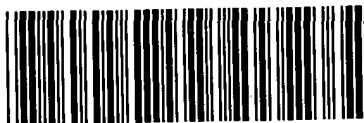


**UK ELECTRIC LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2014**

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COMPANIES HOUSE

Company no. 02742081

# **UK ELECTRIC LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 December 2014

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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  
1020 Eskdale Road  
Winnersh  
Wokingham  
Berkshire  
RG41 5TS

# **UK ELECTRIC LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 December 2014

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# **UK ELECTRIC LIMITED**

## **STRATEGIC REPORT**

For the year ended 31 December 2014

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The directors present their Strategic Report for the year ended 31 December 2014.

### **Principal activity**

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

### **Business review**

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 decreased by £11.6m, from £72.2m to £60.6m, mainly as a result of the transfer of H&V and EMS to Stearn Electric Co Limited in January 2014. Operating profits increased from £4.0m to £4.4m. This improved result reflects strong sales performance in the remaining business, the acquisition of the Gas Appliance Spares business and ongoing close control of overheads.

Net interest costs remained minimal.

Average employee numbers decreased to 185 (2013: 190).

Net assets increased from £12.0m to £15.4m as a result of the retained profit for the year. Net current assets increased from £9.9m to £12.3m, mainly due to effective working capital management.

Our cash position net of short and long term loans from our parent company at the year end was £3.4m (2013: £1.5m).

The directors believe the business is in a sound position and is well placed to meet the challenges of the year ahead. The directors do not anticipate any major changes in the company's strategy 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

# **UK ELECTRIC LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2014

---

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

### **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 £3.4m (2013: £3.1m).

The directors do not recommend payment of a dividend (2013: £nil).

### **Acquisitions and disposal activity**

On 1 January 2014 certain trade and assets of EMS and H&V were acquired by Stearn Electric Company Limited, a fellow subsidiary company, at net asset value (see note 26).

On 30 January 2014, the company acquired the trade and assets of European Lamp Group and British Electrotechnical Installations from a company related to the group by a degree of common ownership (see note 27).

On 31 March 2014, the company acquired the entire share capital of Gas Appliance Spares (Preston) Limited (see note 27).

### **Charitable donations**

During the year the company made charitable contributions of £4,000 (2013: £1,000).

### **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 2014 or at 31 December 2013.

#### *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.

# **UK ELECTRIC LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2014

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### **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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping 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.

# **UK ELECTRIC LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2014

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### **Provision of information to auditor**

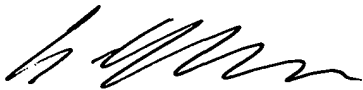
Each of the persons who are directors at the time when this Report of the Directors is approved has confirmed that:

- 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**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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 2014 which comprise the principal accounting policies, the profit and loss account, the balance sheet, 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).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on 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](http://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 2014 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.

*Grant Thornton UK LLP*

James Rogers  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Reading

Date: *16 September 2015*.

# **UK ELECTRIC LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2014

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### **Basis of accounting**

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.

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 principal accounting policies are set out below and have remained unchanged from the previous year.

### **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 1 (revised 1996) "Cash Flow Statements".

### **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.

## **UK ELECTRIC LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2014

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#### **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**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is provided to write off cost or valuation of the assets over their useful economic life 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.

#### **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.

#### **Turnover**

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

Invoices for the initial period of a lease rental are raised once the asset has been delivered to and installed at the customer's location. Invoices are raised for subsequent periods upon or approaching expiration of the preceding period. All operating lease invoicing, exclusive of value added tax, is immediately deferred in full. This income is then recognised on a straight line basis over the period to which the invoice relates.

# UK ELECTRIC LIMITED

## PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2014

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### **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.

### **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.

### **Pension costs**

#### *Defined benefit pension scheme*

The company provides pension arrangements to employees through a defined benefit scheme, which is operated by a non group company. It is not possible to identify the share of the underlying assets and liabilities in this scheme which is attributable to the company on a consistent and reasonable basis. Therefore, the company has applied the provisions in Financial Reporting Standard 17 'Retirement Benefits' to account for the scheme as if it were a defined contribution scheme.

#### *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.

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised on an undiscounted basis.

### **Taxation**

United Kingdom corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies. The taxation benefits arising from group relief are recognised in the financial statements of the surrendering and recipient company.

### **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 profit and loss account.

## **UK ELECTRIC LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2014

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#### **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.

#### **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.

## UK ELECTRIC LIMITED

### PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Note	2014 £000s	2013 £000s
<b>Turnover</b>	<b>1</b>	<b>60,598</b>	<b>72,162</b>
<b>Operating profit</b>	<b>2</b>	<b>4,392</b>	<b>4,036</b>
Interest receivable and similar charges		2	1
Interest payable and similar charges	<b>3</b>	<b>(68)</b>	<b>(10)</b>
<b>Profit on ordinary activities before taxation</b>		<b>4,326</b>	<b>4,027</b>
Tax on profit on ordinary activities	<b>6</b>	<b>(954)</b>	<b>(892)</b>
<b>Profit for the financial year</b>	<b>19</b>	<b>3,372</b>	<b>3,135</b>

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 2014**

Company no: 02742081

	Note	2014 £000s	2013 £000s
<b>Fixed assets</b>			
Intangible assets	8	-	-
Tangible assets	9	1,965	2,491
Investments	10	1,605	119
		<u>3,570</u>	<u>2,610</u>
<b>Current assets</b>			
Stocks	11	9,206	7,273
Debtors	12	11,975	15,339
Cash at bank		4,598	4,788
		<u>25,779</u>	<u>27,400</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>(13,453)</u>	<u>(17,490)</u>
<b>Net current assets</b>		<u>12,326</u>	<u>9,910</u>
<b>Total assets less current liabilities</b>		<b>15,896</b>	<b>12,520</b>
<b>Creditors: Amounts falling due after more than one year</b>	14	(226)	(271)
<b>Provisions for liabilities and charges</b>	16	<u>(282)</u>	<u>(233)</u>
<b>Net assets</b>		<u><b>15,388</b></u>	<u><b>12,016</b></u>
<b>Capital and reserves</b>			
Called-up share capital	17	-	-
Other reserves	18	3,000	3,000
Profit and loss account	18	12,388	9,016
<b>Total shareholders' funds</b>	19	<u><b>15,388</b></u>	<u><b>12,016</b></u>

The financial statements on pages 7 to 24 were approved and authorised for issue by the board of directors on 2<sup>nd</sup> September 2015 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

### 1 TURNOVER

Turnover is derived from orders received in the United Kingdom and includes amounts recognised in respect of both stock sales and operating lease rentals.

	2014 £000s	2013 £000s
Sales of goods	60,598	71,166
Rentals receivable under operating leases	-	996
	<u>60,598</u>	<u>72,162</u>

### 2 OPERATING PROFIT

Operating profit is stated after (charging)/crediting:

	2014 £000s	2013 £000s
Change in stocks of finished goods	1,933	1,152
Other operating income	486	420
Raw materials and consumables	(47,139)	(57,667)
Other external charges	(1,116)	(1,082)
Staff costs (see note 4)	(7,416)	(7,522)
Depreciation written off owned fixed assets	(238)	(605)
Depreciation written off fixed assets on hired purchase or finance leases	(144)	(136)
Other operating charges	(2,572)	(2,686)
	<u>(56,206)</u>	<u>(68,126)</u>

Operating profit is stated after (charging)/crediting:

	2014 £000s	2013 £000s
Auditor's remuneration		
- Audit fees	(26)	(26)
- Other services relating to taxation	(4)	(4)
- Other professional service charges	(12)	-
Profit on sale of fixed assets	24	64
Operating lease rentals		
- Plant and machinery	(1)	(3)
- Other	(495)	(486)



# UK ELECTRIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000s	2013 £000s
Interest on group loans	59	2
Finance lease interest	9	8
	<u>68</u>	<u>10</u>

### 4 EMPLOYEES

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

	2014 No.	2013 No.
Administration	38	52
Sales and distribution	147	138
	<u>185</u>	<u>190</u>

The aggregate payroll costs of the above were:

	2014 £000s	2013 £000s
Wages and salaries	6,248	6,355
Social security costs	635	676
Pension costs (see note 24)	533	491
	<u>7,416</u>	<u>7,522</u>

### 5 DIRECTORS

Remuneration in respect of directors was as follows:

	2014 £000s	2013 £000s
Emoluments receivable	230	89
Value of company pension contributions to defined contribution scheme	5	3
	<u>235</u>	<u>92</u>

One director (2013: one) had benefits accruing under a defined contribution pension scheme.

# UK ELECTRIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

### 6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2014 £000s	2013 £000s
UK corporation tax at 21.5% (2013: 23.25%)	975	987
Total current tax (see note 7)	975	987
Origination and reversal of timing differences	(30)	(48)
Adjustment in respect of prior periods	-	(62)
Adjustment for change in future corporation tax rate	9	15
Tax on profit on ordinary activities	954	892

### 7 FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed on the profit on ordinary activities for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%).

	2014 £000s	2013 £000s
Profit on ordinary activities before taxation	4,326	4,027
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	930	936
Effect of:		
Expenses not deductible for tax purposes	15	3
Depreciation in excess of capital allowances	17	60
Other timing differences	13	(12)
Current tax charge	975	987

### 8 INTANGIBLE FIXED ASSETS

	Goodwill £000s
Cost	
At 1 January and 31 December 2014	2,690
Amortisation	
At 1 January and 31 December 2014	2,690
Net book value at 31 December 2013 and 31 December 2014	-

# UK ELECTRIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

### 9 TANGIBLE FIXED ASSETS

	Freehold and long leasehold £000s	Plant and equipment £000s	Rental assets £000s	Motor vehicles £000s	Office and computer equipment £000s	Leasehold improvements £000s	Total £000s
<b>Cost</b>							
At 1 January 2014	1,078	490	1,787	1,058	354	771	5,538
Additions	215	201	-	281	58	79	834
Transfers	-	(334)	(1,787)	(274)	(156)	(73)	(2,624)
Disposals	-	(42)	-	(107)	(4)	-	(153)
At 31 December 2014	1,293	315	-	958	252	777	3,595
<b>Depreciation</b>							
At 1 January 2014	87	347	1,107	578	289	639	3,047
Charge for the year	18	79	-	199	33	53	382
Transfers	-	(234)	(1,107)	(155)	(113)	(63)	(1,672)
Disposals	-	(23)	-	(100)	(4)	-	(127)
At 31 December 2014	105	169	-	522	205	629	1,630
<b>Net book value at 31 December 2014</b>	<b>1,188</b>	<b>146</b>	<b>-</b>	<b>436</b>	<b>47</b>	<b>148</b>	<b>1,965</b>
Net book value at 31 December 2013	991	143	680	480	65	132	2,491

There are no material differences between the book and market values of land and buildings.

Included within the net book value of £1,965,000 is £380,000 (2013: £452,000) relating to assets purchased on finance lease and hire purchase. The depreciation charged in respect of these assets during the year amounted to £144,000 (2013: £252,000).

### 10 INVESTMENTS

	Shares in subsidiary undertakings £000s
<b>Cost</b>	
At 1 January 2014	119
Additions (see note 27)	1,486
At 31 December 2014	1,605
<b>Amounts written off</b>	
At 1 January 2014 and 31 December 2014	-
<b>Net book value at 31 December 2014</b>	<b>1,605</b>
<b>Net book value at 31 December 2013</b>	<b>119</b>

# UK ELECTRIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

### 10 INVESTMENTS (CONTINUED)

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
Cookercare 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

	2014 £000s	2013 £000s
Finished goods	<u>9,206</u>	<u>7,273</u>

### 12 DEBTORS

	2014 £000s	2013 £000s
Trade debtors	11,207	12,734
Amount owed by group undertakings	270	2,000
Corporation Tax Receivable	-	20
Deferred taxation (see note 15)	179	158
Other debtors	171	220
Prepayments and accrued income	<u>148</u>	<u>207</u>
	<u>11,975</u>	<u>15,339</u>

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

**UK ELECTRIC LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2014

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £000s	2013 £000s
Trade creditors	7,034	7,657
Amounts owed to group undertakings	1,431	5,237
Corporation tax payable	476	-
Other taxation and social security	294	340
Other creditors	18	45
Finance lease creditor (note 14)	157	185
Accruals and deferred income	4,009	3,999
Pension contributions	34	27
	<u>13,453</u>	<u>17,490</u>

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

**14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014 £000s	2013 £000s
Finance lease creditor	<u>226</u>	<u>271</u>
	<u>226</u>	<u>271</u>

**Finance leases**

The future minimum payments under finance leases are as follows:

	2014 £000s	2013 £000s
Within one year	165	193
Within two to five years	<u>233</u>	<u>277</u>
	398	470
Less: finance charges included above	<u>(15)</u>	<u>(14)</u>
	<u>383</u>	<u>456</u>

The assets held under finance lease are held as security for the finance lease creditor.

## UK ELECTRIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

#### 15 DEFERRED TAXATION

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

	2014 £000s	2013 £000s
At the beginning of the year	158	63
Profit and loss account movement arising during the year	30	48
Adjustments in respect of prior periods	-	62
Adjustment for change in future corporation tax rate	(9)	(15)
At the end of the year	179	158

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

	2014 £000s	2013 £000s
Capital allowances and depreciation	86	60
Other timing differences	93	98
	179	158

#### Factors affecting future tax charges

At 31 December 2014 the company had capital losses of £7,000 (2013: £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.

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 (2013: £174,000).

The main rate of UK corporation tax was reduced from 23% to 21% with effect from 1 April 2014. A further reduction in the main rate to 20%, effective from 1 April 2015, has been substantively enacted at the balance sheet date. 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.

# UK ELECTRIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

### 16 PROVISIONS FOR LIABILITIES AND CHARGES

	Property dilapidations and onerous leases £000s
At 1 January 2014	233
Released during the year	(49)
Profit and loss charge	98
<b>At 31 December 2014</b>	<b>282</b>

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.

### 17 SHARE CAPITAL

	2014 £	2013 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	2	2

### 18 RESERVES

	Share capital £000s	Capital contribution reserve £000s	Profit and loss account £000s
At 1 January 2013	-	3,000	5,881
Profit for the year	-	-	3,135
At 31 December 2013	-	3,000	9,016
Profit for the year	-	-	3,372
<b>At 31 December 2014</b>	<b>-</b>	<b>3,000</b>	<b>12,388</b>

## UK ELECTRIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

#### 19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000s	2013 £000s
Profit for the financial year	3,372	3,135
Shareholders' funds at the beginning of the year	12,016	8,881
Shareholders' funds at the end of the year	15,388	12,016

#### 20 CAPITAL COMMITMENTS

At the end of the year the company had capital commitments of £118,000 (2013: £178,000) 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 SD Limited, Ryness Electrical Supplies Limited and UK Cables Limited in favour of Natwest Bank Plc. The obligation under this guarantee at 31 December 2014 was £nil (2013: £nil). There were no other contingent liabilities at 31 December 2014 or at 31 December 2013.

#### 22 LEASING COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £000s	Land and buildings 2013 £000s
Operating leases that expire:		
Within one year	39	18
Within two to five years	200	378
After five years	46	-
	285	396

#### 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 8 'Related Party Disclosures' not to disclose details of transactions with wholly owned 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.



## **UK ELECTRIC LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2014

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#### **24 PENSION ARRANGEMENTS**

##### **Defined benefit pension scheme**

The company contributes to a defined benefit scheme operated by a non-group company, which provides pensions to certain employees. The assets of the scheme are managed through a separate trustee administered fund.

On 31 March 2011 the defined benefit pension scheme was closed to future accrual. This closure meant that assumptions regarding the future increases in average earnings were no longer appropriate as members' benefits, barring future inflationary increases, effectively crystallised at that date.

The pension cost for the year was £83,000 (2013: £74,000).

##### **Future contributions as participating employer of a non-group scheme**

The company continues to be obligated to make contributions to the principal employer in relation to previous special deficit funding arrangements of the scheme. These contributions are in respect of current employees who were formerly active members of the scheme and continue only whilst they remain in service. It continues to not be possible to identify the share of the underlying assets and liabilities and, therefore, previous special deficit funding in this scheme that is attributable to the company on a consistent and reasonable basis. Therefore, the company continues to apply the provisions in Financial Reporting Standard 17 'Retirement Benefits' to account for the scheme as if it were a defined contribution scheme.

##### **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 £450,000 (2013: £417,000).

#### **25 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.

## UK ELECTRIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

#### 26 DISPOSAL

##### H&V and EMS

On 1 January 2014 the company sold the trade and assets of EMS and H&V to Stearn Electric Co Limited, a fellow subsidiary company, at net asset value. These businesses operate in the UK in the distribution and leasing of electrical equipment. The consideration received was equal to the fair value of the assets sold.

	Fair Value £000s	Fair Value £000s
Consideration received		3,888
Net assets sold:		
Fixed Assets	38	
Trade Debtors	627	
Stock	154	
Cash	1,129	
Creditors	(696)	
Total net assets sold:		(1,252)

There was no difference between the book value and fair value of assets sold.

#### 27 ACQUISITIONS

##### European Lamp Group and British Electrotechnical Installations

On 31 January 2014, the company acquired the trade and assets of European Lamp Group and British Electrotechnical Installations from a company related to the group by a degree of common ownership for a consideration of £5,037,000 representing the fair value of assets acquired. No goodwill was paid. Both of these businesses operate in the UK. European Lamp Group is a lamp, lighting and control gear supplier to the wholesale, retail, commercial, entertainment, and export sectors. British Electrotechnical Installations is the UK's largest street lighting distributor.

	Fair Value £000s	Fair Value £000s
Consideration paid		5,037
Net assets acquired:		
Fixed Assets	250	
Trade Debtors	1,623	
Stock	3,354	
Cash	1	
Other debtors	92	
Creditors	(283)	
Total net assets acquired:		(5,037)
Goodwill premium at acquisition		-

There was no difference between the book value and fair value of assets acquired.

## UK ELECTRIC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

#### 27 ACQUISITIONS (CONTINUED)

##### Gas Appliance Spares (Preston) Limited

On 31 March 2014, the company acquired 100% of the share capital of Gas Appliance Spares (Preston) Limited for a consideration of £1,486,000. The company operates in the UK as a distributor of boiler, gas cooker and gas fire spare equipment. The fair value of the assets acquired was £1,186,000 resulting in goodwill at acquisition of £300,000.

This reflected the excess of the total costs of the acquisition over the fair value of net assets acquired. This balance is to be amortised over a period of 33 months.

	Fair Value £000s	Fair Value £000s
Consideration paid		1,486
Net assets acquired:		
Fixed Assets	269	
Trade Debtors	259	
Stock	543	
Cash	366	
Creditors	(251)	
Total net assets acquired:		(1,186)
Goodwill premium at acquisition		300

There was no difference between the book value and fair value of assets acquired.

#### 28 POST BALANCE SHEET EVENTS

On 31 July 2015, Newbury Investments (UK) Limited acquired 100% of the share capital of Seacheater Three Limited and on the same date transferred the trade and assets into the company. The business operates in the UK as a distributor of interface products for signal conversion, switching, and isolation applications 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. 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.