

**UK CABLES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2019**

# **UK CABLES LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 December 2019

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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

Secretary: L Yu

Independent auditor: Fiander Tovell Limited  
Stag Gates House  
63/64 The Avenue  
Southampton  
Hampshire  
SO17 1XS

# **UK CABLES LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 December 2019

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<b>INDEX</b>	<b>PAGE</b>
Strategic report	1 – 3
Report of the directors	4 – 6
Independent auditor's report	7 – 9
Income statement	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 – 25

# UK CABLES LIMITED

## STRATEGIC REPORT

For the year ended 31 December 2019

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The directors present their Strategic Report for the year ended 31 December 2019.

### 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.

The decline in sales of 12.4% from £41.9m to £36.7m was mainly a result of the closure of one of our trading locations. Whilst a substantial element of its sales was retained, some local business could not be serviced without a local presence. In addition, Brexit planning of the market resulted in delays challenges to the delivery of certain infrastructure projects. These are now expected to be completed in 2020. As a result of the above and also from ongoing focus on operating costs and cost containment, against the impact of volatility in copper prices, total operating costs decreased from £42.1m to £37.4m. This helped to minimise the impact on the operating result in the year which was a loss of £0.8m (2018: £0.2m). Going forward, the business now operates on a more efficient cost base and through working closely with our suppliers, the directors believe the business has an appropriate stock profile to service the demands for the year ahead.

The company employed an average of 64 employee during the year (2018: 78). The reduction in headcount was mainly due to the closure of one location but also due to efficiencies obtained in operational processes through use of technology.

Net assets decreased from £9.2m to £8.4m and net current assets decreased from £9.1m to £8.3m. This is mainly as a result of a reduction in inventory levels and the trading result in the year. At the year-end, the company's cash level, net of intercompany loans, had decreased from £6.0m to £4.1m. Whilst the results for the year are below our expectations, the business has continued to invest and remains able to finance the working capital requirements during peak trading.

The directors expect 2020 to continue to be impacted by the volatility in copper values but believe the business is in a sound position at the year-end and is well placed to meet the challenges of the year ahead. Despite the onset of the Covid-19 pandemic, and the uncertainty of Brexit, the business continued to perform strongly and has honoured all ongoing liabilities from cash reserves which remains strong. The delays to projects in the year have eased and the markets in which we operate have shown signs of recovery but uncertainty remains and therefore ongoing review of our cost base continues, as well as seeking out new markets and opportunities including building in additional business resistance to the impact of copper prices volatility. The directors do not therefore anticipate any major changes in the company's strategy for the year ahead but, remain vigilant for any significant impact to the market environment as a result of the pandemic and Brexit negotiations. The directors believe the business' prospects are good.

### S172(1) Statement

The board of directors of UK Cables Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a)-(f) of the Act) in the decisions taken during the year ended 31 December 2019.

Our key stakeholders are our employees, customers and suppliers, the community and environment. These are considered our key stakeholders as they have the most impact on the long-term success of our business.

**S172(1) Statement (continued)**

Below are examples of how the Directors engage with key stakeholders:

*Employees*

As explained in the Report of the Directors, the involvement of employees is vital to our businesses and the directors keep them informed on matters affecting them as employees and the various factors affecting the performance of the Company. Employee representatives are consulted regularly on a range of matters concerning their interests. The directors also maintain an open-door policy and all employees are encouraged to bring forward their views on all aspects of the Company. The directors consider the above to be effective as it provides a platform for a two-way communication where concerns and ideas can be passed upward where necessary, so that the business can take advantage of opportunities quickly. This also enables key decisions to be taken with the benefit of local feedback.

*Customers and Suppliers*

The directors place considerable value on the engagement of customers and suppliers in making decisions taking on board their views and insights through regular dialogue and meetings. We operate on a multi-branch business basis with a high level of decentralisation backed up by strong controls and a reward structure that is based on local performance and individual contribution. Our strategy is to provide the highest possible service to customers. The ability of our branch managers to determine all aspects of their business ensures they are strongly focused on providing the best service to their customers, supporting our key suppliers to get their products to market and employing, retaining and rewarding a high-quality team. We also host customer and supplier events at local and national level, including training for both customers and staff. We work together with our customers and suppliers for the mutual success of our respective businesses. The above aids the achievement of our key performance indicators because by supporting our customers and suppliers' efforts to bring products to market at fair prices, with rigorous quality control and high levels of availability, we ensure that we maximise the opportunities we have for our mutual interests whilst observing our mutual responsibilities to the wider community and environment.

The success of the above is measured using our key performance indicators of turnover and operating income. These key performance indicators, together with customer and supplier feedback were useful early warning indicators that helped the business identify the issues noted in the business review and appropriate action, such as focus on cost reduction, were taken which helped minimise the impact that Brexit planning by the market and the milder winter had on our results.

*Community and Environment*

In formulating our plan, we took into account the impact of the Company's operations on the community and environment, our wider social responsibilities, and in particular how we comply with legislation and react promptly to local community concerns such as giving staff time-off to perform voluntary activities to help local charitable causes.

As the board of directors, our intention is to behave responsibly and ensure that the management team operate our businesses in a responsible manner, operating within the high standards of business conduct and good governance expected for a Company such as ours and in doing so, will contribute to long term success of our Company. This is achieved through training, management having regular dialogue with our teams and monitoring through our internal audit function. The intention is to nurture our reputation, through our actions, that reflects our responsible behaviour.

The regular engagement by the directors with all stakeholders such as those described above enables the directors to enhance their awareness of the market, improve decision making and promote the long-term success of the Company more effectively and observe the principles of s172.

**Principal risks and uncertainties**

The directors are responsible for the company's risk management procedure. The directors monitor risks facing the business and identifies any that are emerging. The directors recognise that it is ultimately responsible for the actions that are taken and reserves certain key decisions such as senior appointments, funding of operations and acquisitions. The directors work with the operational management team to ensure that risks are identified and

**Principal risks and uncertainties (continued)**

appropriately managed, in accordance with defined policies and procedures, and that there are clear responsibilities for this. There is an active programme of internal audit which monitors compliances with our standard practice instructions

The main risks and uncertainties facing the company can be summarised as:

**- Changes in the economic environment**

Contingency plans are used for recession or rapid downturn of our core market. Our key performance indicators act as early warning signals; and focuses on risks affecting our level of business, overheads and working capital.

**- Product demand and obsolescence**

Working closely with and taking into account feedback from with our customers, suppliers and colleagues means we are best placed to understand and react according to sudden changes in product demand and technological development. An example was early indication of potential delays to projects meant we were able to review our stock levels early on and react appropriately.

**- Competitor action**

We work closely with our customers and supplier for the mutual success of our respective businesses and build strong relationships with these key stakeholders. The feedback from these key stakeholders and our key performance indicators help the directors to review the impact of key decisions and to reconsider them where it is appropriate to do so.

**- Credit risk**

Credit risk is described in the Report of the Directors.

The above are important as they individually and combined could have a significant impact on the operations, cashflow and performance of the business. The directors regularly review and agree policies for managing each of these risks. This is based on the steps described above and also through our understanding of the industry, regulation, working with our customers and suppliers and seek professional advice where appropriate. The directors' objective is to minimise the possibility of these risks impacting our business and to mitigate them wherever possible. These policies remain unchanged from previous years.

In addition to the above, the impact of Covid-19 and Brexit are areas of discussion and are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. The directors are monitoring the spread and impact of the virus. The disruption to operations, service and supply chain have been considered. The directors have put in place contingency plans in order to cope with any interruptions. The main area of focus at the outset of the Covid-19 pandemic was the potential impact it could have on working capital. Financing options were available and considered, however the impact on performance was minimal and the company maintained strong cash reserves. The company does not intend to use those financing options.

The UK formally left the EU on 31 January 2020 and entered a transition period which ended on 31 December 2020. Despite an agreement being reached with the EU, the directors will continue to monitor and identify key risks and opportunities, which include but not limited to stock levels, pricing and supply. 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

4 March 2021

# **UK CABLES LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2019

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The directors present their report and the audited financial statements for the year ended 31 December 2019.

### **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 £0.8m (2018: £0.2m).

The directors do not recommend payment of a dividend (2018: £nil).

### **Charitable donations**

During the year the company made no charitable donations (2018: £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 2019 and 31 December 2018.

#### *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.

### **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

# **UK CABLES LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2019

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### **Recruitment and employee relations (continued)**

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.

### **Future developments**

An indication of future developments of the business is included in the strategic report.

### **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 2019

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### **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.

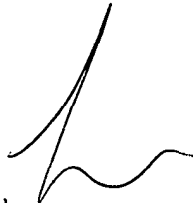
To the best of our knowledge:

- 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 undertakings included in the consolidation taken as a whole; 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, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

### **Going concern**

In the light of the current climate in relation to the Covid-19 pandemic the directors have reviewed the company's finances which confirm that the company has adequate funding available to continue operational existence for the foreseeable future. There have been no other significant events affecting the company since the year end. The directors believe there are no material uncertainties that call into doubt the company's ability to continue as a going concern and the accounts therefore been prepared on the basis that the company is a going concern.

BY ORDER OF THE BOARD



L Yu

Secretary

Company registration: 02832874

4 March 2021

## **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 2019 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 2019 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 5-6, 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](http://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 'Andrew Jay', is written over the printed name 'Fiander Tovell Limited'.

Andrew Jay ACA FCCA  
Senior Statutory Auditor  
For and on behalf of Fiander Tovell Limited  
Statutory Auditor, Chartered Accountants  
Southampton

Date: 5 March 2021

# UK CABLES LIMITED

## INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 £000s	2018 £000s
Turnover	2	36,706	41,908
Operating (loss)/profit	3	(773)	(230)
Interest receivable and similar income	4	5	17
Interest payable and similar charges	5	(16)	(4)
(Loss)/profit on ordinary activities before taxation		(784)	(217)
Tax on (loss)/profit on ordinary activities	8	15	43
(Loss)/profit for the financial year		(769)	(174)

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.

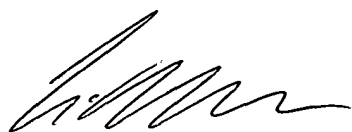
There were no recognised gains or losses for both the current year and prior year other than those in the income statement.

**UK CABLES LIMITED****BALANCE SHEET AT 31 DECEMBER 2019**

Company No. 02832874

	Note	2019 £000s	2018 £000s
<b>Fixed assets</b>			
Tangible assets	9	<u>336</u>	<u>456</u>
		336	456
<b>Current assets</b>			
Stocks	10	6,040	9,067
Debtors	11	6,607	7,717
Cash at bank		<u>10,655</u>	<u>9,859</u>
		23,302	26,643
<b>Creditors: Amounts falling due within one year</b>	12	<u>(14,991)</u>	<u>(17,519)</u>
<b>Net current assets</b>		<u>8,311</u>	<u>9,124</u>
<b>Total assets less current liabilities</b>		8,647	9,580
<b>Creditors: Amounts falling due after more than one year</b>	13	(41)	(49)
<b>Provisions for liabilities and charges</b>	15	<u>(207)</u>	<u>(363)</u>
<b>Net assets</b>		<u>8,399</u>	<u>9,168</u>
<b>Capital and reserves</b>			
Called-up share capital	16	-	-
Profit and loss account		<u>8,399</u>	<u>9,168</u>
<b>Total shareholders' funds</b>		<u>8,399</u>	<u>9,168</u>

The financial statements on pages 10 to 25 were approved and authorised for issue by the board of directors on 4 March 2021 and signed on their behalf by:



S Westbrook  
Director

The accompanying accounting policies and notes (pages 13-25) form an integral part of these financial statements.

**UK CABLES LIMITED****STATEMENT IN CHANGES IN EQUITY**

For the year ended 31 December 2019

	<b>Called-up share capital £000s</b>	<b>Profit and loss account £000s</b>	<b>Total £000s</b>
<b>At 1 January 2018</b>	-	<b>9,342</b>	<b>9,342</b>
Profit for the year	-	(174)	(174)
<b>At 31 December 2018</b>	-	<b>9,168</b>	<b>9,168</b>
Loss for the year	-	(769)	(769)
<b>At 31 December 2019</b>	-	<b>8,399</b>	<b>8,399</b>

The accompanying accounting policies and notes (pages 13-25) form an integral part of these financial statements.

# UK CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 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.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by Company's shareholders.

The company has taken advantage of the following exemptions:

#### *Statements of cash flow*

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 3.17(d) on the grounds that a consolidated cash flow statement is included in the financial statements of the Parent.

#### *Financial instruments disclosures*

The Company has taken advantage of the exemption from the financial instruments disclosures required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures of the Parent.

#### *Key management personnel compensation*

The Company has taken advantage of the exemption from disclosing the Company key management compensation pursuant to FRS 102 33.7

#### *Related party disclosures*

The Company has taken advantage of the exemption from disclosing the related party disclosures pursuant to FRS 102 paragraph 33.7

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.

#### **Going concern**

After considering the Company's performance in the year to 31 December 2019, its future prospects and its cash flow forecasts, the Directors have full expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least for a period of twelve months from the date the financial statements are signed. In the unlikely event additional finance is required, Group support is confirmed as available. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.



# **UK CABLES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

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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.

### **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.

### **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. Cost is determined on a first-in, first-out (FIFO) basis which includes the purchase price together with all direct attributable costs and income to bring inventory to its present location and condition.

### **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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

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**Bank cross guarantee**

The fair value of a financial guarantee contract is calculated as the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee.

**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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

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**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:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

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**Significant judgements and estimates (continued)**

*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 (10) 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 (11) for the net carrying amount of the debtors and associated impairment provision movement in the year.

**2      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.

# UK CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3 OPERATING (LOSS)/PROFIT

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

	2019 £000s	2018 £000s
Change in stocks of finished goods	(3,027)	233
Purchase of raw materials and consumables	(28,420)	(36,214)
Freight out	(1,176)	(1,172)
Other external charges	(577)	(599)
Staff costs (see note 6)	(2,617)	(2,692)
Depreciation written off fixed assets	(146)	(142)
Depreciation written off assets on hire purchase and finance leases	(38)	(46)
Other operating charges	(1,478)	(1,506)
	<u>(37,479)</u>	<u>(42,138)</u>

Other operating charges include but are not limited to stationery, general insurances, computer consumables and group recharges

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

	2019 £000s	2018 £000s
Auditor's remuneration		
- Audit fees	(26)	(18)
- Taxation compliance services	(5)	(5)
- Other professional service credits	-	-
Profit on disposal of fixed assets	1	25
Operating lease rentals		
- Plant and machinery	(5)	(12)
-Other	(430)	(424)

### 4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000s	2018 £000s
Interest on group loan	<u>5</u>	<u>17</u>
	<u>5</u>	<u>17</u>

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000s	2018 £000s
Interest on finance leases	2	2
Other similar interest payable	<u>14</u>	<u>2</u>
	<u>16</u>	<u>4</u>

# UK CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 6 EMPLOYEES

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

	2019 No.	2018 No.
Administration	18	21
Sales and distribution	46	57
	<u>64</u>	<u>78</u>

The aggregate payroll costs of the above were:

	2019 £000s	2018 £000s
Wages and salaries	2,230	2,265
Social security costs	181	203
Pension costs (see note 21)	206	224
	<u>2,617</u>	<u>2,692</u>

### 7 DIRECTORS

Remuneration in respect of directors was as follows:

	2019 £000s	2018 £000s
Emoluments receivable	59	61
Value of company pension contributions to defined contribution scheme	1	1
	<u>60</u>	<u>62</u>

One director (2018: One) had benefits accruing under a defined contribution pension scheme.

### 8 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:	2019 £000s	2018 £000s
<b>Current Tax:</b>		
UK corporation tax at 19% (2018: 19%)	-	(41)
Adjustment in respect of prior periods	-	-
Total current tax	<u>-</u>	<u>(41)</u>
<b>Deferred Tax:</b>		
Origination and reversal of timing differences	(15)	(2)
Adjustment in respect of prior periods	-	-
Total Deferred tax	<u>(15)</u>	<u>(2)</u>
Tax on (loss)/profit on ordinary activities	<u>(15)</u>	<u>(43)</u>

# UK CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 8 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

#### RECONCILIATION OF TAX CHARGE

The tax assessed on the (loss)/profit on ordinary activities for the year is higher (2018: lower) as the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £000s	2018 £000s
(Loss)/profit on ordinary activities before taxation	<u>(784)</u>	<u>(217)</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(149)	(41)
Effect of:		
Expenses not deductible for tax purposes	7	9
Depreciation in excess of capital allowances	8	(9)
Adjustment in respect of prior periods	-	-
Group relieved	128	-
Other timing differences	<u>(9)</u>	<u>(2)</u>
Tax charge for the year	<u>(15)</u>	<u>(43)</u>

#### 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 2019

### 9 TANGIBLE FIXED ASSETS

	Plant and equipment £000s	Motor vehicles £000s	Office and computer equipment £000s	Leasehold improvements £000s	Total £000s
<b>Cost</b>					
At 1 January 2019	1,107	249	154	256	1,766
Additions	36	37	1	23	97
Transfers out	-	(21)	-	-	(21)
Disposals	(327)	-	(51)	(68)	(446)
At 31 December 2019	816	265	104	211	1,396
<b>Depreciation</b>					
At 1 January 2019	791	145	148	226	1,310
Charge for the year	117	45	3	19	184
Transfers out	-	(3)	-	-	(3)
Disposals	(321)	-	(51)	(59)	(431)
At 31 December 2019	587	187	100	186	1060
<b>Net book value at 31 December 2019</b>	<b>229</b>	<b>78</b>	<b>4</b>	<b>25</b>	<b>336</b>
Net book value at 31 December 2018	316	104	6	30	456

Included within the net book value of £336,000 is £68,000 (2018: £89,000) relating to assets purchased on finance lease and hire purchase. The depreciation charged in respect of these assets during the year amounted to £38,000 (2018: £46,000).

### 10 STOCKS

	2019 £000s	2018 £000s
Finished goods	6,040	9,067

Stock recognised as an expense during the year was £33,100,000 (2018: £38,100,000).

An impairment charge of £50,000 (2018: £28,000 reversal) was recognised in cost of sales during the year.



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

For the year ended 31 December 2019

**11 DEBTORS**

	<b>2019</b>	<b>2018</b>
	<b>£000s</b>	<b>£000s</b>
Trade debtors	<b>6,123</b>	7,063
Amount owed by group undertakings	-	-
Corporation tax receivable	<b>86</b>	124
Deferred taxation (note 14)	<b>35</b>	20
Other debtors	<b>267</b>	319
Prepayments and accrued income	<b>96</b>	191
	<b>6,607</b>	<b>7,717</b>

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 £48,000 (2018: £34,000) was recognised within trade debtors.

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

	<b>2019</b>	<b>2018</b>
	<b>£000s</b>	<b>£000s</b>
Trade creditors	<b>7,748</b>	12,389
Amount owed to group undertakings	<b>6,604</b>	3,885
Corporation tax payable	-	-
Other taxation and social security	<b>96</b>	647
Other creditors	-	-
Finance lease creditor (note 19)	<b>29</b>	40
Accruals and deferred income	<b>499</b>	543
Pension contributions	<b>15</b>	15
	<b>14,991</b>	<b>17,519</b>

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.

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

	<b>2019</b>	<b>2018</b>
	<b>£000s</b>	<b>£000s</b>
Finance lease creditor (note 19)	<b>41</b>	49

# UK CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 14 DEFERRED TAXATION

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

	2019 £000s	2018 £000s
At the beginning of the year	20	19
Income statement movement arising during the year	15	1
At the end of the year	35	20

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

	2019 £000s	2018 £000s
Capital allowances and depreciation	32	17
Other timing differences	3	3
Total provision for deferred tax	35	20

#### 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.

### 15 PROVISIONS FOR LIABILITIES AND CHARGES

#### Property dilapidations

	2019 £000s	2018 £000s
At the beginning of the year	363	338
Released during the year	(169)	-
Income statement charge	13	25
At the end of the year	207	363

A provision has been made for the expected reinstatement costs for all leased properties. The settlement timing of these obligations is dependent upon the remaining lease terms.

# UK CABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 16 SHARE CAPITAL

	2019 £	2018 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

### 17 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2019 (2018: £51,000) in respect of capital projects entered into but which had not been completed at year end. All capital commitments in the prior year related to property, plant and equipment.

### 18 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 2019 was £nil (2018: £nil).

There were no other contingent liabilities at 31 December 2019 or at 31 December 2018.

### 19 LEASING COMMITMENTS

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

	2019 £000s	2018 £000s
<b>Land and buildings:</b>		
Within one year	326	356
Between one and five years	1,322	580
More than five years	<u>1,130</u>	<u>350</u>
	<u>2,778</u>	<u>1,286</u>

The future minimum payments under finance leases are as follows:

	2019 £000s	2018 £000s
Within one year	30	42
Within two to five years	<u>43</u>	<u>50</u>
	73	92
Less: finance charges included above	<u>(3)</u>	<u>(3)</u>
	<u>70</u>	<u>89</u>

# **UK CABLES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

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### **19 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.

### **20 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 £8m (2018: £8m) to companies connected to certain shareholders of the group's ultimate parent undertaking of which amounts receivable of £1.4m (2018: £1.3m) were still outstanding at the year end. Further, there were related party charges from these related companies of £0.13m (2018: £0.13m) in respect of non-trading transactions and purchases of £90,000 (2018: £220,000). In the opinion of the directors all transactions were at arm's length.

### **21 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 £206,000 (2018: £224,000).

### **22 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, registered address Votec House, Hambridge Lane, Newbury, Berkshire, RG14 5TN.