

Company Registration No. 02340157

LEVITON MANUFACTURING UK LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2021

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LEVITON MANUFACTURING UK LIMITED

Annual report and financial statements for the year ended 31 December 2021

| Contents | Page |
|--|-------------|
| Strategic report | 1 |
| Directors' report | 4 |
| Statement of directors' responsibilities in respect of the financial statements | 6 |
| Independent auditor's report | 7 |
| Profit and loss account | 10 |
| Statement of comprehensive income | 11 |
| Balance sheet | 12 |
| Statement of changes in equity | 13 |
| Notes to the financial statements | 14 |

LEVITON MANUFACTURING UK LIMITED

Strategic report for the year ended 31 December 2021

The directors in preparing this Strategic Report for the year ended 31 December 2021, have complied with Section 414C of the Companies Act 2006.

Business Review

The results of the company for the year, as set out on page 9, show turnover of £89.291m (2020: £67.527m) and a profit for the financial year of £1.270m (2020: £2.287m). The total shareholders' funds of the company totalled £27.830m (2020: £26.560m).

Leviton Manufacturing UK Limited is the main trading subsidiary of the Brand-Rex Holdings Group and is 100% owned by Brand Rex Holdings Limited. Accordingly we refer to 'the Group' when discussing Leviton Manufacturing UK Limited below. The company's ultimate parent is US based Leviton Manufacturing Co., Inc.

The principal activity of the Group comprises the design, manufacture and provision of high speed copper and fibre based cable and connectivity systems used in the interconnection of IT networking and data communication infrastructure.

Headquartered in Scotland, the Group has manufacturing, distribution and research and development facilities in Glenrothes, Fife and in Leigh, Lancashire. Its sales and marketing effort is directed through a number of dedicated international offices. As part of Leviton's Network Solutions division the Group holds a leading global market position in the manufacture of a complete range of copper and fibre cable and connectivity solutions. The Group's High Performance Cabling business produces control, communications, power and instrumentation cables for diverse industrial applications and niche markets including automotive, rail infrastructure and defence.

During 2021, the Group continued to invest in business process reliability and customer service; information and technology tools; research and development; and manufacturing efficiency to support its future growth strategies.

Data Communications

The Group saw sales increase in 2021, principally throughout Europe, driven by an easing of the COVID-19 pandemic and demand returning to more normal levels across markets. The group continues its approach to focus on large Data Centre projects and to offer a differentiated product and service model where the company's expanded product portfolio and high customer service focus has historically created a competitive edge.

High Performance Cables

The High Performance Cables business saw an increase in sales during 2021, principally as a result of increasing demand from existing customers due to easing of the COVID-19 pandemic. Plans are in place for this business to grow in the coming years and contract discussions continue with new business targets in the automotive, marine and industrial markets. The company's expansive materials knowhow and broad processing capability makes it a very attractive partner for those seeking cables for high temperature or chemical resistant applications.

LEVITON MANUFACTURING UK LIMITED

Strategic report (continued) for the year ended 31 December 2021

Principal Risks and Uncertainties

The Group has carried out a risk assessment across all areas of the business and is addressing identified risks depending on the level of financial impact and likelihood of occurrence. Risks are:

- Customer non-payment, mitigated through credit insurance;
- Loss of facilities due to weather, fire, or acts of God, mitigated through insurance and a tested Business Continuity Plan;
- Employee or visitor accident, mitigated through risk assessment, training, equipment guarding and independent audit;
- Material supply issues, mitigated through secondary sourcing, vendor rating, vendor audits and performance monitoring;
- Volatility in the price of copper or movements in foreign exchange rate;
- Product performance/quality of product, mitigated through in-depth testing procedures;
- Economy, partly mitigated by spread of markets, both geographically and by segment;
- Technological change, mitigated by attendance on structured networking standard committees and investment in research and development;
- Competitor action, mitigated by a dynamic product management, marketing and product development; and
- Unethical behaviour including bribery, mitigated by a comprehensive management system.

The Global COVID-19 pandemic will likely have an impact on our full year 2022 results. We continue to be flexible in our approach to continuing operations, keeping our employees safe, managing our factories and satisfying customer demand however the ultimate impact remains largely unknown and depends upon Government guidance and the speed of the recovery of our global economies.

Financial Risk Management Objectives and Policies

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and foreign exchange risk. The Group has procedures in place to mitigate and manage these risks.

Product Innovation, Research and Development

The Group aims to foster a culture of innovation within the business, the Group has a number of differentiated products and supports an industry focussed patent and registered design portfolio.

Key Performance Indicators (KPI)

The Group's key financial and other performance indicators are as follows:

| | 2021 | 2020 |
|----------------|----------|----------|
| Turnover | £89,291m | £67,527m |
| EBITDA | £3,240m | £3,808m |
| Debtor Days | 31 | 72 |
| Inventory Days | 99 | 79 |

EBITDA is defined as Earnings Before Interest, Taxation, Depreciation and Amortisation and is before exceptional items.

LEVITON MANUFACTURING UK LIMITED

Strategic report (continued) for the year ended 31 December 2021

s172 Statement

The Board of Directors of Leviton Manufacturing UK Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 31st December 2021.

Our long-term goal is to continue to design, manufacture and distribute high-speed copper and fibre-based cable and connectivity systems to our customers.

The Board undertakes an in-depth review of the Company's strategy each year, which includes the development of financial budgets, resource planning, and investment decisions, of which the Board takes into consideration the long-term consequences of those decisions on the Company's stakeholders.

Our employees are fundamental to the attainment of our goal, and we aim to be a responsible employer in our approach to the pay and benefits our employees receive. Our strategy prioritizes organic growth through the development and maintenance of strong client relationships. We also value our suppliers and our existing relationships with those suppliers. We take into consideration the impact of the Company's operations on the community and environment and our wider societal responsibilities. Our intention is to behave responsibly and ensure that management operates the business in a responsible manner and in accordance with our high standards of business conduct.

Employee Engagement and Consultation

The company has communications processes in place which enables all employees to be kept informed about the business by the CEO on a quarterly basis. Feedback and questions are also encouraged during these sessions. On a more regular basis through team meetings, the Directors keep their functional areas updated on ongoing developments and progress against business objectives. The company's Performance Appraisal system is the mechanism for communicating individual objectives linked to the achievement of overall business objectives and is the process used to highlight ongoing development needs and encourage individual growth. There is also an Employee Forum with representatives from all employee groups which meets to discuss key business issues and improvement initiatives.

Quality Accreditations

The Group continued to be compliant to the latest international revision of ISO9001:2015 via external quality assessment audits in 2021 at both its Glenrothes and Leigh manufacturing facilities. The Leigh site also continued to be successfully compliant to the latest international versions of the AS 9100:2016 (Aerospace) and TS16949:2016 (Automotive) standards.

These quality management standards continue to offer the business powerful business tools to fine tune performance and manage business risks to operate in an efficient and sustainable way, ensuring the business can demonstrate a consistent high level of quality service to customers year on year.

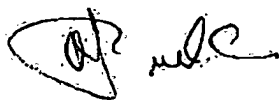
Environmental, Health and Safety

The Group achieved its fourth consecutive RoSPA Gold Award for health and safety performance. The introduction of an EHS Road Map ensured that the Management Team had clear vision of the planned improvements in these areas and regular progress reports.

2021 was a combined ISO9001 & ISO14001 Management system audit at Glenrothes with the no non-conformances raised and the Group continuing to be recommended for certification.

The business continued to promote its commitment to being carbon neutral across all operations and our streamline energy and carbon reporting is discussed further within the directors' report.

On behalf of the board



Ian G Wilkie
Managing Director
8th July 2022

LEVITON MANUFACTURING UK LIMITED

Directors' report for the year ended 31 December 2021

The directors present their Annual Report and audited financial statements for the year ended 31 December 2021.

The sections on Principal Activities, Business Review, Emerging Technology Trends, Key Performance Indicators, Principal Risks and Uncertainties, Financial Risk Management Objectives and Policies, Product Innovation, Quality Accreditations and Environmental, Health and Safety are included in the Strategic report on pages 1 to 3.

Results and dividends

The profit for the financial year amounted to £1,270,000 (2020: £2,287,000).

The net assets of the Company at 31 December 2021 were £27,830,000 (2020: £26,560,000).

The directors recommend payment of £ Nil (2020: £4,200,000) as a dividend in the current year.

Political Donations

There were no political donations paid in the current year (2020: Nil).

Events since the balance sheet date

There have been no significant events since the balance sheet date.

Directors

The directors who held office during the year and to the date of this report are as follows:

| | |
|-------------|--|
| D Hendler | |
| I G Wilkie | |
| L Guilherme | appointed 1 st January 2021 |
| M Baydarani | resigned 1 st January 2021 |

Disabled employees

The Group has continued to examine ways and means of providing employment for disabled employees, under normal terms and conditions with opportunities for training, career development and promotion as appropriate.

Going concern

The Company is funded by operating cash flow and intra group loans. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The business has continued to be flexible in its approach to mitigating the impacts of the Global COVID-19 pandemic from installing heat temperature scanners, implementing social distancing measures and home working to changing working practises in our factories to keep our employees and manufacturing sites safe. We have utilised global stocks, sourced alternative supplies and worked collectively with our stakeholders to continue to meet customer demand and maintain financial control.

Indemnity insurance

The company is covered by a group umbrella policy for professional indemnity insurance where the supply is for consultancy, design or advice.

Future Developments

The Group remains ambitious for continued growth over the medium to long term but expects short term market conditions for 2022 to continue to be challenging given the Global COVID-19 pandemic.

LEVITON MANUFACTURING UK LIMITED

Directors' report for the year ended 31 December 2021

Streamlined Energy & Carbon Reporting

Leviton Manufacturing UK Limited manage energy usage through certified BS EN ISO14001 Environmental Management Systems and BS EN ISO50001: Energy Management Systems covering all scopes of activities. Both systems are fully supported by Senior Management who actively participate in the operation of the systems. Leviton Manufacturing UK Limited remains a Carbon Neutral company by having both the annual Scope 1 and Scope 2 emissions independently verified and the resulting CO2e off-set using Government accredited programs.

Total energy use in 2021 was a combined total of 14,310,583kWh (2020: 7,043,880kWh) which was split between electricity 8,484,203kWh and gas 5,826,380kWh. These numbers increased compared to 2020 however output from both factories was increased considerably and the secondary measure of electricity use in the Glenrothes factory (kWh divided by cable Km produced) improved by 10% in the period.

Leviton Manufacturing UK Limited ensures visibility of energy consumption by incorporating in-process monitoring of key equipment and regular energy reviews. The business employs the services of a full-time, qualified, Environmental Manager who has the responsibility for monitoring environmental impacts, including energy. Energy efficiencies will be achieved in 2022 by the introduction of streamlined planning to increase batch sizes reducing energy inefficient shutdowns and setups.

Management compares annual usage utilizing an intensity ratio. Due to the varying nature of the products created in manufacturing the intensity ratio has been set at the percent of energy cost against manufacturing cost. Due to a significant increase in energy costs the intensity ratio in Q4 was much higher than expected however prior to this period the Group was on target to reach the objective level of 2.4% of manufacturing spend.

Independent Auditors

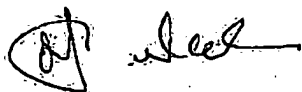
Each of the persons who is a director at the date of approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

MHA MacIntyre Hudson were appointed by the directors in the year and have indicated their willingness to be reappointed. Appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:



Ian G Wilkie
Managing Director

8th July 2022

LEVITON MANUFACTURING UK LIMITED

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Independent auditor's report to the members of LEVITON MANUFACTURING UK LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Leviton Manufacturing UK Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ☐ give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- ☐ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of LEVITON MANUFACTURING UK LIMITED

Opinion on other matters prescribed by the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- ☐ the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ☐ the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- ☐ the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of LEVITON MANUFACTURING UK LIMITED

Auditors' responsibilities for the audit of the financial statements

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 an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Enquiry of management and those charged with governance around actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements; as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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



Atul Kariya FCCA (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditors
London

27th July 2022

LEVITON MANUFACTURING UK LIMITED

Profit and loss account

For the year ended 31 December 2021

| | Note | Continuing operations | |
|-------------------------------|------|-----------------------|---------------|
| | | 2021 £'000 | 2020 £'000 |
| Turnover | 3 | 89,291 | 67,527 |
| Cost of sales | | (68,882) | (48,654) |
| Gross profit | | 20,409 | 18,873 |
| Distribution costs | | (4,862) | (2,704) |
| Administration expenses | | (13,716) | (13,658) |
| Other operating income | | 147 | 318 |
| Operating profit | | 1,978 | 2,829 |
| Finance costs | 4 | (337) | (306) |
| Profit before taxation | 5 | 1,641 | 2,523 |
| Tax on profit | 8 | (371) | (236) |
| Profit for the financial year | | 1,270 | 2,287 |

LEVITON MANUFACTURING UK LIMITED

Statement of comprehensive income For the year ended 31 December 2021

| | 2021 £'000 | 2020 £'000 |
|-------------------------------|---------------|---------------|
| Profit for the financial year | 1,270 | 2,287 |
| Other comprehensive income | - | - |
| Total comprehensive income | 1,270 | 2,287 |

LEVITON MANUFACTURING UK LIMITED

Balance Sheet

As at 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|--|------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 9 | 9,256 | 8,693 |
| Investments | 10 | 54 | 54 |
| | | <u>9,310</u> | <u>8,747</u> |
| Current assets | | | |
| Inventories | 11 | 18,756 | 10,593 |
| Debtors | 12 | 30,400 | 20,457 |
| Cash at bank and in hand | | 1,190 | 6,247 |
| | | <u>50,346</u> | <u>37,297</u> |
| Creditors: Amounts falling due within one year | 13 | <u>(26,134)</u> | <u>(13,568)</u> |
| Net current assets | | <u>24,212</u> | <u>23,729</u> |
| Total assets less current liabilities | | <u>33,522</u> | <u>32,476</u> |
| Creditors: Amounts falling due after more than one year | 14 | <u>(5,645)</u> | <u>(5,773)</u> |
| Provisions for liabilities | 15 | <u>(47)</u> | <u>(143)</u> |
| Net assets | | <u>27,830</u> | <u>26,560</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 14,723 | 14,723 |
| Retained Earnings | | <u>13,107</u> | <u>11,837</u> |
| Total Shareholders' funds | | <u>27,830</u> | <u>26,560</u> |

The financial statements of Leviton Manufacturing UK Limited (registered number 02340157) as laid out on pages 10 to 27 were approved by the board of directors and authorised for issue on

8th July 2022.

Signed on behalf of the Board of Directors by:



Ian G Wilkie
Managing Director

LEVITON MANUFACTURING UK LIMITED

Statement of changes in equity For the year ended 31 December 2021

| | Called-up share capital £'000 | Retained Earnings £'000 | Total Shareholders' Funds £'000 |
|---|-------------------------------------|-------------------------------|--|
| At 1 January 2020: | 14,723 | 13,750 | 28,473 |
| Profit for the financial year | - | 2,287 | 2,287 |
| Total comprehensive income | - | 16,037 | 16,037 |
| Dividends paid on equity shares (note 20) | - | (4,200) | (4,200) |
| At 31 December 2020 | 14,723 | 11,837 | 26,560 |
| Profit for the financial year | - | 1,270 | 1,270 |
| Total comprehensive income | - | 1,270 | 1,270 |
| Dividends paid on equity shares (note 20) | - | - | - |
| At 31 December 2021 | 14,723 | 13,107 | 27,830 |

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have all been applied consistently throughout the current and preceding year.

General information and basis of accounting

Leviton Manufacturing UK Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The company registered office address is Cannon Place, 78 Cannon Street, London, EC4N 6AF. The principal place of business is Cable Road, Viewfield Industrial Estate, Glenrothes, Fife, KY6 2RS. The nature of the group's operations and its principal activities are set out in the strategic report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Leviton Manufacturing UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out below.

As a wholly owned subsidiary of JCC Lighting Holdings Limited, Leviton Manufacturing UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, intra-group transactions, financial instruments and remuneration of key management personnel.

Consolidation

The group financial statements of JCC Lighting Holdings Limited consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

The company is included in the consolidated financial statements of JCC Lighting Holdings Limited, which may be obtained from Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The Strategic and Directors' reports further describes the financial position of the Company; its cash flows, liquidity position; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company is funded by operating cash flow. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

1. Accounting policies (continued)

Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets, other than freehold land and assets in the course of construction, on a straight line basis over the estimated useful lives which, for the major categories, are:

| | |
|------------------------------|---------------|
| Leasehold land and buildings | term of lease |
| Plant and machinery | 3 to 10 years |
| Fixtures and fittings | 3 to 10 years |

Investments

Fixed asset investments are shown at cost less provision for any impairment.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. They are classified according to the substance of the contractual arrangements.

Financial assets and liabilities

All financial assets and financial liabilities are initially measured in accordance with section 11 and 12 of FRS 102 at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Inventories

Inventories and work in progress are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the standard cost method. Provision is made for obsolete, slow moving or defective items where appropriate.

The company continued to adopted a variance capitalisation methodology whereby generated variances are capitalised within the inventory valuation. Where an unfavourable variance arises inventory costs are greater therefore an upward adjustment to inventory is required, unless the unfavourable variance relates to exceptional circumstances such as a factory operating well below capacity.

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

1. Accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

1. Accounting policies (continued)

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Employee benefits

The Company operates a defined contribution pension scheme.

For defined contribution schemes the amount charged to the profit and loss account, in respect of pension costs and other retirement benefits, is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Government furlough grant

Income received from the government under the Coronavirus Job Retention Scheme has been accounted for using the accruals method of accounting. The income has been released to other operating income in the appropriate period.

Research and development costs

Research and development expenditure is written off to profit or loss in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the Group's accounting policies

In the view of the directors there are no critical accounting judgements or key sources of estimation uncertainty in the company's financial statements, other than:

Product liability provisions

The Company recognises provisions representing the best estimate of costs of making good products sold under warranty prior to the balance sheet date where a reliable estimate can be made of the amount of any identified liability.

3. Turnover

An analysis of the Company's turnover is as follows:

| | 2021 £'000 | 2020 £'000 |
|-----------------------|---------------|---------------|
| Sale of goods | 89,010 | 67,338 |
| Rendering of services | 281 | 189 |
| | <u>89,291</u> | <u>67,527</u> |

An analysis of the Company's turnover by geographical market is set out below:

| | 2021 £'000 | 2020 £'000 |
|-----------------------------|---------------|---------------|
| United Kingdom | 19,621 | 15,798 |
| Rest of Europe incl. Russia | 52,618 | 37,691 |
| Middle East and Africa | 10,224 | 7,509 |
| Asia and Australasia | 4,912 | 4,415 |
| USA | 1,916 | 2,114 |
| | <u>89,291</u> | <u>67,527</u> |

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

4 Finance costs

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Finance lease interest payable | 312 | 294 |
| Interest payable to subsidiary undertakings | 27 | 14 |
| Interest receivable on Corporation tax overpaid | (2) | (2) |
| | <u>337</u> | <u>306</u> |

5 Profit before taxation

Profit before taxation is stated after charging/(crediting):

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Depreciation of tangible fixed assets (note 9) | 1,409 | 1,297 |
| Research and development | 1,610 | 1,673 |
| Operating lease rentals | 476 | 460 |
| Costs of stock recognised as an expense | 68,882 | 48,654 |
| Bad debts written off | 35 | (12) |
| Foreign exchange (gain)/loss | 1,089 | (71) |

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements | 48 | 72 |
| Total fees | <u>48</u> | <u>72</u> |

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2021

6. Staff numbers and costs

The average monthly number of people employed (including executive directors) was:

| | 2021 Number | 2020 Number |
|----------------|----------------|----------------|
| Production | 192 | 176 |
| Distribution | 9 | 11 |
| Sales | 32 | 33 |
| Administration | 70 | 77 |
| | <u>303</u> | <u>297</u> |

Their aggregate remuneration comprised:

| | 2021 £'000 | 2020 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 11,728 | 11,113 |
| Social security costs | 1,112 | 1,017 |
| Other pension costs | 548 | 510 |
| | <u>13,388</u> | <u>12,640</u> |

The company operates a defined contribution pension scheme and the total charge for the year is £548,000, (2020: £510,000).

7. Directors' remuneration and transactions

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Directors' remuneration | | |
| Emoluments | 288 | 323 |
| Company contributions to money purchase pension schemes | 26 | 19 |
| | <u>314</u> | <u>342</u> |

| | Number | Number |
|--|----------|----------|
| Number of directors who are members of the defined contribution scheme | <u>1</u> | <u>1</u> |

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Remuneration of the highest paid director | | |
| Emoluments | 288 | 323 |
| Company contributions to money purchase pension schemes | 26 | 19 |
| | <u>314</u> | <u>342</u> |

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

8. Tax on profit

The tax charge comprises:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| UK corporation tax | 318 | 266 |
| Adjustments in respect of prior periods | (212) | (90) |
| Total current tax | 106 | 176 |
| Deferred tax | | |
| Origination and reversal of timing differences | 219 | 57 |
| Adjustments in respect of prior periods | (37) | - |
| Effects of changes in tax rates | 83 | 3 |
| Total deferred tax | 265 | 60 |
| Total tax on profit | 371 | 236 |

The tax rate used for tax on profit is the effective standard rate for UK corporation tax for the year ended 31 December 2021 of 19.00% (2020: 19.00%).

Following the Budget announcement on 3 March 2021 the UK Corporation Tax rate (from 1 April 2023) will be increased from 19% to 25%. The tax rate change was enacted in Finance Act 2021 on 10 June 2021. Deferred tax assets and liabilities have been measured using the enacted tax rate as at the balance sheet date.

There is no expiry date on timing differences, unused tax losses or tax credits.

Deferred tax

The company has a deferred tax liability (note 14) of £344,000 (2020: £79,000, deferred tax liability under note 14), representing the directors' estimate of amounts considered more likely than not to be payable against anticipated future taxable profits in the UK. Of this total, £344,000 (2020: £79,000) is expected to be incurred in more than one year. The deferred tax liability recognised arises from depreciation in excess of capital allowances of £384,000 (2020: £79,000, capital allowances in excess of depreciation) and other short term timing differences of an asset of £40,000 (2020: £Nil).

At 31 December 2021 the group had no additional unrecognised deferred tax asset (2020: Nil).

There is no expiry date on timing differences, unused tax losses or tax credits.

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2021

8. Tax on profit (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax, is as follows:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Company profit before tax | 1,641 | 2,523 |
| Tax on Company profit before taxation at standard UK corporation tax rate of 19.00% (2020: 19.00%) | 312 | 479 |
| Effects of: | | |
| Expenses not deductible for tax purposes | (90) | 72 |
| Income not taxable in determining taxable profit | (63) | (43) |
| Transfer pricing adjustments | 12 | 6 |
| Adjustments in respect of prior periods | 25 | (90) |
| Tax rate changes | 83 | 2 |
| Finance Lease depreciation | 92 | (190) |
| Company total tax charge for the Year | 371 | 236 |

9. Tangible assets

| | Leasehold Land and Buildings | Plant and Machinery | Fixtures and fittings | Total |
|--------------------------|---------------------------------|------------------------|--------------------------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 January 2021 | 7,138 | 15,778 | 131 | 23,047 |
| Additions | 73 | 1,899 | - | 1,972 |
| At 31 December 2021 | 7,211 | 17,677 | 131 | 25,019 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | 1,675 | 12,590 | 89 | 14,354 |
| Charge for the year | 548 | 847 | 14 | 1,409 |
| At 31 December 2021 | 2,223 | 13,437 | 103 | 15,763 |
| Net book value | | | | |
| At 31 December 2021 | 4,988 | 4,240 | 28 | 9,256 |
| At 31 December 2020 | 5,463 | 3,188 | 42 | 8,693 |

The net book value of leasehold property held under finance leases, included above, is £4,836,000, (2020: £5,270,000).

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2021

10. Investments:

| | Subsidiary undertakings £'000 |
|--|-------------------------------------|
| Cost and net book value At 1 January 2021 | 54 |
| At 31 December 2021 | 54 |

The Company has investments in the following subsidiary undertakings.

| | Proportion of voting rights & ordinary share capital held | Principal activity | Country of incorporation & operation | Registered Office Address |
|--|--|-----------------------|--|--|
| Leviton Manufacturing UK Services Limited # | 100% | Sales agent | United Kingdom | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Leviton Manufacturing EU Limited # | 100% | Sales agent | Ireland | Floor 0, 1 WML, 1 Windmill Lane, Dublin 2, D02 F206 |
| Leviton Manufacturing Spain S.L. # | 100% | Sales agent | Spain | Avda. Puente Cultural 10, Edif. A, Pt 1, Puerta 1, 28702 San Sebastián de los Reyes, Madrid |
| Leviton Manufacturing Italia S.r.l. # | 100% | Sales agent | Italy | Via Rossetti n.9, 120145 Milan |
| Leviton Manufacturing GmbH # | 100% | Sales agent | Germany | Storkower Strasse 115, D-10407 Berlin |

Held directly by Leviton Manufacturing UK Limited

11. Inventories:

| | 2021 £'000 | 2020 £'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables | 5,796 | 3,419 |
| Work-in progress | 521 | 791 |
| Finished goods and goods for resale | 12,439 | 6,383 |
| | <u>18,756</u> | <u>10,593</u> |

There is no material difference between the balance sheet value of stocks and their replacement value.

The total amount of inventory recognised as an expense during the year was £68,882,000 (2020: £48,654,000).

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

12. Debtors

| | 2021 £'000 | 2020 £'000 |
|--------------------------------------|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 7,655 | 13,332 |
| Amounts owed by group undertakings | 20,497 | 5,442 |
| Corporation tax repayable | 706 | 425 |
| UK VAT Debtor | - | 481 |
| Foreign VAT Debtors | 173 | - |
| Other debtors | 359 | 5 |
| Prepayments and accrued income | 1,010 | 772 |
| | <u>30,400</u> | <u>20,457</u> |

The group debtor balances are due on demand within one year. Interest is receivable at LIBOR plus 2% on the amounts owed by group undertakings which become overdue and these amounts are unsecured and repayable on demand.

13. Creditors amounts falling due within one year

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Obligations under finance lease contracts (note 14) | 393 | 201 |
| Trade creditors | 6,831 | 5,873 |
| Amounts owed to group undertakings | 12,776 | 2,785 |
| UK VAT Liability | 69 | - |
| Foreign VAT Liabilities | - | 11 |
| Other taxation and social security | 520 | 487 |
| Other creditors | 16 | 36 |
| Accruals and deferred income | 5,529 | 4,175 |
| | <u>26,134</u> | <u>13,568</u> |

Obligations under finance lease are secured on the assets to which they relate.

The group creditor balances are due on demand within one year. Interest is payable at LIBOR plus 2% on the amounts owed to group undertakings which become overdue and these amounts are unsecured and repayable on demand.

14. Creditors amounts falling due after more than one year

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Obligations under finance lease contracts | 5,301 | 5,694 |
| Deferred tax liability (note 8) | 344 | 79 |
| | <u>5,645</u> | <u>5,773</u> |

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

14. Creditors amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Finance leases | | |
| Between one and two years | 410 | 394 |
| Between two and five years | 1,337 | 1,312 |
| After five years | 3,554 | 3,988 |
| | <u>5,301</u> | <u>5,694</u> |
| On demand or within one year | 393 | 201 |
| | <u>5,694</u> | <u>5,895</u> |
| Total borrowings including finance leases | | |
| Between one and two years | 410 | 394 |
| Between two and five years | 1,337 | 1,312 |
| After five years | 3,554 | 3,988 |
| | <u>5,301</u> | <u>5,694</u> |
| On demand or within one year | 393 | 201 |
| | <u>5,694</u> | <u>5,895</u> |

The finance leases arise from sale and leaseback agreements on the Company properties in Fife and Lancashire. The Fife facility lease has an expiry date of November 2038 with an option to renew up to 2048. The Lancashire facility lease has an expiry date of October 2026 after being renewed within the financial year. Effective interest rates applying are 6.35% and 2.4%. Quarterly lease payments are currently £149,200 (2020: £110,500).

15. Provisions for liabilities

| | At 1 January 2021 £'000 | Utilised During the Year £'000 | Added During the Year £'000 | At 31 December 2021 £'000 |
|-------------------|----------------------------------|---|--------------------------------------|------------------------------------|
| Product liability | 143 | (143) | 47 | 47 |

The product liability provision represents the expected cost of making good products sold under warranty prior to the balance sheet date, where a reliable estimate can be made of the identified liability. The majority of the remaining provision relates to a matter which has now been agreed and settled post year-end.

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

16. Called up share capital

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Called up, allotted and fully paid 14,723,000 (2020: 14,723,000) ordinary shares of £1 each | <u>14,723</u> | <u>14,723</u> |

17. Commitments

Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

| Company | 2021 | | 2020 | |
|-----------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| -within one year | 119 | 282 | 119 | 260 |
| -between one and five years | <u>79</u> | <u>110</u> | <u>188</u> | <u>91</u> |
| | <u>198</u> | <u>392</u> | <u>307</u> | <u>351</u> |

Capital expenditure

Capital commitments of the Company at the end of the year for which no provision has been made are as follows:

| | 2021 £'000 | 2020 £'000 |
|---------------------------------|---------------|---------------|
| Contracted for but not provided | <u>1,159</u> | <u>232</u> |

18. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 with regard to non-disclosure of transactions between wholly owned group companies.

19. Contingent liabilities

The Company has guaranteed obligations for duty deferment up to a value of £50,000 (2020: £50,000). In relation to normal trading, the Company has issued a bank guarantee for £25,000 (2020: £25,000). As the directors do not expect any liabilities to crystallise under these guarantees, no amounts have been provided.

LEVITON MANUFACTURING UK LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2021

20. Dividends

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Dividend of Nil pence per ordinary share (2020: 28.53 pence per share) | - | 4,200 |

21. Controlling party

The parent company JCC Lighting Holdings Limited is the largest group preparing consolidated financial statements. A copy of these financial statements may be obtained from the registered office at Cannon Place, 78 Cannon Street, London EC4N 6AF. The largest group and ultimate parent company in which the results of the company are consolidated is that headed by Leviton Manufacturing Co., Inc, however these financial statements are not publicly available.