

Baldor UK Limited

Registered No 02188833

Report and Financial Statements



Baldor UK Limited

Registered No 02188833

Directors

M Crocker
G Houston
R Tucker

Secretary

Victoria Mac Lean

Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham
B4 6HQ

Registered office

Mint Motion Centre
6 Bristol Distribution Park
Hawkey Drive
Bristol
BS32 0BF

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year amounted to £76,758 (2011 restated loss £194,477) The directors do not recommend the payment of a dividend (2011– Nil)

Business Review and Principal Activities

The company is a wholly owned subsidiary of ABB Limited

The company's principal activities are the design and manufacture of industrial servo drives and motion control equipment and sale of electric motors, drives, power transmission products, and generators to original equipment manufacturers, distributors in the UK and to other companies within the ABB group There are no significant changes in the company's principal activities in the year under review Since the acquisition of Baldor by ABB, the business is likely to undertake a restructuring in 2013 with its main focus on servo and motion control products for sale within the ABB global network

The company continues to invest in research and development and in 2012 spent £1,193,993 (2011 - £1,480,253) Development started on the next drive family based around EtherCAT, with continuing developments in 2013 with a view to bringing it to market in early 2013 There was a strong focus in 2012 on the re-branding of the Baldor servo/motion product line to ABB The technology investigation for our next generation of products was combined with an ABB technology investigation and will form the basis of ABB's next generation motion control and servo drive platform The technology investigation will continue in 2013, with a view to starting product development in 2013 We are also working on R&D opportunities within ABB, such as the Robotics and Programmable Logic Controllers division The directors regard R&D investment as necessary for continuing success in the medium to long-term future

2012 has been a period of integration with ABB The Bristol facility is now the headquarters for a new motion line (Global Product Line) and during 2012 it became a feeder factory to ABB sales facilities throughout the world

Baldor Electric Company and its parent ABB manages its operations on a divisional basis For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the division of Baldor Electric Company, which includes the company, is discussed in ABB group's Annual Report which does not form part of this report

As shown in the company's profit and loss account on page 8, the company's sales have declined to £16,091,120 compared to the prior year (2011, £17,078,722) This is attributed to a change in Baldor's business model during late 2012 whereby fulfilment of new orders within the Motors and Generators business areas moved from Bristol to Menden in Germany

Cost of sales have decreased by £1,522,747 from £14,629,362 to £13,106,615, which is linked to the reduction in sales levels

This decrease was partially offset due to an increase in the level of stock provisioning for obsolete or slow moving stock, which now stands at £698,109 (2011 £553,703)

Directors' report

Principal risks and uncertainties

Competition

Competitive pressure is a continuing risk for the company, which could result in lost sales to our key competitors. The company manages this risk by providing value to its customers, having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships with our customers. We are also in a better position to leverage our supply chain management with ABB Drives Division, helping to reduce our manufacturing costs and maintain a competitive product line.

Credit, Liquidity and Cash Flow

The company has a sizeable customer base and does not rely on any one of its customers. Accordingly it has minimal exposure to a bad debt affecting its liquidity, cash flow or future prospects.

The company has policies in place that require appropriate credit checks on potential customers before sales are made. These credit checks are periodically updated using a specialist credit rating agency.

The company and group have sufficient cash balances and do not consider that it has any significant exposure to liquidity issues.

Foreign Currency

As the company deals in multiple currencies, it has exposure to fluctuations in exchange rates, these are naturally hedged as far as possible by offsetting sales and purchases.

The company has no third party debt.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling, reducing energy consumption, and moving manufacturing processes to lead free designs.

Directors

The directors who served throughout the year and up to the date of this report are as stated on page 1.

Prior Year Restatement

The financial statements for the year include a prior year adjustment. The restatement impacts both the balance sheet and the profit and loss account and has been made to bring the accounting treatment of the redeemable preference shares issued by the company in 2008 in line with FRS25. The impact of the restatement is to increase interest payable by £31,647 in the profit and loss account, increase creditors falling due after more than one year by £811,457 and decrease capital and reserves on the balance sheet by £811,457.

Directors' report

Auditors

The company has, by elective resolution, dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985

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

On behalf of the board



Mark Crocker

Director

26/9/17

Date

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

To the members of Baldor UK Limited

We have audited the financial statements of Baldor UK Limited for the year ended 31st December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of Baldor UK Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Susan Broughton

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

Birmingham

Date 30 September 2013

Profit and loss account

for the year ended 31 December 2012

		2012	2011
		£	restated £
	Notes		
Turnover	2	16,091,605	17,078,722
Cost of sales		(13,106,615)	(14,629,362)
Gross profit		2,984,990	2,449,360
Distribution costs		(2,407,715)	(2,188,107)
Administrative expenses		(663,722)	(405,892)
Operating Loss	3	(86,447)	(144,639)
Interest receivable	7	6,875	4,548
Interest payable	6	(31,647)	(30,459)
Loss on ordinary activities before taxation		(111,219)	(170,550)
Tax on loss on ordinary activities	8	187,977	(23,927)
Profit/(Loss) for the financial year	17	76,758	(194,477)

All of the results stated above are derived from continuing activities

Baldor UK Limited

Registered No 02188833

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no other recognised gains or losses attributable to the shareholders for the years ended 31 December 2011 or 31 December 2012 other than as stated above

Balance sheetat 31st December 2012

	Notes	2012 £	2011 Restated £
Fixed assets			
Tangible assets	9	387,581	315,345
Investments	10	1,272,621	1,272,621
		<u>1,660,202</u>	<u>1,587,966</u>
Current assets			
Stocks	11	1,667,424	3,556,515
Debtors	12	2,416,264	2,495,001
Cash at bank		3,413,892	2,509,746
		<u>7,497,580</u>	<u>8,561,262</u>
Creditors amounts falling due within one year	13	(1,598,968)	(2,697,280)
Net current assets		<u>5,898,612</u>	<u>5,863,982</u>
Total assets less current liabilities		<u>7,558,814</u>	<u>7,451,948</u>
Creditors amounts falling due after more than one year	14	(2,115,725)	(2,084,078)
Net assets		<u>5,443,089</u>	<u>5,367,870</u>
Capital and reserves			
Called up share capital	16	4,654,664	4,654,664
Share premium account	17	-	1,539
Profit and loss account	17	788,425	711,667
Equity shareholders' funds	17	<u>5,443,089</u>	<u>5,367,870</u>



Mark Crocker

Director

Date 26/9/13

Notes to the financial statements

at 31st December 2012

1. Accounting policies

Basis of preparation

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

Prior Year Restatement

The financial statements for the year include a prior year adjustment. The restatement impacts both the balance sheet and the profit and loss account and has been made to bring the accounting treatment of the redeemable preference shares issued by the company in 2008 in line with FRS25. The impact of the restatement is to increase interest payable by £31,647 in the profit and loss account, increase creditors falling due after more than one year by £811,457 and decrease capital and reserves on the balance sheet by £811,457.

Consolidation

The company is exempt from the requirement to prepare group accounts by virtue of Section 248 of the Companies Act 1985, and accordingly the accounts present information about the company as an individual undertaking and not about its group.

Going concern

The directors have concluded there are no material uncertainties that could lead to a significant doubt about the company's ability to continue as a going concern. As a result the financial statements continue to be prepared on a going concern basis.

Cash flow statement

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

Fixed assets

All fixed assets are initially recorded at historic cost. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Short leasehold improvements	-	over the life of the lease
Machinery and laboratory equipment	-	33.3% on cost
Computer equipment	-	33.3% on cost
Fixtures and fittings	-	10% on written down value
Motor vehicles	-	20% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

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

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

Notes to the financial statements

at 31st December 2012

All differences are taken to the profit and loss account

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or right to pay less or to receive more, 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 underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Rental income arising from operating leases is recognised in the Profit and Loss Account on a straight-line basis over the lease-term.

Pension costs

The company operates a Personal Pension scheme. Contributions are charged in the Profit and Loss Account as they become payable in accordance with the rules of the scheme.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Notes to the financial statements

at 31st December 2012

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to the one principal continuing activity of the company.

Revenue is recognised upon delivery to the customer, except where installation is a significant undertaking, in which case revenue is recognised upon installation. Revenue from any additional services is recognised as those services are performed.

An analysis of turnover by geographical market is given below.

	2012 £	2011 £
United Kingdom	6,272,589	8,668,129
Overseas	9,819,016	8,410,593
	<u>16,091,605</u>	<u>17,078,722</u>

3. Operating loss

This is stated after charging/(crediting)

	2012 £	2011 £
Research and development expenditure	1,193,993	1,480,253
Depreciation of owned fixed assets	135,600	138,661
Operating lease rentals	423,905	426,500
– land and buildings		
– other	33,094	51,311
Other income	(14,055)	(172,375)
Net gain on foreign currency translation	(29,180)	(21,000)
Auditors' remuneration – audit services	9,053	10,000
	<u></u>	<u></u>

Notes to the financial statements

at 31st December 2012

4. Staff costs

	2012 £	2011 £
Wages and salaries	3,072,154	2,981,273
Social security costs	318,138	364,053
Pension costs (note 18)	280,989	221,136
	<u>3,671,281</u>	<u>3,566,462</u>

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

	2012 No	2011 No
Production	34	30
Administration	10	10
Management	1	4
Sales	15	22
Research and development	22	23
	<u>82</u>	<u>89</u>

5. Directors' emoluments

	2012 £	2011 £
Emoluments	103,170	122,031
	<u>103,170</u>	<u>122,031</u>
Company contributions to money purchase pension schemes	7,373	2,673
	<u>7,373</u>	<u>2,673</u>
	2012 No	2011 No
Members of money purchase pension schemes	1	1

Remuneration of any other Baldor UK Limited directors are not borne by the business.

These directors are employed and remunerated by parent companies. The directors' consider that their time spent on Baldor UK Limited is inconsequential and therefore no remuneration is disclosed.

Notes to the financial statements

at 31st December 2012

6. Interest payable

	2012	2011 <i>Restated</i>
	£	£
Inputed interest payable on redeemable preference shares	31,647	30,459

7. Interest receivable

	2012	2011
	£	£
Bank interest receivable	6,875	4,548
	<u>6,875</u>	<u>4,548</u>

8. Tax on ordinary activities

(a) Tax on loss on ordinary activities

The tax (credit) / charge is made up as follows

	2012	2011
	£	£
<i>Current tax</i>		
UK Corporation tax	(12,502)	-
Tax over provided for prior year	(91,883)	(589)
Total current tax credit (note 8(b))	<u>(104,385)</u>	<u>(589)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 15)	(96,736)	24,516
Impact of reduction in rate of taxation	13,144	-
Tax (credit) / charge on loss on ordinary activities	<u>(187,977)</u>	<u>23,927</u>

Notes to the financial statements

at 31st December 2012

8. Tax on ordinary activities (continued)

(b) Factors affecting current tax credit

The tax assessed on the (loss)/profit on ordinary activities for the period differs from the composite standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are reconciled below

	2012 £	2011 £
Loss on ordinary activities before taxation	(111,219)	(140,091)
Loss on ordinary activities before taxation multiplied by composite standard rate of UK corporation tax of 24.5% (2011 – 26.5%)	(27,248)	(37,124)
Effects of		
Expenses not deductible for tax purposes	1,377	5,417
Interest on Redeemable Preference shares not allowable	7,754	-
Depreciation in excess of capital allowances	11,289	6,571
Gain on disposal of fixed assets	(18)	-
Movement of provision not taxable	(1,960)	(2,650)
Research & Development Tax Credits	(53,543)	-
Pension Accrual movement	(733)	-
Tax losses arising in the period not utilised	50,580	27,786
Tax overprovided in prior year	(91,883)	(589)
Total current tax credit (note 8(a))	(104,385)	(589)

(c) Factors affecting future tax charge

The company has a Tax loss of £345,260 available to carry forward against future trading profits (2011 – £104,851). The company has future tax adjustments in the UK of £151,797 (2011 – £134,384) relating to decelerated capital allowances, and of £160,121 (2011 – £31,000) relating to other timing differences on provisions and unpaid pensions accrual. Deferred tax assets have been fully recognised in respect of the above noted tax losses and other timing differences as there is sufficient evidence available to support the future recoverability of these assets.

In his budgets of 23 March 2011, 21 March 2012 and 20 March 2013, the Chancellor of the Exchequer proposed decreases in the rate of the UK corporation taxation from 28% to 20%, falling by 2% in both 2011 and 2012 with further reductions of 1% in 2013, 2% in 2014 and 1% in 2015 to reach a rate of 20% effective 1 April 2015. On 17 July 2012, the reduced taxation rate of 23% was enacted and, in accordance with accounting standards, this has been reflected in the recognised deferred taxation asset disclosure.

As the further reductions to 20% were not substantively enacted at the balance sheet date, these are not reflected in these financial statements. The estimated effect of all further proposed reductions in rate by 2015 and the changes to the capital allowances regime, would be to decrease the recognised deferred tax asset by £19,715.

Notes to the financial statements

at 31st December 2012

8. Tax on ordinary activities (continued)

(d) Deferred tax asset

Deferred tax is recognised at 23% (2011 – 25%) in the financial statements as follows

	2012	2011
	£	£
Decelerated Capital allowances	34,913	33,596
Other Timing differences – General Provisions	5,290	7,750
Unpaid Pensions Accrual	31,538	-
Tax losses carried forward	79,409	26,213
	<u>151,150</u>	<u>67,558</u>

Notes to the financial statements

at 31st December 2012

9. Tangible fixed assets

	<i>Short leasehold improvements</i>	<i>Machinery and lab equipment</i>	<i>Computer equipment</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£	£
Cost.						
At 1 January 2012	860,359	910,599	226,352	202,625	14,500	2,214,435
Additions	28,065	147,853	18,893	13,757	-	208,568
Disposals	-	(26,308)	-	(190)	-	(26,498)
At 31 December 2012	888,424	1,032,144	245,245	216,192	14,500	2,396,505
Depreciation						
At 1 January 2012	643,510	873,869	175,210	192,003	14,499	1,899,091
Charge for the year	72,889	29,659	27,240	5,811	1	135,600
Disposals	-	(25,682)	-	(85)	-	(25,767)
At 31 December 2012	716,399	877,846	202,450	197,729	14,500	2,008,924
Net book value						
At 31 December 2012	172,025	154,298	42,796	18,463	-	387,581
At 1 January 2012	216,849	36,730	51,143	10,622	1	315,345

10. Investments

	<i>Shares in subsidiary undertakings</i>
	£
Cost	
At 1 January and 31 December 2012	1,272,621

The company owns more than 20% of the issued share capital of the companies listed below

	<i>Country of registration and incorporation</i>	<i>Shares held Class</i>	<i>%</i>
Baldor ASR (UK) Limited	United Kingdom	Ordinary	100

Baldor ASR (UK) Limited is dormant and its aggregate capital and reserves amount to £1,272,621

Notes to the financial statements

at 31st December 2012

11. Stocks

	2012 £	2011 £
Raw materials and consumables	786,497	1,215,238
Finished goods and goods for resale	880,927	2,341,277
	<u>1,667,424</u>	<u>3,556,515</u>

There is no material difference between the production cost or purchase price of stocks and their replacement value

12. Debtors

	2012 £	2011 £
Trade debtors	425,333	1,856,087
Amounts owed by group undertakings	1,376,323	225,181
Other debtors	162,676	44,532
Corporation tax recoverable	221,385	97,066
Deferred tax asset (note 15)	151,150	67,558
Prepayments and accrued income	79,397	204,577
	<u>2,416,264</u>	<u>2,495,001</u>

13. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	170,161	707,423
Amounts owed to group undertakings	940,045	1,494,760
Other taxes and social security	102,751	105,099
Other creditors	-	39,373
Accruals and deferred income	386,011	350,625
	<u>1,598,968</u>	<u>2,697,280</u>

14. Creditors: amounts falling due after more than one year

	2012 £	2011 £
Amounts owed to group undertakings	1,272,621	1,272,621
Preference Shares	843,104	811,457
	<u>2,115,725</u>	<u>2,084,078</u>

The amount of £1,272,621 does not bear interest and has no fixed repayment terms (see note 10)

Notes to the financial statements

at 31st December 2012

15. Deferred taxation

The movements in deferred tax asset during the current year are as follows

	2012 £	2011 £
At 1 January 2012	67,558	92,074
Deferred tax credit / (charge) in the profit and loss account (note 8(a))	83,592	(24,516)
At 31 December 2012 (note 8(d))	151,150	67,558

16. Share capital

Allotted, called up and fully paid

	2012 No	2011 No	2012 £	2011 £
Ordinary shares of £1 each	448,131	448,131	448,131	448,131
Redeemable Preference shares £1 each	4,900,000	4,900,000	4,176,533	4,176,533
"A" Ordinary shares of £1 each	30,000	30,000	30,000	30,000
	5,378,131	5,378,131	4,654,664	4,654,664

The Ordinary and "A" Ordinary shares rank pari passu in all respects. The Redeemable Preference Shares are redeemable in 2058 or at the earlier discretion of the company and have no voting rights.

17. Reconciliation of shareholder's funds and movement on reserves

	Share capital £	Share premium account £	Profit and loss account £	Total share- holder's funds £
At 1 January 2011 (as reported)	4,654,664	1,539	963,675	5,619,878
Impact of prior year adjustment	-	-	(57,531)	(57,531)
At 1 January 2011 (restated)	4,654,664	1,539	906,144	5,562,347
Loss for the year	-	-	(194,477)	(194,477)
At 31 December 2011 (restated)	4,654,664	1,539	711,667	5,367,870
Profit for the year	-	(1,539)	76,758	75,219
At 31 December 2012	4,654,664	-	788,425	5,443,089

Notes to the financial statements

at 31st December 2012

18. Pensions

The company operates a Personal Pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions are charged to the profit and loss account as and when incurred. The total contributions charged to the profit and loss account in the year were £280,989 (2011 - £221,136). The unpaid contributions outstanding at the year-end, included in 'Accruals and deferred income' (note 13), are £137,122 (2011 - £140,111) and will be paid in 2013.

19. Commitments under operating leases

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	£	£	£	£
Operating leases which expire				
Within one year	-	-	24,696	29,913
In two to five years	-	426,500	11,100	21,398
	-	426,500	35,796	51,311

20. Share-based payments

Senior Executive Plan

As a result of the ABB acquisition the share option plan has been discontinued. All options in place at 31 December 2011 were either exercisable or could be exchanged for ABB shares.

21. Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 from the requirements to make disclosures concerning group related parties as it is a wholly owned subsidiary undertaking.

22. Ultimate parent undertaking

The ultimate holding company is ABB Ltd, a company incorporated in Switzerland. This is the largest group in which Baldor UK Limited is consolidated. A copy of the accounts can be obtained from PO Box 8131, CH-8050, Zurich, Switzerland.