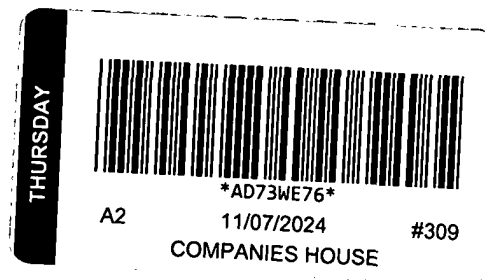


Company number:
00719971

Nexans Logistics Limited

Annual report and financial statements

For the year ended 31 December 2023



NEXANS LOGISTICS LIMITED
Annual report and financial statements
For the year ended 31 December 2023

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NEXANS LOGISTICS LIMITED
Annual report and financial statements
For the year ended 31 December 2023

Directors and advisors

DIRECTORS	J Steele F Gillen Y Vancraybeek
SECRETARY	J Steele
REGISTERED OFFICE	Nexans House Chesney Wold Bleak Hall Milton Keynes Buckinghamshire MK6 1LA
REGISTERED NUMBER	00719971
INDEPENDENT AUDITOR	Forvis Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
BANKERS	HSBC London Headquarters 62-76 Park Street London SE1 9DZ

Strategic report

The directors present their strategic report for Nexans Logistics Limited ("Company") for the year ended 31 December 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is as a seller and distributor of cable in the UK.

BUSINESS REVIEW

Results in 2023 show a good year for Nexans Logistics after the business model was changed over the previous years.

FUTURE OUTLOOK

2023 has been a good year for Nexans Logistics with the change in strategy over the previous years now showing the rewards. 2024 we hope to see further growth within the markets, building further relationships with both customers and suppliers.

Like many organisations, we are managing Brexit carefully, especially given the political instability and the UK's reliance on international supply chains.

For some time, we have strategically profiled the risk and working closely with customers, suppliers and our trade body to implement operational activities to reduce such impact.

The situation in Ukraine/Russia has had an impact on the Company as well as the industry as a whole. Increased costs as well as lead times have been well managed and the situation will continue to be monitored closely.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks come from:

- the continued highly competitive market place in the UK both for volume and pricing; and
- potential technology changes.

The directors manage these risks by maintaining a close relationship with the rest of the group. Nexans Logistics Limited plans and commercial strategies are agreed with the wider group to ensure support. In addition the Company as part of the division maintains continued investment in research and development, ensuring that all technical staff are fully trained in the latest technology.

FINANCIAL RISK MANAGEMENT

The Company is integrated within the financial and management structures of the Nexans group, which therefore minimises financial risk.

Liquidity risk

The Company is funded through short term borrowing with Nexans Services, which is 100% owned by Nexans Logistics Limited's ultimate parent company, Nexans SA. All treasury functions are integrated and maintained through formalised group arrangements, no additional external funding being necessary. Due to the nature of the treasury arrangements and the substantial nature of the group, the directors consider any risk associated with liquidity to be low.

Strategic report (continued)

FINANCIAL RISK MANAGEMENT (continued)

Price risk

The Company is subject to commodity pricing risk associated with market movements in aluminium and copper. The risk is minimised by keeping close control of stock, sales and purchase orders as well as only ever exposing the business to agreed limits. Due to the nature of the distribution business this risk cannot be totally eliminated. The inherent risk associated with the commodity movements is well understood by the directors and the parent company. As a result, there are strong Nexans SA group policies and procedures in place to maintain the risk within authorised levels.

Credit risk

The Company is integrated into Nexans SA group credit risk procedures. Debts are subject to credit insurance and any debts in excess of this insurance are pre-authorised by the directors based on various factors such as payment history, review of business plans and financial results.

Foreign exchange risk

The majority of financial transactions are completed in Pounds Sterling; however, some purchase transactions are conducted in Euros and US dollars with the sale transaction in Sterling. The Company's foreign exchange risk is mitigated by forward purchase contracts and hedging managed by Nexans Services.

KEY PERFORMANCE INDICATORS ("KPIs")

Sales have increased by £10.4 million with gross profit increasing to £1 million. The gross profit margin has reduced slightly from 14.8% to 14.0%.

Headcount has stayed the same at 23 year on year.

RESULTS AND DIVIDENDS

The profit for the financial year after tax amounted to £1,791,901 (2022: £215,343). The directors do not propose a dividend for the year (2022: £nil).

This report was approved by the Board on and signed on its behalf by:


.....
J Steele
Director

Date:

10/2/24

Directors' report

The directors present their annual report and the audited financial statements for the Company for the year ended 31 December 2023.

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements are given below.

J Steele
F Gillen
Y Vancraybeek (Resigned 30th April 2024)

DIRECTORS' INDEMNITY

The Company has not made qualifying third party indemnity provisions for the benefit of its directors.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. These financial statements have therefore been prepared on a going concern basis.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note 1(c) in the financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 2 to 3. These matters relate to principal risks and uncertainties, financial risk management, results and dividends and future developments.

POST BALANCE SHEET EVENTS

Nothing to report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 of the company for that period.

Directors' report (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (CONTINUED)

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as each person who was a director at the date of approving this report is aware:

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

AUDITOR

The auditor, Forvis Mazars LLP, was re-appointed during the year and has indicated willingness to continue in office and a resolution of reappointment will be proposed at the Annual General Meeting.

APPROVAL

This report was approved by the Board on and signed on its behalf by:


.....
J Steele
Director

Date:

10/7/2024

Independent auditor's report to the members of Nexans Logistics Limited

Opinion

We have audited the financial statements of Nexans Logistics Limited (the 'company') for the year ended 31 December 2023 which comprise the Statement of comprehensive income, the Statement of financial position, 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 FRS 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Independent auditor's report to the members of Nexans Logistics Limited (continued)

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

Independent auditor's report to the members of Nexans Logistics Limited (continued)

Auditor's 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: anti-bribery act, data protection act, employment regulation, and anti-money laundering regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the occurrence audit assertion), and significant one-off or unusual transactions.

Independent auditor's report to the members of Nexans Logistics Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Stephen Brown (Jul 10, 2024 15:52 GMT+1)

Stephen Brown (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: Jul 10, 2024

NEXANS LOGISTICS LIMITED
Annual report and financial statements

Statement of comprehensive income
For the year ended 31 December 2023

	Notes	2023 £	2022 £
Turnover	2	58,825,367	48,421,220
Cost of sales		(50,595,135)	(41,239,723)
Gross Profit		<u>8,230,232</u>	<u>7,181,497</u>
Distribution costs		(2,828,345)	(2,589,804)
Administrative expenses		(2,994,520)	(2,916,732)
Testing operation	3	(166,043)	(1,504,233)
Restructuring costs	3	-	21,631
Operating profit/(loss)	3	<u>2,241,324</u>	<u>192,359</u>
Fair value gains on derivative instruments		(83,098)	68,777
Interest receivable and similar income	6	235,231	59,532
Interest payable and similar charges	7	(32,633)	(14,427)
Profit/(Loss) on ordinary activities before taxation		<u>2,360,824</u>	<u>306,241</u>
Taxation	8	(568,923)	(90,898)
Profit/(Loss) for the year attributable to owners		<u>1,791,901</u>	<u>215,343</u>
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners		<u>1,791,901</u>	<u>215,343</u>


The notes on pages 13 to 27 form part of these financial statements.

Statement of financial position

As at 31 December 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	9	<u>57,095</u>	<u>71,491</u>
		57,095	71,491
Current assets			
Stock	10	5,909,572	8,698,616
Trade and other debtors	11	15,259,628	16,129,163
Cash at bank and in hand		<u>16,510</u>	<u>429</u>
		21,185,710	24,828,208
Creditors: amounts falling due within one year	13	<u>(11,164,955)</u>	<u>(16,613,750)</u>
Net current assets		<u>10,020,755</u>	<u>8,214,458</u>
Total assets less current liabilities		<u>10,077,850</u>	<u>8,285,949</u>
Net assets		<u>10,077,850</u>	<u>8,285,949</u>
Capital and reserves			
Called up share capital	15	20,910,000	20,910,000
Capital reserve		73,006	73,006
Profit and loss account		(10,905,156)	(12,697,057)
Total equity		<u>10,077,850</u>	<u>8,285,949</u>

The financial statements were approved by the Board and signed on its behalf by:



 J. Steele
 Director

Date: 10/7/24

The notes on pages 13 to 27 form part of these financial statements.

NEXANS LOGISTICS LIMITED
Annual report and financial statements

Statement of changes in equity

For the years ended 31 December 2022 and 31 December 2023

	Share capital £	Capital reserve £	Profit and loss account £	Total £
At 1 January 2022	20,910,000	73,006	(12,912,400)	8,070,606
Profit for the year	-	-	215,343	215,343
Total comprehensive income	-	-	215,343	215,343
At 31 December 2022	<u>20,910,000</u>	<u>73,006</u>	<u>(12,697,057)</u>	<u>8,285,949</u>
Profit for the year	-	-	1,791,901	1,791,901
Total comprehensive income	-	-	1,791,901	1,791,901
At 31 December 2023	<u>20,910,000</u>	<u>73,006</u>	<u>(10,905,156)</u>	<u>10,077,850</u>

Reserves

The capital reserve represents reserves arising from a previous legal merger.

The profit and loss account reserve represents cumulative profits and losses of the Company.

The notes on pages 13 to 27 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2023

1. ACCOUNTING POLICIES

(a) General information

Nexans Logistics Limited is a private company (00719971) limited by shares incorporated in England and Wales. The address of its registered office and principal place of business is disclosed on page 1.

The principal activity of the Company is disclosed in the strategic report on page 2.

These financial statements have been presented in Pound Sterling as this is the Company's functional currency, being the primary economic environment in which the Company operates. The financial statements are rounded to the nearest whole pound.

(b) Basis of preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation as set out in the Companies Act 2006 and Schedule 1 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical costs convention except for derivative financial instruments which are stated at fair value.

FRS 102 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 the Company's shareholders.

In preparing the Company individual financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures';
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 'Statement of Financial Position'; and
- from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows'.

On the basis that equivalent disclosures are given in the consolidated financial statements prepared by the Company's ultimate parent undertaking, Nexans S.A., the Company has also taken advantage of the exemption not to disclose certain requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

Notes to the financial statements
For the year ended 31 December 2023

1. ACCOUNTING POLICIES

(c) Going concern

The current economic conditions present increased risks for all businesses especially with the uncertainty surrounding Brexit and the situation in Ukraine (refer to page 2). In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projections for a period of at least twelve months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations of external liabilities.

In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors are therefore satisfied and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. These financial statements have therefore been prepared on a going concern basis.

(d) Revenue

Turnover arises from the sale and distribution of cables.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts for the sale of goods in the normal course of business, net of discounts and other sales-related taxes.

Turnover is recognised when all the following conditions are satisfied:

- a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover is therefore recognised upon receipt of the goods by the customer.

Other income is recognised at the point that the sale has been completed and the commission is due to Nexans Logistics.

Interest income is recognised as interest accrues using the effective interest rate method.

Notes to the financial statements
For the year ended 31 December 2023

1. ACCOUNTING POLICIES

(e) Tax

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. 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 give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

Notes to the financial statements

For the year ended 31 December 2023

1. ACCOUNTING POLICIES

(g) Intangible assets

Intangible assets comprise acquired computer software and are initially recognised at cost, which is the purchase price plus any directly attributable costs. Subsequently intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Amortisation is charged on a straight line basis to administrative expenses in profit or loss over the shorter of the useful life of the asset or the contractual or legal rights arising on acquisition. The useful life of software is 3 years.

(h) Tangible fixed assets

Tangible fixed assets comprise plant and equipment and are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to allocate the cost of the asset, less its estimated residual value, over its estimated useful life using a straight line basis as follows:

- Plant and machinery 3 -10 years
- Fixtures and fittings 3 -10 years

(i) Impairment of assets

At each reporting date the Company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

Notes to the financial statements

For the year ended 31 December 2023

1. ACCOUNTING POLICIES

(j) Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds both basic and non-basic financial instruments, which comprise cash and cash equivalents, trade and other debtors, derivative financial instruments and trade and other creditors.

Financial assets – classified as basic financial instruments

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

Trade and other creditors

Trade and other creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Derivative financial instruments - classified as non-basic financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk arising. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently measured at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss. The Company does not apply hedge accounting in accordance with Section 12 of FRS 102.

Notes to the financial statements
For the year ended 31 December 2023

1. ACCOUNTING POLICIES

(k) Stock

Stock is stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and consists of the purchase price, transport and handling costs and conversion costs less trade discounts and rebates. The costs of conversion include costs directly related to the units of production as well as an allocation of fixed and variable production overheads.

(l) Operating leases

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

(m) Retirement benefits

The Company operates a defined contribution pension scheme. Obligations for contributions to the defined contribution pension scheme are charged to profit or loss in the period to which the contributions relate.

(n) Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historic experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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 critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Notes to the financial statements
For the year ended 31 December 2023

1. ACCOUNTING POLICIES

(n) Critical accounting judgements and key sources of estimation uncertainty (continued)

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Recognition of deferred tax assets

Management is required to use judgement to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of debtors

The Company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the debtors, past experience of recoverability, and the customer's credit profile.

Determining residual values and useful economic lives of fixed assets

The Company depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Stock provision and values

The company has accounted for a provision where the estimated net realisable value of the stock has fallen below the cost price. When assessing this the directors consider factors such as the age of the stock, recent sales and market intelligence.

Notes to the financial statements

For the year ended 31 December 2023

2. REVENUE

Analysis of turnover

The Company's turnover relates to its principal activity which is the sale and distribution of cables in the United Kingdom.

	2023	2022
	£	£
Sales	<u>58,825,367</u>	<u>48,421,220</u>
	<u>58,825,367</u>	<u>48,421,220</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Foreign currency losses/(gains)	268,022	165,480
Depreciation of tangible assets	14,396	14,873
Amortisation of intangible assets	-	999
Operating lease expenses		
- Plant and machinery	99,727	71,825
- Others	300,576	259,560
Auditor's remuneration		
Testing operation*	166,043	1,504,233
- Audit of the Company's annual accounts	<u>44,915</u>	<u>38,000</u>

*A testing operation on a large project that was unexpected took place in 2022 but this has been a one off cost.

4. EMPLOYEES

The average number of persons, including directors, employed by the Company during the year was as follows:

	2023	2022
	Number	Number
Selling and distribution	17	17
Administration	6	6
	<u>23</u>	<u>23</u>

Notes to the financial statements

For the year ended 31 December 2023

4. EMPLOYEES (CONTINUED)

Staff costs, including Directors' emoluments, were as follows:	2023 £	2022 £
Wages and salaries	1,362,685	1,190,298
Social security costs	142,670	141,107
Other pension costs (note 18)	102,004	93,624
	<u>1,607,359</u>	<u>1,425,029</u>

5. DIRECTORS' EMOLUMENTS

	2023 £	2022 £
Aggregate remuneration	155,161	125,935
Defined contribution pension payments	17,482	14,114
	<u>172,643</u>	<u>140,049</u>

The number of directors accruing benefits under the money purchase pension scheme for the year was 1 (2023: 1). The highest paid director was paid £155,161 (2022: £125,935) with a pension contribution of £17,782 (2022: £14,114).

The Directors are considered to be the key management personnel.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £	2022 £
Interest receivable on amounts held within cash at bank	<u>235,231</u>	<u>59,532</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £	2022 £
Interest payable on amounts owed to group undertakings	32,633	3,200
	<u>32,633</u>	<u>3,200</u>

Notes to the financial statements
For the year ended 31 December 2023

8. TAXATION

	2023 £	2022 £
(a) Analysis of tax credit for the year		
<i>Current tax:</i>		
- UK corporation tax on profits of the period	371,005	-
- Adjustment in respect of prior years	-	-
- Group relief payable	-	-
Total current tax	<u>371,005</u>	<u>-</u>
<i>Deferred taxation:</i>		
Origination and reversal of timing differences	197,918	91,965
Adjustments in respect of prior periods	-	-1,067
Effect of tax rate change on opening balance	-	-
Total deferred tax (note 15)	<u>197,918</u>	<u>90,898</u>
Tax on profit on ordinary activities	<u><u>568,923</u></u>	<u><u>90,898</u></u>

(b) Factors affecting the tax (credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (23.52%) (2022: 19.00%). The differences are explained below:

Profit on ordinary activities before tax	<u>2,360,824</u>	<u>306,241</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	555,279	58,186
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,852	2,621
Fixed asset differences	216	-
Adjustment to brought forward values	-	(1,067)
Group relief claimed	-	9,086
Remeasurement of deferred tax for changes in tax rates	11,721	22,072
Other permanent difference	(145)	-
Total tax expense/(credit)	<u><u>568,923</u></u>	<u><u>90,898</u></u>

(c) Factors that may affect future tax charges

In the Finance Act 2016 further changes to the future rates of Corporation tax were enacted on 15 September 2016.

Under this legislation, the rate of Corporation tax has increased from 19% to 25% from April 2023. Deferred tax for the year ended 31 December 2023 has been calculated at 23.52%.

Notes to the financial statements
For the year ended 31 December 2023

9. TANGIBLE FIXED ASSETS

	Plant and equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2023	269,246	77,140	346,386
Additions	-	-	-
Disposals	-	-	-
At 31 December 2023	<u>269,246</u>	<u>77,140</u>	<u>346,386</u>
Depreciation			
At 1 January 2023	225,427	49,468	274,895
Charge for the year	4,407	9,989	14,396
Disposals	-	-	-
At 31 December 2023	<u>229,834</u>	<u>59,457</u>	<u>289,291</u>
Carrying value			
At 31 December 2023	<u>39,412</u>	<u>17,683</u>	<u>57,095</u>
At 31 December 2022	<u>43,819</u>	<u>27,672</u>	<u>71,491</u>

Notes to the financial statements

For the year ended 31 December 2023

10. STOCK

	2023 £	2022 £
Finished goods and goods for resale	<u>5,909,572</u>	<u>8,698,616</u>

Stock provision included in the above figure at the end of 2023 was £463,724 (2022: £107,352).
Stock movement through cost of sales totalled £50,595,135 (2022: £41,239,723).

11. TRADE AND OTHER DEBTORS

	2023 £	2022 £
Trade debtors	2,886,983	6,262,995
Amounts owed by group undertakings	12,022,008	8,561,179
Other debtors	16,135	472,862
Prepayments and accrued income	181,504	152,029
Derivative financial instruments (note 13)	77,697	406,879
Deferred taxation (note 15)	75,301	273,219
	<u>15,259,628</u>	<u>16,129,163</u>

All trade and other debtors fall due within one year. Given the recent performance of the company, the deferred tax asset of £75,301 (2022: £273,219) is expected to fall due within one year.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value assets/(liabilities)		Nominal value	
	2023 £	2022 £	2023 £	2022 £
Forward foreign exchange				
EUR	14,075	99,768	(7,765,096)	(12,859,469)
USD	-	-	-	-
	<u>14,075</u>	<u>99,768</u>	<u>(7,765,096)</u>	<u>(12,859,469)</u>

The Company has entered into forward foreign exchange contracts in order to manage the exposure to foreign denominated purchases and sales in Euros and US Dollars.

The forward currency contracts are measured at fair value, which is determined using a valuation technique that utilises observable inputs. The key inputs used in valuing the derivative instruments are the forward exchange rates for GBP:EUR and GBP:USD.

The year end fair value net asset (2022: asset) of is made up of debit balances totalling £77,697 (2022: £406,879) and credit balances totalling £63,622 (2022: £307,111). See notes 12 and 14.

All forward contracts at the 31st December 2023 expire by 30th June 2024.

Notes to the financial statements

For the year ended 31 December 2023

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	348,759	228,052
Amounts owed to group undertakings	5,530,212	5,481,493
Taxation and social security	99,844	84,908
Current Tax	371,005	-
Other creditors	3,978,698	9,669,073
Accruals and deferred income	755,008	843,114
Derivative financial instruments (note 13)	81,430	307,111
	<u>11,164,955</u>	<u>16,613,750</u>

All amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. DEFERRED TAX

Recognised deferred tax assets

	2023 £	2022 £
At 1 January 2023	273,219	364,117
(Debit)/Credit to Statement of comprehensive income	<u>(197,918)</u>	<u>(90,898)</u>
At 31 December 2023	<u>75,301</u>	<u>273,219</u>

15. SHARE CAPITAL

	2023 £	2022 £
Allotted, called up and fully paid		
20,910,000 (2022: 20,910,000) ordinary shares of £1	<u>20,910,000</u>	<u>20,910,000</u>

The Company has one class of ordinary shares; each share carries one voting right but no right to fixed income.

Notes to the financial statements

For the year ended 31 December 2023

16. COMMITMENTS UNDER OPERATING LEASES

The Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases at the reporting date as follows:

	<u>Plant and machinery</u>		<u>Other</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	£	£	£	£
Within one year	434,234	406,854	-	-
Between one and five	1,389,255	1,317,324	-	-
More than five years	590,000	885,000	-	-
	<u>2,413,489</u>	<u>2,609,178</u>	<u>-</u>	<u>-</u>

17. RETIREMENT BENEFITS

The Company participates in various defined contribution pension plans for its employees. The pension cost charged represents contributions payable by the Company and amounted to £102,004 (2022: £93,624). Contributions amounting to £40,720 (2022: £41,933) were outstanding at the reporting date and are included within other creditors in note 14.

18. OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements as at the reporting date (2022: none).

19. RELATED PARTY TRANSACTIONS

The Company is a wholly subsidiary member of Nexans S.A. and as such has taken advantage of the exemption permitted by FRS 102 Section 33 'Related Party Disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the Nexans S.A. group.

The Company has not entered into any other related party transactions during the year (2022: none).

Notes to the financial statements

For the year ended 31 December 2023

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTIES

The immediate parent undertaking is Nexans Participations.

The ultimate parent undertaking and controlling party is Nexans S.A., a company incorporated in France.

Nexans S.A. is the parent undertaking of the largest group which consolidates the financial information of the Company. The registered office of Nexans S.A. from which the consolidated financial statements are available to the public is 8, rue du Général Foy - 75008 Paris - France.

21. POST BALANCE SHEET EVENTS

Nothing to report.