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UK CABLES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

Company no. 02832874

UK CABLES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2018

Company registration number: 02832874 (Incorporated in England)

Registered office: Votec House
Hambridge Lane
Newbury
Berkshire
RG14 5TN

Directors: N J Palmer
S Westbrook
L Yu (appointed 01 January 2018)

Secretary: S Westbrook (resigned 01 January 2018)
L Yu (appointed 01 January 2018)

Independent auditor: Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
2 Glass Wharf
Bristol
BS2 0EL

UK CABLES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2018

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UK CABLES LIMITED

STRATEGIC REPORT

For the year ended 31 December 2018

The directors present their Strategic Report for the year ended 31 December 2018.

Principal activity

The principal activity of the company during the year was the distribution of cable.

Business review and key financial 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 decreased during the year from £45.3m to £43.4m. Total operating costs decreased from £45.1m to £43.7m and operating profit decreased from a profit of £0.2m to a loss of £0.2m. These results are as a direct consequence of the impact of volatility in copper prices and reduction in turnover.

Net interest costs remained nominal.

Average employee numbers remained at 78 throughout the year.

Net assets decreased from £9.3m to £9.2m and net current assets decreased from £9.3m to £9.1m. Our net cash level including loans to and from group companies at the end of the year increased from £5.6m to £6.0m.

The directors expect 2019 to be a challenging year that will continue to be impacted by the volatility in copper values. Continued cost control measures and the restructuring activity undertaken in the prior and current year are expected to deliver cost savings and improve the trading performance during 2019 and subsequent years. Consequently, the directors consider the company to be in a sound financial position and well-placed to meet the challenges of the year ahead.

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.

In addition to the above, the impact of Brexit continues to be an important area of discussion. Supply disruption as a result of a "hard Brexit" has been considered. The directors have put in place contingency plans with the company's supply-base and customers in order to cope with any interruptions.

BY ORDER OF THE BOARD



L Yu

Secretary

Company registration: 02832874

27 September 2019

UK CABLES LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

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 loss for the year after taxation amounting to £0.3m (2017: £0.1m profit).

The directors do not recommend payment of a dividend (2017: £nil).

Charitable donations

During the year the company made no charitable donations (2017: £nil).

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. There were no hedging arrangements in place as at 31 December 2018 and 31 December 2017.

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 company's 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 CABLES LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2018

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 importance on maintaining good employee relations 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
L Yu

Directors' responsibilities statement

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 law, including FRS 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 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 including 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.

UK CABLES LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2018

Directors' responsibilities statement (continued)

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Report of the Directors include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

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



L Yu

Secretary

Company registration: 02832874

27 September 2019

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

Opinion

We have audited the financial statements of UK Cables Limited (the 'company') for the year ended 31 December 2018 which comprise the principal accounting policies, the income statement, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Report of the Directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK CABLES LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 3-4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK CABLES LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

A handwritten signature in black ink, appearing to read 'Timothy Lincoln', with a long horizontal flourish extending from the bottom right.

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

Date 27 September 2019

UK CABLES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2018

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.

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 principle accounting policies are set out below. 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.

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 publicly 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.

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.

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.

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 straight line
Plant and equipment - 4 years straight line
Motor vehicles - 4 years straight line
Office and computer equipment - 4 years straight line
Leasehold improvements - over the lower of the life of the lease or 5 years straight line.

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.

UK CABLES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2018

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 income statement represents amounts invoiced during the year, exclusive of value added tax. Turnover is recognised when the risk and rewards of ownership of stock is 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.

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 income statement 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 of 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.

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.

Current and deferred taxation (continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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.

Financial instruments

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 Income Statement. 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.

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. Any changes in fair value are recognised in the Income Statement.

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.

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.

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 judgements and estimates have been made include:

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 the income statement 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 (9) 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 (10) for the net carrying amount of the debtors and associated impairment provision movement in the year.

UK CABLES LIMITED

INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 £000s	2017 £000s
Turnover	1	43,422	45,347
Operating (loss)/profit	2	(230)	245
Interest receivable and similar income	3	17	-
Interest payable and similar charges	4	(4)	(27)
(Loss)/profit on ordinary activities before taxation		(217)	219
Tax on (loss)/profit on ordinary activities	7	43	(70)
(Loss)/profit for the financial year		(174)	148

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

There is no material difference between the loss on ordinary activities before taxation and the retained loss 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 income statement.

The accompanying accounting policies (pages 8-11) and notes (pages 15-22) form an integral part of these financial statements.

UK CABLES LIMITED**BALANCE SHEET AT 31 DECEMBER 2018**

Company no: 02832874

	Note	2018 £000s	2017 £000s
Fixed assets			
Tangible assets	8	<u>456</u>	<u>414</u>
		456	414
Current assets			
Stocks	9	9,067	8,834
Debtors	10	7,717	8,482
Cash at bank		<u>9,859</u>	<u>7,691</u>
		26,643	25,007
Creditors: Amounts falling due within one year	11	<u>(17,519)</u>	<u>(15,702)</u>
Net current assets		<u>9,124</u>	<u>9,305</u>
Total assets less current liabilities		9,580	9,719
Creditors: Amounts falling due after more than one year	12	(49)	(39)
Provisions for liabilities and charges	14	<u>(363)</u>	<u>(338)</u>
Net assets		<u>9,168</u>	<u>9,342</u>
Capital and reserves			
Called-up share capital	15	-	-
Profit and loss account		<u>9,168</u>	<u>9,342</u>
Total shareholders' funds		<u>9,168</u>	<u>9,342</u>

The financial statements on pages 8 to 22 were approved and authorised for issue by the board of directors on 27 September 2019 and signed on their behalf by:



S Westbrook
Director

The accompanying accounting policies (pages 8-11) and notes (pages 15-22) form an integral part of these financial statements.

UK CABLES LIMITED**STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2018

	Called-up share capital £000s	Profit and loss account £000s	Total £000s
At 1 January 2017	-	9,194	9,194
Profit for the year	-	148	148
At 31 December 2017	-	9,342	9,342
Loss for the year	-	(174)	(174)
At 31 December 2018	-	9,168	9,168

The accompanying accounting policies (pages 8-11) and notes (pages 15-22) form an integral part of these financial statements.

UK CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 TURNOVER

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 (LOSS)/PROFIT

Operating (loss)/profit is stated after (charging)/crediting:

	2018 £000s	2017 £000s
Change in stocks of finished goods	233	2,768
Other operating income	899	922
Purchase of raw materials and consumables	(38,627)	(41,688)
Other external charges	(1,771)	(1,727)
Staff costs (see note 5)	(2,692)	(2,770)
Depreciation written off fixed assets	(142)	(111)
Depreciation written off assets on hire purchase and finance leases	(46)	(46)
Other operating charges	(1,506)	(2,450)
	<u>(43,652)</u>	<u>(45,102)</u>

Operating (loss)/profit is stated after (charging)/crediting:

	2018 £000s	2017 £000s
Auditor's remuneration		
- Audit fees	(18)	(18)
- Taxation compliance services	(5)	(5)
- Other professional service credits	-	(2)
Profit on disposal of fixed assets	25	36
Operating lease rentals		
- Plant and machinery	(12)	(35)
-Other	(424)	(555)

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £000s	2017 £000s
Interest on group loan	17	-
	<u>17</u>	<u>-</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £000s	2017 £000s
Interest on finance leases	2	3
Other similar interest payable	2	24
	<u>4</u>	<u>27</u>

UK CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

5 EMPLOYEES

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

	2018 No.	2017 No.
Administration	21	20
Sales and distribution	57	58
	<u>78</u>	<u>78</u>

The aggregate payroll costs of the above were:

	2018 £000s	2017 £000s
Wages and salaries	2,265	2,390
Social security costs	203	189
Pension costs (see note 20)	224	191
	<u>2,692</u>	<u>2,770</u>

6 DIRECTORS

Remuneration in respect of directors was as follows:

	2018 £000s	2017 £000s
Emoluments receivable	61	52
Value of company pension contributions to defined contribution scheme	1	-
	<u>62</u>	<u>52</u>

One director (2017: nil) had benefits accruing under a defined contribution pension scheme.

UK CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

7 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:	2018 £000s	2017 £000s
Current Tax:		
UK corporation tax at 19% (2017: 19.25%)	(41)	44
Adjustment in respect of prior periods	-	1
Total current tax	(41)	45
Deferred Tax:		
Origination and reversal of timing differences	(2)	25
Adjustment in respect of prior periods	-	-
Total Deferred tax	(2)	25
Tax on (loss)/profit on ordinary activities	(43)	70

RECONCILIATION OF TAX CHARGE

The tax assessed on the (loss)/profit on ordinary activities for the year is lower (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £000s	2017 £000s
(Loss)/profit on ordinary activities before taxation	(217)	219
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(41)	42
Effect of:		
Expenses not deductible for tax purposes	9	8
Depreciation in excess of capital allowances	(9)	(6)
Adjustment in respect of prior periods	-	-
Group relieved	-	-
Other timing differences	(2)	26
Tax charge for the year	(43)	70

Factors affecting future tax charges

The main rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 March 2017. These included reductions to the main rate to reduce the rate to 17% from 1 April 2020.

UK CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

8 TANGIBLE FIXED ASSETS

	Plant and equipment £000s	Motor vehicles £000s	Office and computer equipment £000s	Leasehold improvements £000s	Total £000s
Cost					
At 1 January 2018	1,084	246	151	248	1,729
Additions	185	50	3	8	246
Disposals	(162)	(47)	-	-	(209)
At 31 December 2018	1,107	249	154	256	1,766
Depreciation					
At 1 January 2018	829	140	145	201	1,315
Charge for the year	108	52	3	25	188
Disposals	(146)	(47)	-	-	(193)
At 31 December 2018	791	145	148	226	1,310
Net book value at 31 December 2018	316	104	6	30	456
Net book value at 31 December 2017	255	106	6	47	414

Included within the net book value of £456,000 is £89,000 (2017: £84,000) relating to assets purchased on finance lease and hire purchase. The depreciation charged in respect of these assets during the year amounted to £46,000 (2017: £46,000).

9 STOCKS

	2018 £000s	2017 £000s
Finished goods	9,067	8,834

Stock recognised as an expense during the year was £38,100,000 (2017: £38,500,000).

An impairment reversal of £28,000 (2017: £137,000 reversal) was recognised in cost of sales during the year.

UK CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

10 DEBTORS

	2018 £000s	2017 £000s
Trade debtors	7,063	7,811
Amount owed by group undertakings	-	1
Corporation tax receivable	124	-
Deferred taxation (note 13)	20	19
Other debtors	319	558
Prepayments and accrued income	191	93
	<u>7,717</u>	<u>8,482</u>

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 charge of £34,000 (2017: £55,000) was recognised within trade debtors.

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000s	2017 £000s
Trade creditors	12,389	12,642
Amount owed to group undertakings	3,885	2,059
Corporation tax payable	-	17
Other taxation and social security	647	271
Other creditors	-	-
Finance lease creditor (note 18)	40	48
Accruals and deferred income	543	651
Pension contributions	15	14
	<u>17,519</u>	<u>15,702</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.

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £000s	2017 £000s
Finance lease creditor (note 18)	<u>49</u>	<u>39</u>

UK CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

13 DEFERRED TAXATION

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

	2018 £000s	2017 £000s
At the beginning of the year	19	44
Income statement movement arising during the year	1	(25)
At the end of the year	20	19

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

	2018 £000s	2017 £000s
Capital allowances and depreciation	17	16
Other timing differences	3	3
Total provision for deferred tax	20	19

Factors affecting future tax charges

The main rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 March 2017. These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

14 PROVISIONS FOR LIABILITIES AND CHARGES

Property dilapidations and onerous leases:

	2018 £000s	2017 £000s
At the beginning of the year	338	389
Released during the year	-	(84)
Income statement charge	25	33
At the end of the year	363	338

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.

UK CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

15 SHARE CAPITAL

	2018 £	2017 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

16 CAPITAL COMMITMENTS

The company had capital commitments of £51,000 at 31 December 2018 (2017: £28,000) in respect of capital projects entered into but which had not been completed at year end.

17 CONTINGENT LIABILITIES

There is an unlimited cross guarantee between the company, Newbury Investments (UK) Limited, Decco Limited, Deta Electrical Company Limited, Norbain Holdings Limited, Ryness Electrical Supplies Limited, Stearn Electric Company Limited, UK Electric Limited and UK Test Instruments Limited in favour of NatWest Bank Plc. The obligation under this guarantee at 31 December 2018 was £nil (2017: £nil).

There were no other contingent liabilities at 31 December 2018 or at 31 December 2017.

18 LEASING COMMITMENTS

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

	2018 £000s	2017 £000s
Land and buildings:		
Within one year	356	515
Between one and five years	580	711
More than five years	<u>350</u>	<u>495</u>
	<u>1,286</u>	<u>1,721</u>

Finance leases:

The future minimum payments under finance leases are as follows:

	2018 £000s	2017 £000s
Within one year	42	50
Within two to five years	<u>50</u>	<u>40</u>
	92	90
Less: finance charges included above	<u>(3)</u>	<u>(3)</u>
	<u>89</u>	<u>87</u>

UK CABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

18 LEASING COMMITMENTS (CONTINUED)

Certain 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.

19 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 company made sales of approximately £8,000,000 (2017: £7,300,000) to companies connected to certain shareholders of the group's ultimate parent undertaking of which amounts receivable of £1,300,000 (2017: £1,500,000) were still outstanding at the year end. In the opinion of the directors all transactions were at arm's length.

20 PENSION ARRANGEMENTS

Defined benefit pension 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.

The company's liability for this scheme was crystallised during 2015.

Defined contribution pension scheme

The company operates a defined contribution pension scheme for the benefit of its employees and 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, including the non-group defined benefit pension scheme, and amounted to £224,000 (2017: £191,000).

21 ULTIMATE PARENT COMPANY

The ultimate parent company is Newbury Investments BV, 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.