u>(124)</u>	<u>(160)</u>

The main components are analysed as follows

	2014 €'000	2013 €'000
Restructuring charge – environmental provision	-	(160)
Restructuring charge – severance	<u>(124)</u>	<u>-</u>
Restructuring charge	<u>(124)</u>	<u>(160)</u>

5 OTHER FINANCE INCOME/CHARGES

Under FRS 17 'Retirement benefits', the net of the interest cost on liabilities and the expected return on assets is to be recorded as other finance income adjacent to interest. The interest cost represents the unwinding of the discount on the scheme liabilities. The expected return on assets is based on the long-term expectations at the beginning of the period.

A description of the retirement benefit scheme operated by the company is provided in Note 20

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (*continued*)

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting)

	2014 €'000	2013 €'000
Directors remuneration		
Salaries	198	245
Other emoluments including pension contributions	37	19
Depreciation and amortisation	343	305
Auditor's remuneration	25	3
Operating lease rentals		
- equipment & vehicles	352	360
- land and buildings	58	112
Research and Development		
Expenditure written off	452	-
Foreign exchange (gains)	(202)	(73)

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (*continued*)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of profit and loss accounting charge

	2014 €'000	2013 €'000
Current tax		
Republic of Ireland corporation tax on profit of the year at 12.5%		
Current year tax charge	(784)	(47)
(Under) / over provision in respect of prior year	(102)	90
Current tax transferred to the Statement of Total recognised gains and losses	-	-
Total current tax (charge) / credit (see reconciliation below)	(886)	43
Deferred tax		
Origination and reversal of timing differences	425	(970)
Total deferred tax credit/(charge)	425	(970)
Tax charge on profit on ordinary activities	(461)	(927)

(b) Reconciliation of the expected current tax charge at the standard tax rate to the actual current tax charge at the effective rate

The tax assessed for the year is lower than the standard rate of corporation tax in the Republic of Ireland of 12.5%. The differences are explained below

	2014 €'000	2013 €'000
Profit on ordinary activities before taxation	12,139	7,239
Profit on ordinary activities multiplied by standard rate of corporation tax in the Republic of Ireland of 12.5%	1,517	905
<i>Effects of</i>		
Expenses not deductible for tax purposes	27	29
Depreciation in excess of/(less than) capital allowances	34	(7)
Pension	(15)	(29)
Medical insurance premium gross up	27	24
Research and development tax relief	(718)	-
R&D tax credits – non taxable income	(75)	-
Losses utilised in year	(28)	(899)
UK Branch tax charge	15	24
Under / (over) provision in respect of prior year	102	(90)
Total current tax	886	(43)

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (continued)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The company has tax trading losses arising and carried forward in Ireland of € Nil (2013 (restated) €750,921) which are available indefinitely for offset against future taxable profits of the business in which the losses arose

The company has future tax adjustments in Ireland of €7,000 relating to decelerated capital allowances (2013 - €457,620) and € 70,000 (2013 €Nil) in relation to short-term timing differences

	2014	2013 <i>Restated</i>
	€'000	€'000
Pension deficit (Note 20)	2,039	1,417
Tax losses	-	95
Decelerated capital allowances	7	(458)
Short-term timing differences	70	-
	<u>2,116</u>	<u>1,054</u>

The total net deferred tax asset recognised of €2,116,000 (2013 €1,054,000) is reflected in these accounts as follows

	Creditors (Note 7) €'000	Pensions (Note 20) €'000	Total €'000
Brought forward at 1 January 2014	(363)	1,417	1,054
Movement in the year – P & L	440	(15)	425
Movement in the year – STRGL	-	637	637
	<u>77</u>	<u>2,039</u>	<u>2,116</u>
Carned forward at 31 December 2014			

8 DIVIDENDS

The company paid an interim dividend of €6,300,000 (€12.6 per share) (2013 €5,688,00 (€11.376 per share))

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (continued)

9 TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings €'000</i>	<i>Motor vehicles €'000</i>	<i>Machinery and equipment €'000</i>	<i>Computer software €'000</i>	<i>Total €'000</i>
Cost					
At 1 January 2013	9,881	56	2,469	1,738	14,144
Additions	-	-	70	-	70
At 1 January 2014	9,881	56	2,539	1,738	14,214
Additions	-	-	361	-	361
Disposals	-	-	(9)	-	(9)
At 31 December 2014	9,881	56	2,891	1,738	14,566
Depreciation					
At 1 January 2013	5,231	56	2,325	1,738	9,350
Charge for year	251	-	54	-	305
At 1 January 2014	5,482	56	2,379	1,738	9,655
Charge for year	250	-	93	-	343
At 31 December 2014	5,732	56	2,472	1,738	9,998
NBV					
At 31 December 2012	4,650	-	144	-	4,794
At 31 December 2013	4,399	-	160	-	4,559
At 31 December 2014	4,149	-	419	-	4,568

As the company has ceased operations in Waterford the net book value of the freehold land and buildings relating to Waterford amounting to €851,000 (2013 €851,000) has been transferred to tangible assets held for resale in the balance sheet

The net book value of fixed assets includes an amount of €84,000 (2013 €nil) in respect of assets held under finance leases

Included in Freehold land and buildings is land of €878,000 (2013 €878,000), which is not depreciated

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (*continued*)

10 STOCKS

	2014	2013 <i>Restated</i>
	€'000	€'000
Work in progress	5,194	8,281
Finished goods	<u>2,034</u>	<u>1,870</u>
	<u>7,228</u>	<u>10,151</u>

The replacement cost of stocks does not differ significantly from the balance sheet amounts

11 DEBTORS

	2014	2013
	€'000	€'000
<i>Amounts falling due within one year</i>		
Trade debtors	26,954	14,962
Amounts owed by fellow subsidiaries	24,184	21,879
Prepayments and accrued income	7,390	10,614
Corporation tax	346	605
Deferred tax asset (Note 7)	<u>77</u>	<u>-</u>
	<u>58,951</u>	<u>48,060</u>

12 CREDITORS (amounts falling due within one year)

	2014	2013 <i>Restated</i>
	€'000	€'000
Trade creditors	3,284	1,657
Amounts owed to group undertakings	18,431	16,465
Taxation and social welfare (Note 13)	4,138	2,959
Accruals	9,504	8,901
Deferred income	4,014	6,040
Finance leases (Note 18)	40	-
Other creditors	<u>267</u>	<u>354</u>
	<u>39,678</u>	<u>36,376</u>

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (*continued*)

13 TAXATION AND SOCIAL WELFARE

Taxation and social welfare creditors are as follows

	2014 €'000	2013 €'000
PAYE and PRSI	783	695
Value Added Tax	3,355	2,264
	<u>4,138</u>	<u>2,959</u>

14 DEFERRED TAXATION

The pension and post retirement liabilities have been shown net of the related deferred tax asset

15 PROVISIONS

	<i>Restructuring</i> €'000	<i>Warranties</i> €'000	<i>Other</i> €'000	<i>Total</i> €'000
Provision at 1 January 2013	-	4,974	4,300	9,274
Charged during the year	180	1,149	160	1,489
Released during the year	-	-	-	-
Utilised during the year	-	(1,120)	(453)	(1,573)
Provision at 1 January 2014	180	5,003	4,007	9,190
Charged during the year	124	357	-	481
Released during the year	-	(452)	-	(452)
Utilised during the year	(304)	(642)	(1,657)	(2,603)
Provision at 31 December 2014	-	4,266	2,350	6,616

The restructuring provision has existed to cover the remaining costs in relation to the closure of the transformer factory in Waterford, the transfer of the QCS business from Dundalk and the cessation of the data centre business development activities carried out by the company

Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers. Provision is made for the estimated cost of honouring unexpired warranties. The expected timing of any payments under such guarantees and warranties is uncertain.

Other provisions relate to provisions which exist in order to cover the remaining costs in relation to the closure of a transformer factory in Waterford and the transfer of the QCS business from Dundalk.

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (continued)

16 CALLED UP SHARE CAPITAL

	2014 €'000	2013 €'000
<i>Authorised</i>		
500,000 ordinary shares of €1 269738 each	635	635
<i>Allotted called up and fully paid</i>		
500,000 ordinary shares of €1 269738 each	635	635

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital €'000	Profit & Loss account €'000	Total €'000
At 1 January 2013 as previously reported	635	7,280	7,915
Impact of prior year adjustment (Note 1(b))	-	2,163	2,163
Deferred tax impact of prior year adjustment	-	(270)	(270)
At 1 January 2013 (restated)	635	9,173	9,808
Profit for the financial year	-	6,312	6,312
Interim dividend (Note 8)	-	(5,688)	(5,688)
Actuarial gain on pension scheme	-	1,777	1,777
Movement on deferred tax relating to pension scheme	-	(222)	(222)
At 1 January 2014 (restated)	635	11,352	11,987
Profit for the financial year	-	11,678	11,678
Interim dividend (Note 8)	-	(6,300)	(6,300)
Actuarial loss on pension scheme	-	(5,095)	(5,095)
Movement on deferred tax relating to pensions scheme	-	637	637
At 31 December 2014	635	12,272	12,907

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (*continued*)

18 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Amounts due under finance lease and hire purchase contracts

	2014 €'000	2013 €'000
Amounts payable		
Within one year	40	-
Within two to five years	44	-
In over five years	-	-
	<u>84</u>	<u>-</u>

Annual commitments under non-cancellable operating leases are as follows

	Land and Buildings		Other	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Amount payable				
within one year	7	29	66	83
within two to five years	<u>56</u>	<u>-</u>	<u>225</u>	<u>245</u>
	<u>63</u>	<u>29</u>	<u>291</u>	<u>328</u>

19 CONTINGENT LIABILITIES

At 31 December 2014 there were no outstanding contingent liabilities in respect of the company (2013 € NIL) other than the matters detailed below

Guarantees related to contracts

In accordance with industry practice, guarantees of performance under contracts with customers are given

The guarantees are provided by banks by way of advance payment, performance or warranty bonds and are normally for defined amounts and periods

At 31 December 2014 these guarantees amounted to €574,337 (2013 €6,641,990)

The company provides a counter indemnity to the bank for issuing the guarantees

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (*continued*)

20 PENSIONS

ABB Limited operates two defined benefit pension schemes for certain employees and executive directors. The assets of the scheme are held separately from those of the company in an independently administered fund.

In addition, the company operates a defined contribution scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to €122,000 (2013 €110,000). There were no contributions payable to the fund at the year end (2013 €nil).

Full actuarial valuations are carried out every three years for each of the two defined benefit schemes by a qualified independent actuary using the projected unit method. The actuarial reports are available for inspection by members of the scheme only.

The main assumptions used by the actuary were

	2014 %	2013 %	2012 %
Rate of increase in salaries	3.25	3.50	3.50
Rate of increase to pensions in payment	1.75	2.00	2.00
Discount rate for scheme liabilities	2.30	3.60	3.60
Inflation assumption	1.75	2.00	2.00

The expected term rates of return on the assets of the plan at the balance sheet dates were as follows

	2014 %	2013 %	2012 %
Equities	6.40	7.20	7.50
Bonds	1.20	1.00	4.30
Property	5.70	6.00	6.00
Other	2.00	2.00	2.30

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (*continued*)

20. PENSIONS (*continued*)

The fair value of the assets in the schemes and the present value of the liabilities in the schemes at the balance sheet dates were as follows

	2014 €'000	2013 €'000
Equities	22,472	18,273
Bonds	23,304	18,176
Property	-	122
Other	-	-
Total market value	45,776	36,571
Present value of scheme liabilities	(62,084)	(47,907)
Deficit in the schemes	(16,308)	(11,336)
Related deferred tax asset	2,039	1,417
Net pension liability	(14,269)	(9,919)
	2014 €'000	2013 €'000
The amounts charged to operating profit were		
Current service cost	1,181	1,123
	2014 €'000	2013 €'000
Amounts charged to other finance charges		
Interest on scheme liabilities	(1,714)	(1,655)
Expected return on scheme asset	1,189	1,180
Net finance charge	(525)	(475)

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (continued)

20 PENSIONS (continued)

Analysis of amounts in the statement of total recognised gains and losses are

	2014 €'000	2013 €'000
Actual return less expected return on assets	6,773	1,270
Experience gains and losses on liabilities	692	(163)
Changes in assumptions	(12,560)	670
Actuarial (loss) / gain	(5,095)	1,777
Deferred tax credit / (charge)	637	(222)
Actuarial (loss) / gain recognised in the statement of total recognised gains and losses	(4,458)	1,555
Cumulative actuarial loss in the statement of total recognised gains and losses	(17,919)	(12,824)
Analysis of movements in deficit during the year	2014 €'000	2013 €'000
At beginning of the year	(11,336)	(13,345)
Movement in the year		
Current service cost	(1,181)	(1,123)
Contributions paid	1,829	1,831
Other finance cost	(525)	(475)
Actuarial (loss) / gain	(5,095)	1,776
At end of the year	(16,308)	(11,336)

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (*continued*)

20. PENSIONS (*continued*)

History of experience of gains and losses

	2014	2013	2012	2011	2010	2009
Difference between the expected and Actual return on scheme assets – Amount (€'000)	6773	1,270	2,540	(1,796)	982	(878)
Percentage of scheme assets	14.8%	3.47%	7.72%	(6.59)%	3.77%	(3.54)%
Experience gains and losses on scheme liabilities - Amount (€'000)	692	(163)	890	978	894	357
Percentage of scheme liabilities	(1.11)%	0.34%	1.92%	(3.53)%	3.18%	1.18%
Changes in assumptions underlying the present value of scheme liabilities – Amount (€'000)	(12,560)	670	(17,471)	(1,156)	(700)	(1,577)
Percentage of scheme liabilities	(20.23)%	1.40%	(37.76)%	(4.17)%	(2.49)%	(5.2)%

Changes in the fair value of the defined benefit obligation are analysed as follows

	2014 €'000	2013 €'000
Opening defined benefit obligation	47,907	46,246
Service cost	1,181	1,123
Interest cost	1,714	1,655
Contributions by plan participants	185	192
Actuarial loss / (gain)	11,868	(507)
Benefits paid	(771)	(802)
Closing defined benefit pension obligation	62,084	47,907

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (continued)

20. PENSIONS (continued)

Changes in the fair value of scheme assets are analysed as follows

	2014 €'000	2013 €'000
Opening fair value of scheme assets	36,571	32,901
Expected return on assets	1,189	1,180
Actuarial gain	6,773	1,269
Contributions by employer	1,829	1,831
Contributions by plan participants	185	192
Benefits paid	(771)	(802)
Closing fair value of scheme assets	<u>45,776</u>	<u>36,571</u>

Fair value of the scheme assets, present value of the scheme liabilities and surplus or deficit in the scheme

	2014 €'000	2013 €'000	2012 €'000	2011 €'000	2010 €'000
Present value of scheme					
Liabilities	(62,084)	(47,907)	(46,246)	(27,714)	(28,130)
Fair value of scheme					
Assets	45,776	36,571	32,901	27,247	26,062
(Deficit) / surplus in the plan	(16,308)	(11,336)	(13,345)	(467)	(2,068)

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (*continued*)

21 EMPLOYEE INCENTIVE PLANS

The ABB Group has two share-based employee incentive plans applying to employees of the Group as described below. Both incentive plans are run and administered by companies in the ABB Group, outside of Ireland.

Management Incentive Plan (MIP)

Under the MIP, share warrants or options and warrant appreciation rights (WARs) are offered to key employees for no consideration. Each launch of the MIP is approved by the Board of Directors of the ultimate parent company, ABB Ltd.

Warrants and options granted under the MIP allow participants to purchase shares of ABB Ltd at predetermined prices. Participants may sell the warrants or options rather than exercise the right to purchase shares. Equivalent warrants are listed by a third party bank on the SWX Swiss Exchange, which facilitates pricing and transferability of warrants granted under this plan. The options entitle the holder to request that a third party bank purchase such options at the market price of equivalent listed warrants related to that MIP launch. If the participant elects to sell the warrants or options on the market rather than exercise the right to purchase shares, the instruments may then be held by a non-employee of ABB Ltd. Each WAR gives the participant the right to receive, in cash, the market price of a warrant on the date of exercise of the WAR. The WARs are non-transferable.

Participants may exercise or sell warrants and options and exercise WARs after the vesting period, which is three years from the date of grant. Vesting restrictions can be waived in certain circumstances such as death or disability. All warrants, options and WARs expire six years from the date of grant. As the primary trading market for shares of ABB Ltd is the SWX Swiss Exchange (virt-x), the exercise prices of warrants and options and the trading prices of equivalent warrants listed on the SWX Swiss Exchange are denominated in Swiss francs. Accordingly, exercise prices are presented below in Swiss francs.

ABB Limited in Ireland receives a charge for the costs (the initial fair value of the awards and the administrative costs) of providing the MIP to employees of the Irish company. If an employee forfeits the awards during the vesting period, ABB Limited in Ireland receives a credit note for the charges previously paid. If an employee is transferred to/from another country during the vesting period, ABB Limited in Ireland receives a credit note/invoice for the respective portion of the initial charge. A charge of €113,947 is included in Administration costs in 2014 (2013: €131,733).

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (continued)

21 EMPLOYEE INCENTIVE PLANS (continued)

Warrants and Options

Presented below is a summary of the activity related to warrants and options of the company's employees for the years ended 31 December 2014 and 2013

2014	Number of warrants or options	Number of shares ⁽¹⁾	Weighted-average exercise price (in Swiss francs) ^{(2) (3)}	Weighted-average remaining contractual term (in years) ⁽³⁾	Aggregate intrinsic value (in thousands of Swiss francs) ⁽⁴⁾
Outstanding at 1 January 2014	-	-			
Granted	-	-			
Forfeited	-	-			
Expired	-	-			
Sold	-	-			
Outstanding at 31 December 2014	-	-	-		-
Exercisable at 31 December 2014	-	-	-		-
2013	Number of warrants or options	Number of shares ⁽¹⁾	Weighted-average exercise price (in Swiss francs) ^{(2) (3)}	Weighted-average remaining contractual term (in years) ⁽³⁾	Aggregate intrinsic value (in thousands of Swiss francs) ⁽⁴⁾
Outstanding at 1 January 2013	75,820	15,164	26.0	0.4	
Granted	-	-			
Forfeited	-	-			
Expired	(75,820)	(15,164)			
Sold	-	-			
Outstanding at 31 December 2013	-	-	-	-	-
Exercisable at 31 December 2013	-	-	-	-	-

(1) Information presented reflects the number of shares of ABB Ltd that warrant holders can receive upon exercise. Warrants and options have a conversion ratio of 5:1.

(2) Information presented reflects the exercise price per share of ABB Ltd.

(3) Information presented is weighted on the number of shares.

(4) Computed using the closing price, in Swiss francs, of ABB Ltd shares on the SWX Swiss Exchange (virt-x) and the exercise price per share of ABB Ltd.

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (*continued*)

21 EMPLOYEE INCENTIVE PLANS (*continued*)

No warrants or options were granted in 2014 or 2013. The exercise price for warrants and options outstanding at 31 December 2014 was CHF NIL (2013: CHF NIL).

The fair value of each warrant or option is estimated on the date of grant using a lattice model that uses assumptions noted in the table below. Expected volatilities are based on implied volatilities from traded warrants and options on ABB Ltd's shares. The risk-free rate is based on a six-year Swiss Franc interest rate, reflecting the contractual life of the warrants and options. No warrants were granted in 2014.

	2014 grant	2013 grant
Expected volatility	18%	21%
Dividend yield	2.8%	2.9%
Expected term	6 years	6 years
Risk-free interest rate	0.25%	0.57%

WARs

Presented below is a summary of WAR activity of the company's employees for the years ended 31 December 2014 and 2013.

	2014 Number of WARs	2013 Number of WARs
Outstanding at 1 January	919,300	854,300
Granted during the year	273,110	311,250
Exercised during the year	(90,000)	(30,000)
Forfeited during the year	-	-
Expired during the year	(120,000)	-
Employee transferred out	-	(216,250)
Outstanding at 31 December	<u>982,410</u>	<u>919,300</u>
Exercisable at 31 December	<u>271,800</u>	<u>330,000</u>

As a WAR gives its holder the right to receive in cash the market price of a warrant, the fair value of a WAR on grant date equals that of a warrant. The aggregate fair value at date of grant of WARs granted in 2014 was CHF 133,824 (2013: CHF 205,425).

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (continued)

21 EMPLOYEE INCENTIVE PLANS (continued)

Employee Share Acquisition Plan (ESAP)

The ESAP is an employee share option plan with a savings feature. Employees save over a twelve-month period, by way of monthly salary deductions. At the end of the savings period, employees choose whether to exercise their share options using their savings plus interest to buy ABB Ltd shares at the exercise price set at the grant date, or have their savings returned with interest. The savings are accumulated in a bank account held by a third party trustee on behalf of the participants and earn interest. Employees can withdraw from the ESAP at any time during the savings period and will be entitled to a refund of their accumulated savings.

ABB Limited in Ireland receives a charge for the costs of providing ESAP to employees of the Irish company. The costs approximate the difference between the exercise price and market price of the ABB Ltd share at vesting, as well as administrative costs. Charges of €3,677 are included in Administration costs in 2014 (2013: €58,522).

Presented below is a summary of activity under the ESAP during the years ended 31 December 2014 and 2013.

2014	Number of shares	Weighted average exercise price (in Swiss francs)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands of Swiss francs) ⁽¹⁾
Outstanding at 1 January 2014	12,230	2,290		
Granted during the year	11,670	20.97		
Forfeited during the year	(560)	22.90		
Exercised during the year	(469)	22.90		
Not exercised (savings returned plus interest) during the year	<u>(11,201)</u>	22.90		
Outstanding at 31 December 2014	<u>11,670</u>	20.97	0.8	2
Vested and expected to vest at 31 December 2014	11,670	20.97	0.8	2
Exercisable at 31 December 2014	<u>-</u>			

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014 (continued)

21 EMPLOYEE INCENTIVE PLANS (continued)

2013	Number of shares	Weighted average exercise price (in Swiss francs)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands of Swiss francs) ⁽¹⁾
Outstanding at 1 January 2013	15,000	17 08		
Granted during the year	12,230	22 90		
Forfeited during the year	(1,060)	17 08		
Exercised during the year	(11,348)	17 08		
Not exercised (savings returned plus interest) during the year	<u>(2,592)</u>	17 08		
Outstanding at 31 December 2013	<u>12,230</u>	22 90	0 8	17
Vested and expected to vest at 31 December 2013	12,230	22 90	0 8	17
Exercisable at 31 December 2013	<u>-</u>			

(1) Computed using the closing price, in Swiss francs, of ABB Ltd shares on the SWX Swiss Exchange (virt-x) and the exercise price of each option in Swiss francs

ABB Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (*continued*)

22. RELATED PARTIES AND PARENT COMPANY

The company has taken advantage of the exemption granted in FRS 8, "Related Party Disclosures", from disclosing intra-group transactions as it is a wholly-owned subsidiary of its ultimate parent undertaking, ABB Ltd, whose financial statements are publicly available

The Company's immediate controlling party was ABB Asea Brown Boveri Ltd, a company incorporated in Switzerland, until 28 July 2015 when ownership was transferred to ABB Holdings Limited, a company incorporated in the United Kingdom. The Company's ultimate controlling party is ABB Ltd, a company incorporated in Switzerland

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is ABB Ltd, a company incorporated in Switzerland. Copies of its group financial statements are available from ABB Ltd, PO Box 8131, CH-8050 Zurich, Switzerland

23. APPROVAL OF ACCOUNTS

The directors approved the financial statements and authorised them for issue on 20 November 2015