

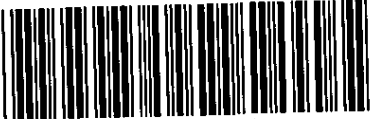
NVENT SOLUTIONS (UK) LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2018

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NVENT SOLUTIONS (UK) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS 2018
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NVENT SOLUTIONS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Martin
S Lemmens
W Gheysens

SECRETARY

Eversecretary Limited

REGISTERED OFFICE

3 Rutherford Road
Stephenson Industrial Estate
Washington
Tyne and Wear
NE37 3HX

BANKERS

Bank of America
2 King Edward Street
London
EC1A 1HQ

Barclays Bank PLC
PO Box 729
1 Capability Green
Luton
LU1 3US

NVENT SOLUTIONS (UK) LIMITED

STRATEGIC REPORT

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

PRINCIPAL ACTIVITY

The company is involved in the project design, material supply and project execution for major oil and petrochemical developments both in the UK and the rest of the world.

The company designs, manufactures, markets and sells an extensive range of systems and products. These range from heating and wiring cables, self-regulating heating cables, leak detection cables, measurement and monitoring systems and related products, and are sold to the Building, Infrastructure, Industrial, Nuclear, Aerospace and Power Generation markets worldwide.

The principal activities also include the sales and distribution of products and solutions that enclose, protect and cool critical electrical and electronic equipment and components. Principal applications include enclosures which protect sensitive controls and components, to protection against extremes in heat and cold or shock and vibration mitigation for critical electronics. The company helps to safeguard the investments its customers make in essential equipment and ensures reliable performance, improved productivity and reduced maintenance.

On 30 November 2018, the company acquired the trade and assets of Erico Europa (G.B.) Limited, a fellow group company, which acted as UK marketing representative for Erico Europe B.V.

BUSINESS REVIEW

The company experienced a slight decrease in turnover for the year to £29.8m (2017: £32.0m), predominately due to the weaker project sales in 2018.

The company continues to benefit from its presence in global markets and has a diverse range of high quality market leading branded products.

The profit and loss account on page 6 shows an operating profit for 2018 of £1.6m (2017: £1.1m).

The company retains a strong balance sheet and did enjoy a good cash flow performance during the year. The company continues to be cash positive (in terms of its group cash pooling position).

The nVent group 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.

Taking account of the satisfactory performance in the year and the future outlook, as outlined in the going concern discussion below, the directors consider the prospects of the business to be reasonable.

PRINCIPAL RISKS AND UNCERTAINTIES

A principal risk facing the company is the decline in investment in the UK (and global) oil and gas market, resulting in delay or cancellation of customer projects.

Other risks include exposure to foreign currency fluctuations, bad debts, warranty risks, the effect of Brexit and increased competition.

The company manages these risks by keeping up to date on market information, maintaining strong relationships and providing a value add service to its customers. The company monitors its exposure to rate changes in foreign currencies on a regular basis, and the risk is managed by natural hedges.

The directors have assessed the implications to the business of the United Kingdom leaving the European Union, including the possibility of a no-deal. In doing so, they do not believe for there to be any substantial impact on the business, both internally and externally, nor the employees of the company.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage risks. The company does not use derivative financial instruments for speculative purposes.

NVENT SOLUTIONS (UK) LIMITED

STRATEGIC REPORT

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The company's principal financial assets are trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The company's sales are either in Sterling, USD or Euros so it has exposure to movements in foreign exchange rates. The company reviews the effects of any exchange rate changes on a regular basis to ensure any adverse variances are mitigated.

Liquidity risk

The company has no third party debt. There is no third party interest rate exposure.

GOING CONCERN

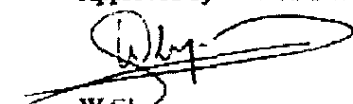
The directors have undertaken a full and detailed review on the future financial position of the company, covering a period of at least 12 months from the date of approval of the financial statements. The review undertaken by the directors considered the company's future performance in the very competitive markets in which the company operates and the continuing uncertainties in the global economy despite the recent upturn experienced in some key markets.

Positive cash flows continued to be generated during the year on its own account. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have given their consideration to any risk that this may represent to the company's ability to access funds on demand. Based on the current position of the group cash pool the directors do not consider this a risk. Further profits and positive cash flows have continued to be generated since the balance sheet date.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements.

The directors have considered the company's forecast performance and the current balance sheet and have reasonable expectations that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Approved by the Board of Directors and signed on its behalf by:


W Gibbens
Director
30 July 2019

NVENT SOLUTIONS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 December 2018.

Financial risk management objectives and policies, going concern and future developments have been disclosed in the strategic report and form part of this report by cross reference.

RESULTS AND DIVIDENDS

The company's profit for the year ended 31 December 2018 was £1.6m (2017: £1.0m). The company did not pay any dividend during the year (2017: £3.0m). The directors do not recommend the payment of a further dividend.

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DISABLED EMPLOYEES

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

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through quarterly formal meetings, informal departmental meeting, company electronic magazines and websites. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, all eligible employees are entitled to participate in an annual bonus scheme which is determined, amongst other factors, by the overall profitability of the company.

DIRECTORS AND THEIR INTEREST

The directors who served during the year and up to the date of this report were as follows:

S Lemmens
D Martin
W Gheysens

No director has a beneficial interest in the shares of the company or other subsidiaries of the ultimate parent company and no contracts exists other than service agreements with the company or other subsidiaries of the ultimate parent company in which the directors have an interest.

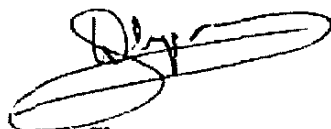
POST BALANCE SHEET EVENTS

On 8 February 2019, the Company sold its PGAS business to Gadcap Technical Solutions Ltd for £4.8m.

DISCLOSURE OF INFORMATION

From January 2019 onwards, the Company is entitled to exemption from audit under the Companies Act 2006 (s. 479A - 479G). The audit will take place at the ultimate parent nVent Electric plc.

Approved by the Board of Directors
and signed on behalf of the Board



W Gheysens
Director
30 July 2019

NVENT SOLUTIONS (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report 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 the 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

NVENT SOLUTIONS (UK) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
TURNOVER	3	29,783	31,968
Net operating expenses	5	(28,205)	(30,892)
OPERATING PROFIT	6	1,578	1,076
Net interest receivable	7	19	17
PROFIT BEFORE TAXATION		1,597	1,093
Tax on profit	8	(45)	(107)
PROFIT FOR THE YEAR		1,552	986

The company has no other items of income or expenditure in either year other than the results shown above, and therefore no separate statement of comprehensive income has been presented.

All results derive from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

nVENT SOLUTIONS (UK) LIMITED

BALANCE SHEET

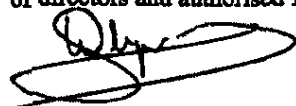
As at 31 December 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	9	197	230
Goodwill	10	1,467	1,920
		<u>9,501</u>	<u>7,904</u>
CURRENT ASSETS			
Stock	11	214	310
Debtors	12	11,328	9,244
Cash at bank and in hand		1,103	-
		<u>12,645</u>	<u>9,554</u>
CREDITORS: Amounts falling due within one year	13	<u>(4,853)</u>	<u>(3,789)</u>
NET CURRENT ASSETS		<u>7,792</u>	<u>5,765</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,456</u>	<u>7,915</u>
Provisions for liabilities	15	<u>-</u>	<u>(11)</u>
NET ASSETS		<u>9,456</u>	<u>7,904</u>
CAPITAL AND RESERVES			
Called-up share capital	16	-	-
Profit and loss account	16	9,456	7,904
SHAREHOLDER'S FUNDS		<u>9,456</u>	<u>7,904</u>

Subsidiary Audit Exemption

For the year ending 31 December 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts

The financial statements of nVent Solutions (UK) Limited, company number 03710607, were approved by the board of directors and authorised for issue on 30 July 2019 and signed on its behalf by:



W Gheysens
Director

The accompanying notes are an integral part of this balance sheet.

NVENT SOLUTIONS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY **Year ended 31 December 2018**

	Called-up share capital £'000	Share option reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2017	9,924	84	(6)	10,002
Profit for the financial year	-	-	986	986
Total comprehensive income	-	-	986	986
Release of share option reserve	-	(84)	-	(84)
Capital reduction	(9,924)	-	9,924	-
Dividends paid	-	-	(3,000)	(3,000)
At 31 December 2017	-	-	7,904	7,904
Profit for the financial year	-	-	1,552	1,552
Total comprehensive income	-	-	1,552	1,552
At 31 December 2018	-	-	9,456	9,456

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES

General information and basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency and presentational currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company is incorporated in the United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The principal accounting policies adopted are described below. They have all been applied consistently throughout the current year and preceding year.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of disclosure exemption available to it in respect of its financial statements. Exemptions have been taken in relation to share based payments, financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

Going concern

The directors have undertaken a full and detailed review on the future financial position of the company, covering a period of at least 12 months from the date of approval of the financial statements. Full details of the review are shown in the Strategic Report.

The directors are of the opinion, based on the review they have undertaken, that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or if hedged, at the forward contract rate.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All gains and losses arising are charged directly to the profit and loss account.

Goodwill

Goodwill arising on the acquisition, or the increase in stake, of subsidiary undertakings and businesses, representing any excess of the fair value of the total consideration given, both actual and deferred, over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is ten years. Provision is made for any impairment.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, together with any incidental expenses of acquisition, less accumulated depreciation and provision for impairment. Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful life, as follows:

Asset class	Depreciation method and rate
Plant and machinery	between 5% and 33% straight line
Computer equipment	between 20% and 33% straight line
Fixtures and fittings	between 10% and 20% straight line

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below:

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash generating units ("CGU"s) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease terms.

Stocks

Stocks are stated on a first-in first-out basis at the lower of cost and net realisable value. Costs include all appropriate production overheads in bringing each product to its present location and condition. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. 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 company after deducting all of its liabilities.

i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of the cash or other resources received or receivable, net of direct issue costs.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Turnover

Turnover is recognised at the point that the goods sold arrive with the customer or when the risks and rewards of ownership are transferred as determined by the specific incoterms on each sale. Revenue is stated net of value added tax and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Pension scheme arrangements

The company operates a defined contribution scheme. Pension contributions for this scheme are charged to profit and loss account as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following is the only critical judgement, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The recognition of revenue and their associated costs in the correct accounting period as dictated by the individual transactions INCO terms. In making its judgement, management have considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Key source of estimation uncertainty – impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £1.5m (2017: £1.9m). No impairment has been recognised in the current year or prior year as shown in note 10.

3. TURNOVER

Turnover which is stated net of value added tax, discounts and commissions, represents amounts invoiced to third parties and group entities and amounts recoverable on contracts. The turnover is attributable to one continuing activity, as explained in the strategic report.

The split of turnover by geographical market is as follows:

	2018 £'000	2017 £'000
United Kingdom	25,409	28,578
Rest of Europe	2,907	2,033
Middle East and India	1,230	1,158
Asia and Australia	237	199
Americas	-	4
	<u>29,783</u>	<u>31,968</u>

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received emoluments from the company for services provided as a director of the company (2017: none). The emoluments of the directors in the current year, and the emoluments of the other directors in the prior year, are paid by other group entities located outside the United Kingdom. The company does not receive recharges for these directors as it is not possible to make an accurate apportionment of their emoluments in respect of services to the company.

	2018 No.	2017 No.
Average number of persons employed		
Production	8	8
Selling and distribution and administration	54	60
	<u>62</u>	<u>68</u>

	2018 £'000	2017 £'000
Staff costs during the year (including directors)		
Wages and salaries	3,252	3,472
Social security costs	301	505
Other pension costs	166	141
	<u>3,719</u>	<u>4,118</u>

5. NET OPERATING EXPENSES

	2018 £'000	2017 £'000
Raw materials and consumables	20,824	23,218
Staff costs (note 4)	3,719	4,118
Depreciation of tangible fixed assets	62	60
Loss on fixed assets disposal	1	2
Other operating charges	3,147	3,041
Amortisation of goodwill	453	453
	<u>28,205</u>	<u>30,892</u>

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2018

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2018 £'000	2017 £'000
Deprecation of owned tangible fixed assets	62	60
Amortisation of goodwill	453	453
Operating lease rentals:		
- Land and buildings	131	156
- Other	165	162
Foreign exchange (gains)/losses	(26)	227
Cost of stock recognised as an expense	20,824	23,218

The analysis of auditor's remuneration is as follows:

	2018 £'000	2017 £'000
Fees payable to the company's auditor for the audit of the company's financial statements	-	51
Total audit fees	-	51

7. NET INTEREST RECEIVABLE

	2018 £'000	2017 £'000
Bank interest income	-	7
Interest receivable on group cash pool	19	10
Net interest receivable	19	17

8. TAX ON PROFIT

	2018 £'000	2017 £'000
Current tax		
Total current tax	24	-
Deferred tax		
Total deferred tax (note 14)	21	107
Tax on profit	45	107

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. TAX ON PROFIT (CONTINUED)

The differences between the total tax shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax is as follows:

	2018 £'000	2017 £'000
Profit before taxation	1,597	1,093
Tax on profit at average standard UK corporation tax rate of 19.00% (2017: 19.25%)	303	210
Effects of:		
Transfer of trade	(28)	-
Expenses not deductible for tax purposes	103	97
Deferred tax movements	-	(16)
Other timing differences	17	-
Adjustments in respect of previous periods	2	-
Group relief claimed	(350)	(184)
Tax rate changes	(2)	-
Total tax charge	45	107

Factors that may affect future tax charges

The applicable tax rate changed to 20% from 1 April 2015. Finance Act No2 2015 was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020 as per the Finance Act 2019, which gained Royal Assent in February 2019. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. As these rates have been substantively enacted in tax legislation, deferred tax balances have been calculated with reference to these rates in line with the expected period of reversal of the deferred tax balances.

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

9. TANGIBLE FIXED ASSETS

Cost	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
At 1 January 2018	846	106	313	1,265
Additions	33	-	-	33
Disposals	(2)	(44)	-	(46)
At 31 December 2018	877	62	313	1,252
Depreciation				
At 1 January 2018	652	70	313	1,035
Charge for year	41	21	-	62
Disposals	(2)	(40)	-	(42)
At 31 December 2018	691	51	313	1,055
Net book value				
At 31 December 2018	186	11	-	197
At 31 December 2017	194	36	-	230

10. GOODWILL

Cost	Total £'000
At 1 January 2018 and at 31 December 2018	4,532
Amortisation and impairment	
At 1 January 2018	2,612
Charge for year	453
31 December 2018	3,065
Net book value	
At 31 December 2018	1,467
At 31 December 2017	1,920

Goodwill arose on the acquisition of the trade and assets of Schroff UK Limited in January 2016. An impairment loss of £1.7m was recognised in 2016 by reference to the value in use of the underlying assets.

11. STOCKS

	2018 £'000	2017 £'000
Raw materials and consumables	82	77
Work in progress	46	88
Finished goods	86	145
	214	310

In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost.

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

12. DEBTORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	5,533	4,244
Amounts owed by fellow subsidiary undertakings	5,475	4,675
Prepayments and accrued income	190	174
Deferred tax assets (note 14)	130	151
	<u>11,328</u>	<u>9,244</u>

The amounts owed from fellow subsidiary undertakings are unsecured, have no fixed repayment date and interest free.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	522	366
Amounts owed to fellow subsidiary undertakings	2,173	1,501
Other taxation and social security	355	623
Accruals	455	469
Other creditors including payments received on account	1,348	830
	<u>4,853</u>	<u>3,789</u>

The amounts owed to fellow subsidiary undertakings are unsecured, had no fixed repayment date and are interest free.

14. DEFERRED TAX ASSET

	2018 £'000	2017 £'000
At 1 January 2018		151
Credited to profit and loss account		(21)
At 31 December 2018 (note 12)		<u>130</u>
	<u>2018 £'000</u>	<u>2017 £'000</u>
Deferred taxation assets provided in the financial statements comprises:		
Difference between accumulated depreciation and capital allowances	119	148
Other timing differences	11	3
	<u>113</u>	<u>151</u>

There are no unprovided deferred tax amounts in either the current year or preceding year.

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15. PROVISIONS FOR LIABILITIES

	2018 £'000	2017 £'000
At 1 January	11	707
Release of the provision	(11)	(696)
At 31 December	-	11

The provision relates to additional social security costs payable to HM Revenue and Customs in respect of employees of the company. The provision is based on management's best estimate of the settlement due. The company reached an agreement with HM Revenue and Customs during 2017 and made a settlement payment, utilising the provision as shown above. The remaining element of the provision was released in 2018.

16. CALLED-UP SHARE CAPITAL AND RESERVES

	2018 £'000	2017 £'000
Authorised		
25,000,000 ordinary shares of £1 each (2017: 25,000,000)	25,000	25,000
Called-up, allotted and fully paid		
1 ordinary share of £1 (2017: £1)	-	-

The profit and loss reserve represents cumulative profits or losses, net of dividends and other adjustments.

The share option reserve arose in connection to the group's share-based payments scheme. This was released to the profit and loss account in 2017 as it related to previous ownership and was no longer required.

17. DIVIDENDS

The company paid no dividend during the year (2017: £3,000,000, £3,000,000 per share).

18. FINANCIAL COMMITMENTS

Operating leases

At 31 December 2018 the company had the following future minimum lease payments under non-cancellable operating leases as follows:

	2018		2017	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	80	100	120	142
Between one and five years	153	37	456	156
	233	137	576	298

19. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The total pension costs for the year were £166,000 (2017: £141,000). There were no amounts outstanding at the end of the current or previous year.

NVENT SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

20. ULTIMATE PARENT COMPANY

At the balance sheet date the company was a wholly owned subsidiary undertaking of nVent UK Holdings Limited, a company registered in England. Copies of the financial statements of nVent UK Holdings Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate parent company and controlling party at the date of signing the financial statements is nVent Electric plc, a company incorporated in Republic of Ireland. This is the only group for which consolidated financial statements are prepared for the year ended 31 December 2018. Copies of the consolidated financial statements may be obtained from the company secretary, nVent Electric plc, The Mille, 1000 Great West Road, 8th Floor (East), London, TW8 9DW.

21. POST BALANCE SHEET EVENTS

On 8 February 2019, the Company sold its PGAS business to Gadcap Technical Solutions Ltd for £4.8m.