UK ELECTRIC LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015

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Company no. 02742081

UK ELECTRIC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2015

Company registration number:	02742081
Registered office:	Votec House Hambridge Lane Newbury Berkshire RG14 5TN
Directors:	N J Palmer S Westbrook
Secretary:	S Westbrook
Independent auditor:	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6FT

UK ELECTRIC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2015

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UK ELECTRIC LIMITED

STRATEGIC REPORT

For the year ended 31 December 2015

The directors present their Strategic Report for the year ended 31 December 2015.

Principal activity

The principal activity of the company during the year was the distribution of electrical equipment.

Business review and financial key performance indicators

The principal objective of the company continues to be the delivery of sustainable, responsible and profitable business growth through a strategy of optimum use of the company's expertise in products and local market conditions.

The directors use a number of measures, both financial and non-financial, to monitor and benchmark the performance of the company. They regard the following as the key financial indicators of performance.

Turnover increased during the year from £60.6m to £65.0m as a result of both organic growth and from acquisitions made during the year. Total operating costs increased from £56.2m to £60.5m and operating profit increased from £4.4m to £4.6m. The increase in operating profit is a direct result of increasing turnover.

Net interest costs remained minimal.

Average employee numbers increased to 207 (2014: 185).

Net assets increased from £15.4m to £18.8m as a result of the retained profit for the year. Net current assets increased from £12.3m to £15.7m, mainly due to retained profits and continued effective management of working capital.

Our cash position net of short and long term loans from our parent company at the year end was £5.8m (2014: £3.4m).

The directors believe the business is in a sound position at the year-end and is well placed to meet the challenges of the year ahead. They do not anticipate any major changes in the company's strategy for the year ahead and believe its prospects are good.

Principal risks and uncertainties

The directors are responsible for the company's risk management procedure. The directors identify and manage day-to-day risks in accordance with defined policies and procedures.

The main risks and uncertainties facing the company can be summarised as changes in the economic environment, product demand and obsolescence, supply chain management, competitor action and credit risk. The directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

BY ORDER OF THE BOARD

S Westbrook
Secretary
Company registration: 02742081

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year, are shown in the attached financial statements. There was a profit for the year after taxation amounting to £3.5m (2014: £3.4m).

The directors do not recommend payment of a dividend (2014: £nil).

Acquisitions

On 31 July 2015, Newbury Investments (UK) Limited acquired 100% of the share capital of Seachester Three Limited and on the same date transferred the trade and assets of Seachester Three Limited into the company. The business operates in the UK as a distributor of cable ties, crimp terminals and associated products under the trading name Takbro.

On 3 August 2015, Newbury Investments (UK) Limited acquired 100% of the share capital of Heat and Combustion Supplies Limited and on the same date transferred the trade and assets of Heat and Combustion Supplied Limited into the company. The business operates in the UK as a distributor of system products and peripheral controls to installers and other suppliers within the HVAC industry under the trading name of H&C.

Charitable donations

During the year the company made no charitable donations (2014: £4,000).

Financial risk management objectives and policies

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are market risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Market risk

The company is exposed to foreign exchange risk on certain transactions. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements. No arrangements were in place as at 31 December 2015 or at 31 December 2014.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through support from the parent company.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history..

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company places considerable value on maintaining good relations with employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employee representatives are consulted regularly on a range of matters affecting their interests.

Environmental policies

We continue to review our environmental policies and seek at all times to meet our legal obligations in this regard.

Directors

The present membership of the Board, and listing of directors who served during the year, is set out below:

N J Palmer
S Westbrook

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.

Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, including Financial Reporting Standard 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of Financial Reporting Standard 102 used in the preparation of 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 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 to 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.

Provision of information to auditor

Each of the persons who are directors at the time when this Report of the Directors is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

S Westbrook
Secretary
Company registration: 02742081

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK ELECTRIC LIMITED

We have audited the financial statements of UK Electric Limited for the year ended 31 December 2015 which comprise the principal accounting policies, the income statement, the balance sheet, the statement of changes in equity and the related notes. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Statement of Directors' Responsibilities set out on pages 3 and 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK ELECTRIC 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.

Tim Lincoln
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol

Date: 28 September 2016

Basis of accounting

Accounting Policies

These financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with applicable UK accounting standards and the Companies Act 2006.

The principle accounting policies are set out below and have been amended where necessary to bring in line with FRS 102.

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1st January 2014.

Information on the impact at first time adoption of Financial Reporting Standard 102 is given in Note (25).

The preparation of financial statements in compliance with Financial Reporting Standard 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

True and fair accounting

During prior periods, trade and assets of subsidiary undertakings were transferred to the company at their fair value. The cost of the company's investment in the transferor subsidiary undertakings reflected the underlying fair value of its net assets and goodwill at the dates of acquisition. As a result of the transfer, the value of the company's investment in that subsidiary undertaking fell below the amount at which it was stated in the company's accounting records. Schedule 1 to Statutory Instrument 2009/410 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account.

In respect of transfers that occurred immediately after the share acquisition however, the directors consider that, as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the period. It should instead be reallocated to purchased goodwill, so as to recognise in the company's balance sheet the effective cost to the company of the subsidiary undertaking transferred.

In respect of transfers that had a substantial delay between the share acquisition and date of transfer, the directors consider that, as there has been some loss to the company, it would fail to give a true and fair view to charge, in full, that diminution to the company's profit and loss account for the period. It should, in part, instead be reallocated to purchased goodwill, so as to recognise in the company's balance sheet the effective cost to the company of the subsidiary undertaking transferred. The directors consider that the fair value that should be recognised as purchased goodwill is an amount equal to the remaining unused economic benefit of the goodwill inherent from the initial share acquisition. In the absence of a significant change in the underlying business' circumstances since acquisition, this remaining unused economic benefit is considered to be equal to the remaining amortised cost of goodwill arising on consolidation as at the date of transfer.

Cash flow statement

The company is a wholly-owned subsidiary of Newbury Investments (UK) Limited and is included in the consolidated financial statements of Newbury Investments (UK) Limited, which are publically available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 102 paragraph 1.12(b).

Going concern

The financial statements have been prepared on the going concern basis as the directors have undertaken a review of the future financing requirements for the on-going operation of the company and wider group and are satisfied that sufficient cash facilities are secured, in respect of positive cashflows from operations, to meet its working capital requirements for at least 12 months from the date of signing of these financial statements. The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis.

Fixed asset investments

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for any impairment. Where advantage is taken of merger relief under section 611 of the Companies Act 2006, cost is equal to the nominal value of the share issued plus the fair value of any consideration given. Only dividends received and receivable are credited to the company's profit and loss account.

Goodwill

Goodwill arising on the acquisition of the trade and assets of a business represents the excess of the fair value of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised on a straight line basis over its estimated useful economic life from the date of acquisition. Goodwill is amortised over 2-3 years.

Goodwill arising on acquisitions in the year ended 31 December 1997, and earlier periods, was written off to reserves in accordance with the accounting standards then in force. As permitted by the current accounting standard, the goodwill previously written off has not been reinstated in the balance sheet.

Fixed assets

All assets are initially measured at cost. Cost comprises the initial purchase price plus, where material, any further directly attributable costs in making the asset available for use. In the case of assets held for leasing, any costs incurred subsequent to the asset becoming available for hire, including the costs of delivery of assets to and installation of assets at customer locations, are expensed as incurred.

Fixed asset depreciation

Depreciation is calculated so as to write off the cost of an asset other than freehold land, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold and long-leasehold land and buildings – 50 years
Plant and equipment - 4 years
Motor vehicles - 4 years
Office and computer equipment - 4 years
Leasehold improvements - over the lower of the life of the lease or 5 years.

Where the split of cost between freehold land and buildings can be reliably calculated, the freehold land element is held at historic cost and is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income" in the income statement.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete, slow moving and defective items where appropriate.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Turnover

The turnover shown in the profit and loss account represents amounts in respect of the company's distribution businesses.

Turnover in respect of the distribution business represents amounts invoiced during the year, exclusive of value added tax. Turnover is recognised when the risk and rewards of ownership of stock are transferred to the customer. This occurs when the stock is delivered to the customer or is collected by them from the point of sale. As such, invoices are raised on delivery or collection and recognised immediately.

Finance lease agreements

Rentals applicable to finance leases, where substantially all of the benefits and risks of ownership transfer to the lessee, are capitalised and depreciated over the period of the lease.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Pension costs

Defined contribution pension scheme

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred taxation (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by reporting date.

Foreign currency

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. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Financial instruments

Forward exchange contracts

Forward exchange contracts are used to manage currency fluctuations on stock purchasing in foreign currencies by entering into a forward exchange contract to match the future foreign currency commitment when due. Foreign exchange contracts and the amounts due are valued at the time when the contract is taken out.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme operated by a non group company. In the judgment of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets.

Therefore, the company has applied the provisions of Financial Reporting Standard 102 Section 28 to account for the scheme as if it were a defined contribution scheme.

Property dilapidations and onerous leases

Under certain operating leases for land and buildings, the company is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The company charges amounts to profit and loss so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

Where leased properties are vacated the company provides for the best estimate of the future unrecoverable costs of its obligations under those leases.

Stock provisioning

The company holds stock that is subject to changing industry demands. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of goods. See note (11) for the net carrying amount of the inventory and associated provision movement in the year.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note (12) for the net carrying amount of the debtors and associated impairment provision movement in the year.

UK ELECTRIC LIMITED

INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 £000s	2014 £000s
Turnover	1	**65,045**	60,598
Operating profit	2	**4,556**	4,392
Interest receivable and similar income	3	**27**	2
Interest payable and similar charges	4	**(15)**	(68)
Profit on ordinary activities before taxation		**4,568**	4,326
Tax on profit on ordinary activities	7	**(1,108)**	(954)
Profit for the financial year		**3,460**	3,372

All results derive from continuing operations for both the current year and prior year.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents for both the current year and prior year.

There were no recognised gains or losses for both the current year and prior year other than those in the profit and loss account.

The accompanying accounting policies and notes form an integral part of these financial statements.

UK ELECTRIC LIMITED

BALANCE SHEET AT 31 DECEMBER 2015

Company no: 02742081

	Note	2015 £000s	2014 £000s
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	2,279	1,965
Investments	10	1,627	1,605
		3,906	3,570
Current assets			
Stocks	11	10,450	9,206
Debtors	12	15,821	11,975
Cash at bank		7,727	4,598
		33,998	25,779
Creditors: Amounts falling due within one year	13	(18,326)	(13,453)
Net current assets		15,672	12,326
Total assets less current liabilities		19,578	15,896
Creditors: Amounts falling due after more than one year	14	(292)	(226)
Provisions for liabilities and charges	17	(438)	(282)
Net assets		18,848	15,388
Capital and reserves			
Called-up share capital	18	-	-
Other reserves	19	3,000	3,000
Profit and loss account		15,848	12,388
Total shareholders' funds		18,848	15,388

The financial statements on pages 7 to 24 were approved and authorised for issue by the board of directors on 27 September 2016 and were signed on their behalf by

N J Palmer
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

UK ELECTRIC LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Called-up share capital £000s	Capital contribution reserve £000s	Profit and loss account £000s	Total £000s
At 1 January 2014	**-**	**3,000**	**9,016**	**12,016**
Profit for the year	-	-	3,372	3,372
At 31 December 2014	**-**	**3,000**	**12,388**	**15,388**
Profit for the year	-	-	3,460	3,460
At 31 December 2015	**-**	**3,000**	**15,848**	**18,848**

The accompanying accounting policies and notes form an integral part of these financial statements.

1 TURNOVER

The turnover is attributable to the principal activity of the company as described in the report of the directors and is derived from operations in the United Kingdom.

2 OPERATING PROFIT

Operating profit is stated after (charging)/crediting:

	2015 £000s	2014 £000s
Change in stocks of finished goods	**1,244**	1,933
Other operating income	**497**	486
Raw materials and consumables	**(48,868)**	(47,139)
Other external charges	**(1,207)**	(1,116)
Staff costs (see note 5)	**(9,021)**	(7,416)
Depreciation written off owned fixed assets	**(242)**	(238)
Depreciation written off assets on hired purchase and finance leases	**(184)**	(144)
Other operating charges	**(2,708)**	(2,572)
	(60,489)	(56,206)

Operating profit is stated after (charging)/crediting:

	2015 £000s	2014 £000s
Auditor's remuneration		
- Audit fees	**(27)**	(26)
- Other services relating to taxation	**(4)**	(4)
- Other professional service credits	**8**	(12)
Profit on disposal of fixed assets	**42**	24
Operating lease rentals		
- Plant and machinery	**(2)**	(1)
- Other	**(503)**	(495)

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000s	2014 £000s
Interest on group loan	**25**	2
Other similar interest receivable	**2**	-
	27	2

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000s	2014 £000s
Interest on group loans	**-**	59
Finance lease interest	**11**	9
Other similar interest payable	**4**	-
	15	68

5 EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2015	2014
	No.	No.
Administration	**51**	38
Sales and distribution	**156**	147
	207	185

The aggregate payroll costs of the above were:

	2015	2014
	£000s	£000s
Wages and salaries	**7,156**	6,248
Social security costs	**728**	635
Pension costs (see note 24)	**1,137**	533
	9,021	7,416

6 DIRECTORS

Remuneration in respect of directors was as follows:

	2015	2014
	£000s	£000s
Emoluments receivable	**248**	230
Value of company pension contributions to defined contribution scheme	**6**	5
	254	235

One director (2014: one) had benefits accruing under a defined contribution pension scheme.

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:	**2015**	2014
	£000s	£000s
Corporation Tax:		
UK corporation tax at 20.25% (2014: 21.5%)	**955**	975
Adjustment in respect of prior periods	**115**	-
Total corporation tax	**1,070**	975
Deferred tax:		
Origination and reversal of timing differences	**45**	(30)
Adjustment for change in future corporation tax rate	**(7)**	9
Total Deferred tax	**38**	(21)
Tax charge for the year	**1,108**	954

RECONCILIATION OF TAX CHARGE

The tax assessed on the loss on ordinary activities for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%).

	2015	2014
	£000s	£000s
Profit on ordinary activities before taxation	**4,568**	4,326
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	**925**	930
Effect of:		
Expenses not deductible for tax purposes	**22**	15
Provision tax adjustment	**33**	10
Adjustment in respect of prior periods	**115**	-
Other timing differences	**13**	(1)
Tax charge for the year	**1,108**	954

Factors affecting future tax charges

The main rate of UK corporation tax was reduced from 21% to 20% with effect from 1 April 2015. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

8 INTANGIBLE FIXED ASSETS

	Goodwill £000s
Cost	
At 1 January and 31 December 2015	2,690
Amortisation	
At 1 January and 31 December 2015	2,690
Net book value at 31 December 2014 and 31 December 2015	-

9 TANGIBLE FIXED ASSETS

	Freehold and long leasehold £000s	Plant and equipment £000s	Motor vehicles £000s	Office and computer equipment £000s	Leasehold improvements £000s	Total £000s
Cost						
At 1 January 2015	1,293	315	958	252	777	3,595
Additions	285	58	313	9	96	761
Transfers In	-	-	43	-	-	43
Transfers Out	-	-	(61)	-	-	(61)
Disposals	-	(37)	(197)	(2)	-	(236)
At 31 December 2015	1,578	336	1,056	259	873	4,102
Depreciation						
At 1 January 2015	105	169	522	205	629	1,630
Charge for the year	21	85	229	19	72	426
Transfers In	-	-	30	-	-	30
Transfers Out	-	-	(34)	-	-	(34)
Disposals	-	(37)	(190)	(2)	-	(229)
At 31 December 2015	126	217	557	222	701	1,823
Net book value at 31 December 2015	**1,452**	**119**	**499**	**37**	**172**	**2,279**
Net book value at 31 December 2014	1,188	146	436	47	148	1,965

Included within freehold and long leasehold is £343,000 (2014: £343,000) relating to freehold land that is not being depreciated.

Included within the net book value of £2,279,000 is £468,000 (2014: £380,000) relating to assets purchased on finance lease and hire purchase. The depreciation charged in respect of these assets during the year amounted to £184,000 (2014: £144,000).

10 INVESTMENTS

	Shares in subsidiary undertakings £000s
Cost	
At 1 January 2015	1,605
Additions	23
At 31 December 2015	**1,628**
Amounts written off	
At 1 January 2015 and 31 December 2015	**(1)**
Net book value at 31 December 2015	**1,627**
Net book value at 31 December 2014	**1,605**

The company owns, directly or indirectly, the entire issued share capital of the companies listed below, all of which are incorporated in England and Wales.

Name	Activities
ABGO Equipment Sales Limited	Dormant
UK Drives Limited	Dormant
Education Maintenance Services Limited	Dormant
H & V Controls Limited	Dormant
Fyfe & McGrouther Limited*	Dormant
Electrical Trades Supply Limited*	Dormant
IVAC Limited	Dormant
Kirkby Components Limited	Dormant
Capital Cables Limited	Dormant
Western Automation Limited	Dormant
UK Spares Limited	Dormant
Gas Appliance Spares (Preston) Limited	Dormant

*By virtue of shares held in H & V Controls Limited

11 STOCKS

	2015 £000s	2014 £000s
Finished goods	**10,450**	9,206

Stock recognised in cost of sales during the year as an expense was £49.9m (2014: £47.3m)

A reversal of previous year's impairment led to a gain of £9,000 (2014: £17,000 loss) which was recognised in cost of sales against stock during the year due to a reduction in the level of slow moving and obsolete stock.

12 DEBTORS

	2015 £000s	2014 £000s
Trade debtors	**11,466**	11,207
Amount owed by group undertakings	**3,646**	270
Deferred taxation (note 16)	**141**	179
Other debtors	**330**	171
Prepayments and accrued income	**238**	148
	15,821	11,975

Amounts owed by group undertakings are unsecured, repayable on demand and interest bearing at a rate equal to 1.5% above the NatWest Bank Plc's base rate.

An impairment loss of £91,000 (2014: £244,000) was recognised against trade debtors.

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £000s	2014 £000s
Trade creditors	**8,300**	7,034
Amounts owed to group undertakings	**5,597**	1,431
Corporation tax payable	**361**	476
Other taxation and social security	**417**	294
Other creditors	**75**	18
Finance lease creditor (note 22)	**192**	157
Accruals and deferred income	**3,348**	4,009
Pension contributions	**36**	34
	18,326	13,453

Amounts owed to group undertakings are unsecured, repayable on demand and interest bearing at a rate equal to 1.5% above the NatWest Bank Plc's base rate.

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £000s	2014 £000s
Finance lease creditor (note 22)	**292**	226
	292	226

15 FINANCIAL INSTRUMENTS

	2015 £000s	2014 £000s
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**23,169**	16,246
Financial liabilities		
Financial liabilities measured at amortised cost	**16,840**	12,909

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, finance lease creditors, pension contributions and amounts owed to group undertakings.

16 DEFERRED TAXATION

The movement in the deferred taxation account during the year was:

	2015 £000s	2014 £000s
At the beginning of the year	**179**	158
Profit and loss account movement arising during the year	**(45)**	30
Adjustments in respect of prior periods	**-**	-
Adjustment for change in future corporation tax rate	**7**	(9)
At the end of the year	**141**	179

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2015 £000s	2014 £000s
Capital allowances and depreciation	**13**	86
Other timing differences	**128**	93
Total provision for deferred tax	**141**	179

At 31 December 2015 the company had capital losses of £7,000 (2014: £7,000) available for future use. The company has not recognised any deferred tax asset in respect of this amount as the losses that may be used in the foreseeable future cannot be reliably estimated.

16 DEFERRED TAXATION (CONTINUED)

No provision has been made for deferred tax on capital gains inherent in the net book value of freehold land and property. These inherent gains arose as a result of the company paying fair value for assets upon their transfer from subsidiary companies and that value exceeded the cost of the asset when originally acquired by the subsidiary. Tax on such gains would only become payable if the property was sold without it being possible to claim rollover relief. At the year-end, the total inherent gains, prior to indexation and other available reliefs from taxation, upon which no deferred tax liability has been recognised, are £174,000 (2014: £174,000).

Factors affecting future tax charges

The main rate of UK corporation tax was reduced from 21% to 20% with effect from 1 April 2015. The main rate remains at 20% from 1 April 2016. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

17 PROVISIONS FOR LIABILITIES AND CHARGES

Property dilapidations and onerous leases:

	2015 £000s	2014 £000s
At the beginning of the year	**282**	233
Provision from acquisitions	**100**	-
Released during the year	**-**	(49)
Profit and loss charge	**56**	98
At the end of the year	**438**	282

A provision has been made for the expected reinstatement costs for all leased properties as well as the best estimate of the future unrecoverable costs of vacated leased properties. The settlement timing of these obligations is dependent upon the remaining lease terms and whether any interim reinstatement activity takes place.

18 SHARE CAPITAL

	2015 £	2014 £
Authorised		
100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
2 ordinary shares of £1 each	**2**	2

19 RESERVES

The capital contribution reserve- represents additional shareholder contributions from prior periods.

20 CAPITAL COMMITMENTS

The company had capital commitments of £171,000 at 31 December 2015 (2014: £118,000) in respect of capital projected entered into but which had not been completed at the year end.

21 CONTINGENT LIABILITIES

There is an unlimited cross guarantee between the company, Newbury Investments (UK) Limited, Decco Limited, Deta Electrical Company Limited, Stearn Electric Company Limited, Norbain Holdings Limited, Ryness Electrical Supplies Limited and UK Cables Limited in favour of Natwest Bank Plc. The obligation under this guarantee at 31 December 2015 was £nil (2014: £nil).There were no other contingent liabilities at 31 December 2015 or at 31 December 2014.

22 LEASING COMMITMENTS

At the end of the year the company had future minimum lease payments under non-cancellable operating leases for:

	2015 £000s	2014 £000s
Within one year	**457**	301
Within two to five years	**1,000**	820
After five years	**271**	128
	1,728	1,249

The company's future minimum finance lease payments are as follows:

	2015 £000s	2014 £000s
Within one year	**204**	165
Within two to five years	**301**	233
	505	398
Less: finance charges included above	**(21)**	(15)
	484	383

Certain plant and machinery and motor vehicles are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements generally include fixed lease payments and a purchase option at the end of the lease term.

23 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary undertaking of Newbury Investments (UK) Limited and has taken advantage of the exemption available under Financial Reporting Standard 102 Section 33 'Related Party Disclosures' not to disclose details of transactions with entities which are part of this group. The directors do not consider that transactions with other related parties, which were conducted under normal commercial terms, are sufficiently material to influence decisions made by the users of the financial statements.

24 PENSION ARRANGEMENTS

Other non-group scheme

Certain employees of the company are members of a defined benefit scheme operated by a non-group company. The assets of the scheme are managed through a separate trustee administered fund. The scheme was closed to future accrual at 31 March 2011.

During the year, the company's liability for this scheme was crystallised and a final payment of £510,000 was paid which has resulted in total pension cost increasing from £83,000 to £606,000.

Defined contribution pension scheme

The company operates a main defined contribution pension scheme for the benefit of the employees and the directors. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £531,000 (2014: £450,000).

25 TRANSITION TO FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.

26 ULTIMATE PARENT COMPANY

The ultimate parent company is Newbury Investments BV, a company incorporated in the Netherlands. The smallest and largest group in which the results of the company are consolidated is that headed by Newbury Investments (UK) Limited, a company incorporated in England and Wales. A copy of these financial statements may be obtained from Companies House. The immediate parent company is Newbury Investments (UK) Limited.