

ABB Motion Limited
(Formerly Baldor UK Limited)

Registered No 02188833

Reports and Financial Statements

31 December 2014



Directors

R Tucker
TJ Gregory

Secretary

VA Mac Lean

Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham
B4 6HQ

Registered office

Mint Motion Centre
6 Bristol Distribution Park
Hawley Drive
Bristol
BS32 0BF

Strategic report

The directors present their strategic report for the year ended 31 December 2014.

Results and dividends

The results for the year are set out on page 9.

The profit for the year amounted to £573 (2013: loss - £1,069,206). The directors do not recommend the payment of a dividend (2013 – Nil).

Principal Activities

The company is a member of the ABB Group and is owned by ABB Limited, a company registered in England and Wales

The company's principal activities are the design and manufacture of industrial servo drives and motion control equipment and sale of electric motors, drives, power transmission products, and generators to original equipment manufacturers, distributors in the UK and to other companies within the ABB group.

With effect from 29 June 2015 the name of the Company was changed from Baldor UK Limited to ABB Motion Limited.

Review of operations and future developments

As shown in the company's profit and loss account on page 9, the company's sales have declined to £10,877,230 compared to the prior year (2013 :£11,978,345).

The balance sheet on page 10 of the financial statements shows the company's financial position at the year end and is consistent in both net assets and net current assets terms, with current trading conditions.

The company's inventory profile is aligned with ABB requirements, taking provisions of 50% for slow moving inventory and 100% for obsolete inventory. This has resulted in inventory with a value of £561,846 being either scrapped or provided for.

The company continues to invest in research and development and in 2014 spent £716,816 (2013: £845,508). The focus of 2014 was developing a new drive within the Motiflex range, which could be used with any Ethernet protocol, thereby giving customers greater solution flexibility.

ABB manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the division is discussed in ABB group's Annual Report which does not form part of this report.

On 21 September 2015 the Group announced its decision to close the ABB Motion Limited business in the UK with effect from 31 December 2015, and move manufacturing and other associated activities to other parts of the ABB Group outside the UK. From 1 January 2016 the company will no longer have any trading activity.

Strategic report

Principal risks and uncertainties

Competition

Competitive pressure in the global market is a continuing risk for the company, which could result in lost sales to key competitors. The company manages this risk by providing value to its customers, having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships with its customers.

Credit, Liquidity and Cash Flow

The company has a sizeable global customer base and does not rely on any one of its customers. Accordingly it has minimal exposure to a bad debt affecting its liquidity, cash flow or future prospects.

The company has policies in place that require appropriate credit checks on potential customers before sales are made. These credit checks are periodically updated using a specialist credit rating agency.

The company and group have sufficient cash balances and do not consider that it has any significant exposure to liquidity issues.

Business Environment

The Economy

Continued sales in 2014 were down by 1% over prior year sales due to ongoing restructuring of the ABB sales channels which is set to conclude in 2015. The company has a small market share of the UK industrial motor and power transmission market and we continue to see opportunities in the future to grow that market share.

Foreign Currency

The company's sales to the USA are made in US Dollars and it is therefore exposed to the movement in the US Dollar to Pound exchange rate. The Company has, to a large extent a natural hedge as purchases made from the US parent company are also in US Dollars. Other financial instruments are not deemed necessary.

The company has no overdue third party debt.

Group risks are discussed in the group's Annual Report which does not form part of this report.

By order of the Board



Victoria Mac Lean

Secretary

Dated 24 September 2015

Directors' report

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

Directors

W McLaughlin (Appointed 10 December 2013, Resigned 11 April 2014)
R Tucker
G Houston (Resigned 11 April 2014)
TJ Gregory (Appointed 11 April 2014)

Health and Safety

The directors give special attention to the health and safety of their employees. The group's safety policy is supported by a detailed safety manual, the relevant parts of which are supplied to all supervisory staff.

Employees

The company has the policy of providing employees with relevant information about the company and the group. This has been achieved through various publications circulated throughout the group, the regular distribution of notices and regular meetings of consultative committees. Employees are encouraged to invest in the group through participation in share option schemes.

It is the company's policy to give full and fair consideration to disabled applicants in recruitment, training and career development and whenever possible to continue the employment of and arrange appropriate facilities for employees who become disabled whilst employed.

Directors' qualifying third party indemnity provisions

The company has granted indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Dividends

The company did not declare or pay a dividend in respect of 2014 (2013: £nil)

Events since the balance sheet date

On 21 September 2015 the Group announced its decision to close the ABB Motion Limited business in the UK with effect from 31 December 2015, and move manufacturing and other associated activities to other parts of the ABB Group outside the UK.

Going Concern

The financial statements have been prepared on a going concern basis because the directors have received confirmation from the parent company, ABB Limited, of its intention to provide financial support to enable the company to continue operating until closure on 31 December 2015 and meet its liabilities, including those associated with closure, as they fall due.

Directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant information and to establish that the auditor is aware of that information.

Auditors

The company has, by elective resolution, dispensed with the obligation to appoint auditors annually and is in accordance with section 485 of the Companies Act 2006 Ernst & Young LLP will continue in office.

By order of the Board



Victoria Mac Lean
Secretary

Dated 24 September 2015

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Independent auditors' report

To the members of ABB Motion Limited

We have audited the financial statements of ABB Motion Limited (formerly Baldor UK Limited) for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of ABB Motion Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young UK

Adrian Roberts (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date *25 Sept. 2015*

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover			
Continuing activities		10,877,230	10,982,326
Discontinued activities		-	996,019
Turnover	2	10,877,230	11,978,345
Cost of sales		(8,889,252)	(10,834,528)
Gross profit		1,987,978	1,143,817
Distribution costs		(1,281,334)	(1,005,172)
Administrative expenses		(693,980)	(824,446)
Impairment of tangible assets		-	(399,775)
Operating loss before interest and taxation			
Continuing activities		12,664	(1,289,250)
Discontinued activities		-	203,674
Operating loss before interest and taxation	3	12,664	(1,085,576)
Interest receivable	7	3,334	10,584
Interest payable	6	(34,163)	(32,990)
Loss on ordinary activities before taxation		(18,165)	(1,107,982)
Tax on loss on ordinary activities	8	18,738	38,776
Profit/(loss) for the financial year	17	573	(1,069,206)

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no other recognised gains or losses attributable to the shareholders for the years ended 31 December 2013 or 31 December 2014 other than as stated above.

Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	9	134,183	-
Investments	10	<u>1,272,621</u>	<u>1,272,621</u>
		<u>1,406,804</u>	<u>1,272,621</u>
Current assets			
Stocks	11	1,322,351	1,209,997
Debtors	12	3,291,099	3,725,039
Cash at bank		<u>3,082,712</u>	<u>2,986,177</u>
		7,696,162	7,921,213
Creditors: amounts falling due within one year	13	<u>(2,545,741)</u>	<u>(2,671,345)</u>
		<u>5,150,421</u>	<u>5,249,868</u>
Net current assets			
		<u>6,557,225</u>	<u>6,522,489</u>
Total assets less current liabilities			
		6,557,225	6,522,489
Creditors: amounts falling due after more than one year	14	<u>(2,182,769)</u>	<u>(2,148,606)</u>
		<u>4,374,456</u>	<u>4,373,883</u>
Net assets			
		<u>4,374,456</u>	<u>4,373,883</u>
Capital and reserves			
Called up share capital	16	4,654,664	4,654,664
Profit and loss account	17	<u>(280,208)</u>	<u>(280,781)</u>
		<u>4,374,456</u>	<u>4,373,883</u>
Equity shareholders' funds			
	17	<u>4,374,456</u>	<u>4,373,883</u>



TJ GREGORY

Director

Date 24 Sept. 2015

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

The company is exempt from the requirement to prepare group accounts by virtue of Section 401 of the Companies Act 2006, and accordingly the accounts present information about the company as an individual undertaking and not about its group.

Going concern

The financial statements have been prepared on a going concern basis because the directors have received confirmation from the parent company, ABB Limited, of its intention to provide financial support to enable the company to continue operating until closure on 31 December 2015 and meet its liabilities, including those associated with closure, as they fall due.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Fixed assets

All fixed assets are initially recorded at historic cost. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Short leasehold improvements	-	over the life of the lease
Machinery and laboratory equipment	-	33.3% on cost
Computer equipment	-	33.3% on cost
Fixtures and fittings	-	10% on written down value
Motor vehicles	-	20% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Rental income arising from operating leases is recognised in the Profit and Loss Account on a straight-line basis over the lease-term.

Pension costs

The company operates a Group Personal Pension scheme. Contributions are charged in the Profit and Loss Account as they become payable in accordance with the rules of the scheme.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Notes to the financial statements

at 31 December 2014

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The discontinued operations relate to the results of the Motors and Generators business which was moved to Menden in Germany in late 2012.

Revenue is recognised upon delivery to the customer, except where installation is a significant undertaking, in which case revenue is recognised upon installation. Revenue from any additional services is recognised as those services are performed.

An analysis of turnover by geographical market is given below:

	Continuing Operations		Discontinued Operations		Total Operations	
	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£
United Kingdom	3,098,295	2,922,688	-	243,632	3,098,295	3,166,320
Overseas	7,778,935	8,059,638	-	752,387	7,778,935	8,812,025
Total	<u>10,877,230</u>	<u>10,982,326</u>	<u>-</u>	<u>996,019</u>	<u>10,877,230</u>	<u>11,978,345</u>

3. Operating loss

This is stated after charging/(crediting):

	2014	2013
	£	£
Research and development expenditure	716,816	845,508
Depreciation of owned fixed assets	15,607	188,385
Loss on disposal of fixed assets	37,029	399,775
Operating lease rentals - land and buildings	291,500	291,500
- other	39,759	37,824
Net loss on foreign currency translation	93,405	28,517
Auditor's remuneration – audit services	<u>16,524</u>	<u>17,019</u>

Notes to the financial statements

at 31 December 2014

4. Staff costs

	2014	2013
	£	£
Wages and salaries	2,996,264	3,041,187
Social security costs	279,931	325,817
Pension costs (note 18)	54,955	208,883
	<u>3,331,150</u>	<u>3,575,887</u>

The monthly average number of employees during the year was as follows:

	2014	2013
	No.	No.
Production	28	28
Administration	3	3
Management	-	1
Sales	14	12
Research and development	22	21
	<u>67</u>	<u>65</u>

5. Directors' emoluments

	2014	2013
	£	£
Emoluments	-	183,845
Company contributions to money purchase pension schemes	-	2,815
	<u>2014</u>	<u>2013</u>
	No.	No.
Members of money purchase pension schemes	-	1

The remuneration of the directors of ABB Motion Limited is not borne by the business. Their time spent is inconsequential compared to their wider group roles and therefore no allocation of their costs is made.

Notes to the financial statements

at 31 December 2014

6. Interest payable

	2014	2013
	£	£
Imputed interest payable on redeemable preference shares	34,163	32,881
Other interest payable	-	109
	<u>34,163</u>	<u>32,990</u>

7. Interest receivable

	2014	2013
	£	£
Bank interest receivable	3,334	10,584
	<u>3,334</u>	<u>10,584</u>

8. Tax on ordinary activities

(a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	2014	2013
	£	£
<i>Current tax:</i>		
UK Corporation tax	(38,539)	(152,617)
Tax under/(over) provided for prior year	19,801	(37,309)
Total current tax credit (note 8(b))	<u>(18,738)</u>	<u>(189,926)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	151,150
Impact of reduction in rate of taxation	-	-
Total deferred tax (note 15)	<u>-</u>	<u>151,150</u>
Tax on loss on ordinary activities	<u>(18,738)</u>	<u>(38,776)</u>

Notes to the financial statements

at 31 December 2014

8. Tax on ordinary activities (continued)

(b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year differs from the composite standard rate of corporation tax in the UK of 21.50% (2013 – 23.25%). The differences are reconciled below:

	2014 £	2013 £
Loss on ordinary activities before taxation	<u>(18,165)</u>	<u>(1,107,982)</u>
Loss on ordinary activities before taxation multiplied by composite standard rate of UK Corporation tax of 21.50% (2013: 23.25%)	(3,905)	(257,606)
Effects of:		
Expenses not deductible for tax purposes	242	13,132
Interest on Redeemable Preference shares not allowable	7,342	7,645
Capital Allowance in excess of Depreciation	(13,939)	(2,160)
Impairment loss on fixed assets not allowable	-	92,948
Movement of provision not allowable	-	7,440
Research & development tax credits	-	(12,715)
Pension accrual movement	(28,279)	(1,301)
Tax under/(over) provided in prior year	19,801	(37,309)
Total current tax credit (note 8(a))	<u>(18,738)</u>	<u>(189,926)</u>

(c) Factors affecting future tax charge

The company has tax losses of £138,810 available to carry forward against future trading profits (2013: £138,810).

The company has future tax adjustments in the UK of £421,960 (2013: 486,812) relating to decelerated capital allowances, and of £55,000 (2013: £186,530) relating to other timing differences on provisions and unpaid pension accrual.

Deferred tax assets have not been recognised in respect of the above noted tax losses and other timing differences as there is now insufficient evidence available to support the future recoverability of these assets.

The Finance Act 2013 was enacted on 17 July 2013 including a provision to reduce the corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015. The UK government has also announced an intention to further reduce the UK corporation tax rate to 19% from 1 April 2017 and a further reduction to 18% from 1 April 2020, but this is yet to be substantively enacted.

Unrecognised deferred tax assets have been calculated at 20% as this is the rate expected to apply when these crystallise based on current and enacted tax rates and law.

Notes to the financial statements

at 31 December 2014

8. Tax on ordinary activities (continued)

(d) Deferred tax asset

Unrecognised 2014 calculated at 20% (Unrecognised 2013 – 20%) in the financial statements as follows:

	<i>Recognised</i>		<i>Unrecognised</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Decelerated capital allowances	-	-	84,392	97,362
Other timing differences – general provisions	-	-	11,000	11,000
Unpaid pensions accrual	-	-	-	26,306
Tax losses carried forward	-	-	27,762	27,762
	<u>-</u>	<u>-</u>	<u>123,154</u>	<u>162,430</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>123,154</u></u>	<u><u>162,430</u></u>

Notes to the financial statements

at 31 December 2014

9. Tangible fixed assets

	<i>Short leasehold improvements</i>	<i>Machinery and lab. equipment</i>	<i>Computer equipment</i>	<i>Fixtures & Fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 January 2014	888,424	766,661	173,000	202,990	14,500	2,045,575
Additions	28,222	139,552	17,182	1,861	-	186,817
Disposals	-	(41,157)	-	-	-	(41,157)
At 31 December 2014	<u>916,646</u>	<u>865,056</u>	<u>190,182</u>	<u>204,851</u>	<u>14,500</u>	<u>2,191,235</u>
Depreciation						
At 1 January 2014	888,424	766,661	173,000	202,990	14,500	2,045,575
Charge for the year	-	13,974	1,379	254	-	15,607
Impairment loss	-	-	-	-	-	-
Disposals	-	(4,128)	-	-	-	(4,128)
At 31 December 2014	<u>888,424</u>	<u>776,507</u>	<u>174,379</u>	<u>203,244</u>	<u>14,500</u>	<u>2,057,054</u>
Net book value:						
At 31 December 2014	<u>28,222</u>	<u>88,549</u>	<u>15,803</u>	<u>1,607</u>	<u>-</u>	<u>134,181</u>
At 1 January 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The fixed asset carrying values of the have been compared to their recoverable amounts, represented by their value in use to the company. The value in use has been derived from cash flow projections.

Notes to the financial statements

at 31 December 2014

10. Investments

	<i>Shares in subsidiary undertakings £</i>
Cost:	
At 1 January 2014 and 31 December 2014	1,272,621

The company owns more than 20% of the issued share capital of the companies listed below:

	<i>Country of registration and incorporation</i>	<i>Shares held Class</i>	<i>%</i>
Baldor ASR (UK) Limited	United Kingdom	Ordinary	100

Baldor ASR (UK) Limited is dormant and its aggregate capital and reserves amount to £1,272,621.

11. Stocks

	<i>2014 £</i>	<i>2013 £</i>
Raw materials and consumables	672,315	607,516
Finished goods and goods for resale	650,036	602,481
	<u>1,322,351</u>	<u>1,209,997</u>

There is no material difference between the production cost or purchase price of stocks and their replacement value.

12. Debtors

	<i>2014 £</i>	<i>2013 £</i>
Trade debtors	135,839	134,767
Amounts owed by group undertakings	2,750,704	3,096,248
Other debtors	4,449	178,203
Corporation tax recoverable	301,287	235,513
Deferred tax asset (note 15)	-	-
Prepayments and accrued income	98,820	80,308
	<u>3,291,099</u>	<u>3,725,039</u>

Notes to the financial statements

at 31 December 2014

13. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	776,830	925,687
Amounts owed to group undertakings	826,227	618,832
Other taxes and social security	89,206	120,815
Accruals and deferred income	851,521	1,006,011
Derivatives	1,957	-
	<u>2,545,741</u>	<u>2,671,345</u>

14. Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Amounts owed to group undertakings	1,272,621	1,272,621
Preference shares (note 16)	910,148	875,985
	<u>2,182,769</u>	<u>2,148,606</u>

The amount of £1,272,621 does not bear interest and has no fixed repayment terms (see note 10).

15. Deferred taxation

The movements in deferred tax asset during the current year are as follows:

	2014	2013
	£	£
At 1 January 2014	-	151,150
Deferred tax (charge)/credit in the profit and loss account (note 8(a))	-	(151,150)
	<u>-</u>	<u>-</u>
At 31st December 2014 (note 8(d))	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 December 2014

16. Share capital

Allotted, called up and fully paid

	2014	2013	2014	2013
	No.	No.	£	£
Ordinary shares of £1 each	448,131	448,131	448,131	448,131
Redeemable Preference shares £1 each	4,900,000	4,900,000	4,176,533	4,176,533
"A" Ordinary shares of £1 each	30,000	30,000	30,000	30,000
	<u>5,378,131</u>	<u>5,378,131</u>	<u>4,654,664</u>	<u>4,654,664</u>

In accordance with FRS25, the preference shares have been split into their equity and debt components, see also note 14.

The Ordinary and "A" Ordinary shares rank pari passu in all respects. The Redeemable Preference Shares are redeemable in 2058 or at the earlier discretion of the company and have no voting rights.

17. Reconciliation of shareholder's funds and movement on reserves

	Share capital	Share premium account	Profit and loss account	Total shareholder's funds
	£	£	£	£
At 1 January 2013	4,654,664	-	788,425	5,443,089
Profit for the year	-	-	(1,069,206)	(1,069,206)
	<u>4,654,664</u>	<u>-</u>	<u>(280,781)</u>	<u>4,373,883</u>
At 31 December 2013	4,654,664	-	573	4,373,883
Profit for the year	-	-	(280,208)	(280,208)
	<u>4,654,664</u>	<u>-</u>	<u>(280,208)</u>	<u>4,374,456</u>

Notes to the financial statements

at 31 December 2014

18. Pensions

The company operates a Group Personal Pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions are charged to the profit and loss account as and when incurred. The total contributions charged to the profit and loss account in the year were £54,955 (2013: £208,883). The unpaid contributions outstanding at the year-end, included in 'Accruals and deferred income' (note 13), are £NIL (2013: £131,530).

19. Commitments under operating leases

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

	<i>Land and buildings</i>		<i>Other</i>	<i>Other</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	14,644	13,524
In two to five years	-	-	28,009	40,384
	<u>-</u>	<u>-</u>	<u>42,653</u>	<u>53,908</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>42,653</u></u>	<u><u>53,908</u></u>

20. Post balance sheet event

On 21 September 2015 the Group announced its decision to close the ABB Motion Limited business in the UK with effect from 31 December 2015, and move manufacturing and other associated activities to other parts of the ABB Group outside the UK.

21. Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 from the requirements to make disclosures concerning group related parties as it is a wholly owned subsidiary undertaking.

22. Ultimate parent undertaking

The immediate parent company is ABB Limited, a company incorporated in the United Kingdom. The ultimate holding company is ABB Ltd, a company incorporated in Switzerland. This is the largest and smallest group in which the company is consolidated. A copy of the accounts can be obtained from PO Box 8131, CH-8050, Zurich, Switzerland.