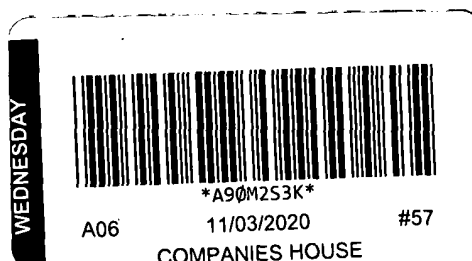


**GATES WORLDWIDE LIMITED**

**AMENDED  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED  
29 DECEMBER 2018**

**REG. OF CO.'S  
COPY**



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**DIRECTORS**

N.A. Rogers  
J.S. Seely  
M.G. Swanson

**SECRETARY**

Intertrust (UK) Limited  
35 Great St Helen's  
London  
EC3A 6AP

**AUDITORS**

Armstrong Watson Audit Limited  
51 Rae Street  
Dumfries  
DG1 1JD

**BANKERS**

CITIBANK NA  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

**REGISTERED OFFICE**

35 Great St Helen's  
London  
EC3A 6AP

The directors, in preparing the Strategic report have complied with s414C of the Companies Act 2006.

In this annual report, the term 'the Group' refers to Gates Industrial Corporation plc and its subsidiaries.

Until 29 January 2018, the Company's ultimate parent undertaking was Omaha Topco Limited, registered in the Cayman Islands. On 29 January 2018, Gates Industrial Corporation plc, a public company registered in England and Wales and listed on the New York Stock Exchange, acquired all of the ordinary shares in Omaha Topco Ltd.

## **PRINCIPAL ACTIVITIES**

The principal activity of the Company during the period continued to be that of a financing, investment and pension administration company.

## **BUSINESS REVIEW**

The Company's results for the period and its financial position at the end of the period are shown in the financial statements on pages 9 - 25.

Management fees charged to Group companies to recover the cost of administrative services provided to them by the Company were \$0.3 million compared with \$0.3 million in 2017.

Administrative expenses were \$0.6 million compared with \$0.2 million in 2017.

In 2018, the Company recognised net other operating expenses of \$2.3 million, compared with a net income of \$0.2 million in 2017, caused by the impact of foreign currency translation converting invoices and balance sheet balances from GBP and EUR to USD.

The net pension remained at a net deficit of \$0.4 million at 29 December 2018.

## **KEY PERFORMANCE INDICATORS**

	<b>2018</b> \$ million	<b>2017</b> \$ million	
Management fees	0.3	0.3	Management fees charged to Group companies to recover the cost of administrative services provided to them by the Company
Administrative expenses	0.6	0.2	Administrative expenses incurred by the Company
Other operating (expense) / income	(2.3)	0.2	Gain or loss on foreign currency transactions and financial guarantee income
Net assets	1,328.3	632.2	Total assets after all creditors

Financial guarantee income included within other operating expenses was \$0.2 million in 2018 (2017: \$0.2 million). This is an annual adjustment made to reflect the annual notional financial guarantee income that Gates Worldwide Limited would have earned if subsidiaries were charged for the financial guarantees provided based on the notional costs if the subsidiaries were to go to a third party.

#### PRINCIPAL RISKS AND UNCERTAINTIES

As an intermediate holding company, the process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls developed at a Group level. All policies are subject to Group Board approval and ongoing review by management, risk management and internal audit. Compliance with regulation, legal and ethical standards is a high priority. The Group compliance team and Group finance department take on an important oversight role in this regard. The Group Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

The principal risk and exposure related to the company is the impact of foreign currency translation and consequently the company may be adversely impacted by exchange rate movements.

Additionally, the valuation of the Company's investments may be impacted by risks associated with their operations, associated with operating in numerous countries within a global economy, including:

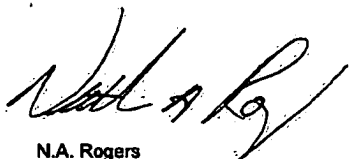
- Worldwide and regional economic conditions;
- Economic, political and associated risks of operating in different geographic regions around the world;
- Pricing pressures from competitors, suppliers, raw material and workforce availability; and
- Customer or supplier failure or manufacturing difficulties.

#### FUTURE DEVELOPMENTS

There have been no significant events since the balance sheet date.

The directors expect the general level of activity to remain consistent with 2018 in the forthcoming period.

Approved by the board of directors on 26 September 2019 and signed on their behalf by:



N.A. Rogers  
Director

The directors present their annual report and the audited financial statements of Gates Worldwide Limited (formerly Tomkins Limited) (the 'Company') for the period ended 29 December 2018.

## **DIRECTORS**

The directors of the Company who were in office throughout the period and in the subsequent period, except where noted, are as follows:

M.A. Kalsbeek	(resigned 24 May 2018)
D.C. Vijselaar	(resigned 24 May 2018)
P. Kerfoot	(resigned 24 May 2018)
N.A. Rogers	(appointed 24 May 2018)
J.S. Seely	(appointed 24 May 2018)
M.G. Swanson	(appointed 24 May 2018)

The Directors have been granted qualifying third-party indemnities that remain in force at the time of this report.

## **EMPLOYEE INVOLVEMENT**

The Company recognises the value of comprehensive employment policies designed to identify employees to the objectives of the Company and to determine ways in which their knowledge and skills can best contribute towards its success.

The Company regularly consults with employees, and encourages employee involvement, and develops communication programmes. These programmes provide employees with information of concern to them as employees and information affecting the performance of the Company.

## **DISABLED PERSONS**

The Company gives consideration to applications for vacancies from disabled persons when particular job requirements are within their capabilities. The Company also endeavours to provide equal opportunity in the training, promotion and career development of disabled persons.

## **FINANCIAL INSTRUMENTS**

Derivative financial instruments are held from time to time by the Company in relation to the Group's financial risk management policy which is described in the consolidated financial statements of Gates Industrial Corporation plc. It is the Company's policy not to hold or issue derivative financial instruments for speculative purposes.

The Company is exposed to credit risk in relation to its financial assets, which consist mostly of loans to other Group undertakings.

## **DIVIDENDS**

During 2018 dividends totalling \$835.5 million were paid (2017: nil).

## **GOING CONCERN**

Based on internal forecasts and projections that take into account reasonably possible changes in the Company's trading performance, the directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Company's financial statements.

## **DISCLOSURE OF INFORMATION TO THE AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as he or she is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

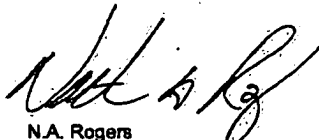
**STATUTORY DISPENSATION**

The Company has in force an election dispensing with the laying of accounts and reports before the Company in General Meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually.

**DIRECTORS INDEMNITY**

The company has provided indemnities to each of the directors, these indemnities relate to certain losses and liabilities which they may incur in the course of their duties and are in force as at the date of this report. Similar indemnities will be offered to any new directors joining the board. Insurance cover also remains in place to protect all directors and senior management in the event of a claim being brought against them in their capacity as directors or officers of the Company.

Approved by the board of directors on 26 September 2019 and signed on their behalf by:



N.A. Rogers  
Director

The directors are responsible for preparing their report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 at the end of the financial period and of its profit or loss for the financial period. In preparing these 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;
- 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.



## **OPINION**

We have audited the financial statements of Gates Worldwide Limited ('the Company') for the period ended 29 December 2018, which comprise the statement of comprehensive income, balance sheet, the statement of changes in equity and the related notes 1 to 22, 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Company's financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 December 2018 and of its profit for the period 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 Accounting (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **CONCLUSIONS RELATING TO GOING CONCERN**

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

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

## **OTHER INFORMATION**

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

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

We have nothing to report in this regard.

## **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with those 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 our 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's 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 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, 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 cease operations, or have no realistic alternative but to do so.

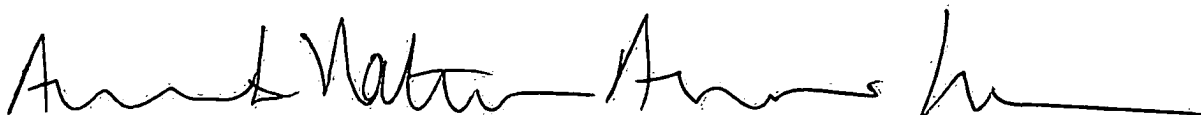
#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

#### USE OF OUR REPORT

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



Douglas Russell CA (Senior Statutory Auditor)  
for and on behalf of

Armstrong Watson Audit Limited  
Chartered Accountants and Statutory Auditors  
Dumfries, United Kingdom

27 September 2019

**Gates Worldwide Limited**  
**Statement of comprehensive income**  
**Period ended 29 December 2018**

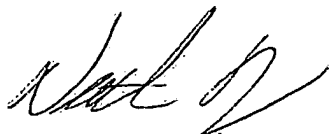
	Note	Period ended 29 December 2018 \$ million	Period ended 30 December 2017 \$ million
<b>TURNOVER</b>			
Management fees		0.3	0.3
<b>OTHER OPERATING ITEMS</b>			
Administrative expenses	3,4	(0.6)	(0.2)
Other operating (expenses) / income	5	(2.3)	0.2
<b>OPERATING (LOSS) / PROFIT</b>	6	(2.6)	0.3
Exceptional items:			
Severance and stay bonus payments		-	(1.0)
Dividends received		774.2	-
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		771.6	(0.7)
Finance costs	7	5.3	0.1
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		776.9	(0.7)
Tax on profit / (loss) on ordinary activities	8	-	0.2
<b>PROFIT / (LOSS) FOR THE FINANCIAL PERIOD</b>		776.9	(0.4)
<b>OTHER COMPREHENSIVE INCOME</b>			
Defined benefit plan:			
- re-measurement of pension plans	15	(2.8)	(4.2)
- tax relief on pension contributions		-	0.1
<b>TOTAL COMPREHENSIVE INCOME</b>		774.1	(4.5)

All of the activities of the Company are classed as continuing.

Gates Worldwide Limited  
Balance sheet  
As at 29 December 2018

	Note	As at 29 December 2018 \$ million	As at 30 December 2017 \$ million
<b>FIXED ASSETS</b>			
Investments	11	1,328.7	571.3
		1,328.7	571.3
<b>CURRENT ASSETS</b>			
Debtors due within one year	12	1.9	0.7
Debtors due after more than one year	12	-	61.4
		1.9	62.1
<b>CREDITORS: Amounts falling due within one year</b>	13	(0.5)	(0.8)
<b>NET CURRENT ASSETS</b>		1.4	61.3
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,330.1	632.6
<b>CREDITORS: Amounts falling due within one year</b>	13	(1.5)	-
<b>NET ASSETS BEFORE NET PENSION SURPLUS</b>		1,328.6	632.6
Net pension deficit	15	(0.3)	(0.4)
<b>NET ASSETS</b>		1,328.3	632.2
<b>CAPITAL AND RESERVES</b>			
Ordinary share capital	18	4.7	423.4
Share premium		757.5	-
Profit and loss account reserve		566.1	208.8
<b>SHAREHOLDER'S FUNDS</b>		1,328.3	632.2

The financial statements of Gates Worldwide Limited (registered number 00203531) were approved by the board of directors and authorised for issue on 26 September 2019. They were signed on its behalf by:



N.A. Rogers  
Director

Gates Worldwide Limited  
Statement of changes in equity  
As at 29 December 2018

EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

	Ordinary share capital \$ million	Share premium \$ million	Deferred shares \$ million	Profit and loss account reserve \$ million	Total shareholder's funds \$ million
<b>As at 31 December 2016</b>	<b>423.4</b>	<b>-</b>	<b>-</b>	<b>213.3</b>	<b>636.7</b>
Loss for the financial period	-	-	-	(0.4)	(0.4)
Adjustment for unrecoverable deficit	-	-	-	(4.2)	(4.2)
Tax relief on pension contributions	-	-	-	0.1	0.1
Total comprehensive income	-	-	-	(4.5)	(4.5)
<b>As at 30 December 2017</b>	<b>423.4</b>	<b>-</b>	<b>-</b>	<b>208.8</b>	<b>632.20</b>
Profit for the financial period	-	-	-	782.5	782.5
Re-measurement of pension plans	-	-	-	(8.4)	(8.4)
Total comprehensive income	-	-	-	774.1	774.1
Dividends paid	-	-	-	(835.5)	(835.5)
Bonus issue of deferred shares from profit and loss account reserve	-	757.5	226.5	(226.5)	757.5
Cancellation of deferred shares	-	-	(226.5)	226.5	-
Capital reduction	(418.7)	-	-	418.7	-
<b>As at 29 December 2018</b>	<b>4.7</b>	<b>757.5</b>	<b>-</b>	<b>566.1</b>	<b>1,328.3</b>

## 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period.

### General information and basis of preparation

Gates Worldwide Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The registered office is 35 Great St. Helen's, London, England, EC3A 6AP. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 and 3.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council as it applies to the financial statements for the period ended 29 December 2018.

The financial statements are prepared in US Dollar which is considered to be the functional currency of Gates Worldwide Limited and rounded to the nearest million. The Group's business is largely located overseas, principally in the US. While the legal form of the shareholders' investment in the Group and in Gates Worldwide is in Sterling, its economic substance is in a basket of currencies, principally the US dollar.

Gates Worldwide Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to share based payments, financial instruments, presentation of a cash-flow statement, intra-group transactions and remuneration of key management personnel.

As permitted by section 400 of the Companies Act 2006, the Company has not prepared consolidated financial statements because the Company is a wholly owned subsidiary of Gates Industrial Corporation plc, a company incorporated in England and Wales. Gates Industrial Corporation plc prepares consolidated financial statements in accordance with US GAAP that are available on the Companies House website.

### Going concern

The company's business activities, together with factors likely to affect its future development, performance and position are set out in the Business Review, which forms part of the strategic report. The strategic report also describes the financial position of the company, its cash-flows, liquidity position and borrowing facilities; the company's objectives, policies for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through access to funds from its subsidiaries and parent entities which will continue to support the operations of the company.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level support available to it.

The directors have a reasonable expectation that the company has adequate resources and support to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Accounting period

These financial statements cover the period from 31 December 2017 to 29 December 2018 ('2018') with comparative figures for the period from 1 January 2017 to 30 December 2017 ('2017').

### Management fees

Management fees are charged to Group companies to recover the cost of administrative services provided to them by the Company. Management fees are recognised on an accruals basis in the period in which the administrative services are provided by the Company.

### Investments in subsidiaries

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. Investments in subsidiaries represent interests in the Company's subsidiaries that are directly owned by the Company and are stated at cost less any provision for impairment.

## 1. ACCOUNTING POLICIES (CONTINUED)

### Foreign currency translation

Transactions denominated in foreign currencies are translated into the Company's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the balance sheet date. Currency translation differences are recognised in the profit and loss account.

### 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.

### Financial instruments

#### (ii) *Derivative financial instruments*

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

#### (iii) *Financial guarantee contracts*

Financial guarantees issued by the Company to third parties for a specified amount in respect of the obligations of certain of its subsidiaries are measured at fair value on initial recognition. Over the term of the guarantee, the initial fair value is recognised as income in the profit and loss account. Subsequent to initial recognition, guarantees are measured at the higher of their initial fair value less amounts recognised as income and the best estimate of the amount that the Company will be required to pay to settle the obligation.

### Retirement benefits

Retirement benefits comprise pension benefits provided to employees in the UK.

For defined contribution plans, the pension cost represents the Company's contributions to the plans and is recognised in the profit and loss account in the period in which the contributions fall due.

For defined benefit plans, the pension cost is determined based on actuarial valuations of each of the plans that are carried out annually at the Company's balance sheet date by independent qualified actuaries. Plan assets are measured at their fair value at the balance sheet date. Benefit obligations are measured on an actuarial basis using the projected unit credit method.

The cost of defined benefit plans recognised in the profit and loss account comprises the net total of the current service cost, the past service cost, the expected return on plan assets, the interest cost and the effect of curtailments or settlements. The current service cost represents the increase in the present value of the plan liabilities expected to arise from employee service in the current period. The past service cost is the change in the benefit obligation that results from changes in the benefits payable in respect of employee service in prior periods.

The past service cost may be either positive or negative and is recognised in the profit and loss account on a straight-line basis over the vesting period, or immediately if the benefits have vested. The expected return on plan assets is based on market expectations, at the beginning of the period, of future returns over the life of the benefit obligation. The interest cost represents the increase in the benefit obligation due to the passage of time. The discount rate used is determined at the balance sheet date by reference to market yields on high-quality corporate bonds. Gains or losses on curtailments or settlements are recognised in the profit and loss account in the period in which the curtailment or settlement occurs.

Actuarial gains and losses, which represent differences between the expected and actual returns on the plan assets and the effect of changes in actuarial assumptions, are included in other comprehensive income in the period in which they occur.

The net pension liability or asset recognised in the balance sheet comprises the net total for each plan of the present value of the benefit obligation at the balance sheet date, minus any past service costs not yet recognised, minus the fair value of the plan assets, at the balance sheet date and is stated net of deferred tax. Where a plan is in surplus, the asset recognised is limited to the present value of any amounts that the Company expects to recover by way of refunds or a reduction in future contributions.

## 1. ACCOUNTING POLICIES (CONTINUED)

### Share-based incentives

Share-based incentives have historically been provided to certain of our employees under share option, bonus and other share award schemes. All share-award schemes are equity settled.

As described in note 16, the awards granted have been made under plans that are operated now by Gates Industrial Corporation plc, the ultimate parent undertaking of the Company, and represent rights over its ordinary shares. The Company recognises a compensation expense in respect of these plans that is based on the fair value of the awards, measured using either the Black-Scholes option-pricing formula or a Monte-Carlo valuation model.

For equity-settled awards, fair value is determined at the date of grant and reflects market performance conditions and all non-vesting conditions. Fair value is not subsequently re-measured unless the conditions on which the award was granted are modified.

Generally, the compensation expense for each separately vesting portion of the award is recognised on a straight-line basis over the vesting period for that portion of the award. A compensation expense is recognised for awards containing performance conditions only to the extent that it is probable that those performance conditions will be met.

Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service conditions or performance conditions.

The amount corresponding to the compensation expense, less any amounts recharged to the Company, is recognised in equity as a capital contribution from Gates Industrial Corporation plc.

A description of the plans in operation during the periods and the costs recognized by the Company in respect of those plans is presented in note 16.

### Tax

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period. Taxable profit differs from accounting profit because it excludes items of income or expense that are recognised in the period for accounting purposes but are either not taxable or deductible for tax purposes or are taxable or deductible in other periods. Current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on a full provision basis on timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. Deferred tax assets are recognised only to the extent that it is considered more likely than not that future taxable profits will be available against which the asset can be utilised. Deferred tax is determined using the tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

In accordance with the requirements of the ultimate parent undertaking, the Company makes or receives payment in respect of Group relief surrendered at 100% of the value of the relief given.

### Dividends received and dividends paid on ordinary shares

Dividend income is recognised when the payment is received.

Dividends payable on ordinary shares are recognised in the financial statements when they have been appropriately authorised and are no longer at the Company's discretion. Dividends on ordinary shares are recognised as an appropriation of shareholder's funds.

## 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 are the critical judgements, 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.



## 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Taxation

The company's tax charge on ordinary activities is the sum of the total current tax and deferred tax charges and credits. The calculation of the total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be readily determined until resolution has been reached with the relevant tax authority.

### Impairment reviews

Management are required to undertake an annual test for impairment to the value of investment in subsidiaries and loans to subsidiaries, where indicators of impairment are identified at the reporting date.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of an asset can be supported by the net present value of cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA
- timing and quantum of future capital expenditure
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

Changes in the assumptions selected by management, in particular to the discount and growth rate assumptions used in the cash flow projections could significantly affect the impairment evaluation and hence results.

## 3. STAFF COSTS

On average during the period ended 30 December 2018, no persons (2017: 3 persons) were employed by the Company, all of whom are involved in administrative functions.

Staff costs recognised as operating expenses in respect of the above employees were as follows:

	2018 \$ million	2017 \$ million
Wages and salaries	-	0.2
Social security costs	-	0.1
Defined contribution pension plan (note 15)	-	-
	-	0.3

## 4. DIRECTORS' EMOLUMENTS

All of the directors are remunerated by other Group companies in respect of their services to the Group as a whole or by the shareholders in the Company's ultimate parent undertaking, Gates Industrial Corporation plc, in respect of their services to the shareholders and none of their remuneration is specifically attributed to their services to the Company.

No options were exercised by the directors during the period ended 29 December 2018. During 2017, no options were exercised by the directors.

## 5. OTHER OPERATING INCOME

	2018 \$ million	2017 \$ million
Financial guarantee income	0.2	0.2
Foreign currency translation gains/(losses)	(2.5)	-
	(2.3)	0.2

Foreign currency translation gains and losses are recognised on the translation into US dollars of monetary assets and liabilities that are denominated in foreign currencies, principally the pound sterling.

**6. OPERATING (LOSS) / PROFIT**

Fees payable to the Company's auditor, Armstrong Watson Audit Limited, in respect of the audit of the Company's accounts were \$15,227, (2017: \$16,565).

Fees payable to Deloitte LLP and its associates for non-audit services to the Company and its associated pension schemes are not presented in these accounts because they are included in the disclosures that are presented in the consolidated financial statements of Gates Industrial Corporation plc.

**7. FINANCE COSTS (NET)**

	2018 \$ million	2017 \$ million
Interest receivable / (payable) on bank and other borrowings	-	0.1
Defined benefit pension scheme:		
- Interest cost on benefit obligations	-	(9.0)
- Expected return on plan assets	-	9.1
Plan introductions, charges, curtailments and settlements	5.3	-
Service Costs	-	(0.1)
	5.3	0.1

**8. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES**

**(a) Analysis of income tax credit in the period**

	2018 \$ million	2017 \$ million
UK current tax:		
- UK Corporation tax on the results for the year	0.1	0.2
- Adjustment in respect of prior years	(0.1)	-
Total current tax credit	-	0.2
Deferred tax:		
- Timing differences arising in the year	(1.5)	(0.3)
- Effect of change in tax rates on deferred tax assets not recognised	-	(0.1)
- Adjustments in respect of prior years on which no deferred tax recognised	-	-
- Movement in deferred tax assets not recognised	1.5	0.4
Total movement in deferred tax	-	-
Tax credit on profit / (loss) on ordinary activities	-	0.2

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

A further reduction to the UK Corporation tax rates has been substantively enacted as part of Finance Bill 2016; it will reduce to 17% on 1 April 2020.

During the year commencing 30 December 2018, no reversal of deferred tax assets and liabilities is expected and consequently there should be no impact on the corporation tax charge for the year.

**8. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES (CONTINUED)**

**(b) Factors affecting the current tax credit**

The difference between the total current tax credit shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit on ordinary activities before taxation may be analysed as follows:

	2018 \$ million	2017 \$ million
Profit / (loss) on ordinary activities before taxation	782.5	(0.6)
Tax at the standard rate of corporation tax in the UK of 19.25% (2017: 19.75%)	(148.7)	0.1
Dividends received	147.1	-
Permanent differences on exceptional items	-	-
Other permanent differences	-	-
Short-term timing differences	1.7	0.1
Adjustments in respect of prior years	(0.1)	-
Tax losses arising in period not recognised	-	-
Total current tax credit	-	0.2

**(c) Tax credited directly to the statement of comprehensive income**

	2018 \$ million	2017 \$ million
Defined benefit pension plan:		
- Current tax relief on pension contributions	-	0.1
Tax credit	-	0.1

**10. TANGIBLE FIXED ASSETS**

	Plant, equipment and vehicles \$ million	Total \$ million
<b>Cost</b>		
As at 30 December 2017 and 29 December 2018	5.5	5.5
<b>Accumulated depreciation</b>		
As at 30 December 2017	5.5	5.5
Depreciation charge for the period	-	-
As at 29 December 2018	5.5	5.5
<b>Net book value</b>		
As at 30 December 2017	-	-
As at 29 December 2018	-	-

**11. INVESTMENTS**

	Subsidiary undertakings \$ million
<b>Cost</b>	
As at 30 December 2017	571.3
Additions	757.4
As at 29 December 2018	1,328.7
<b>Net book value</b>	
As at 30 December 2017	571.3
As at 29 December 2018	1,328.7

Details of the Company's subsidiaries, all of which, apart from Gates Finance Limited, are held indirectly by the Company, and its effective interests in them as at 29 December 2018 are set out below.

**11. INVESTMENTS (CONTINUED)**

Gates Finance Limited	United Kingdom	100%
Gates E&S North America Inc	United States	100%
Gates Industrial Singapore PTE. Ltd	Singapore	100%
Gates Industrial & Automotive (Malaysia) SDN. BHD.	Malaysia	100%
Gates E&S Mexico, S.A. de C.V.	Mexico	100%
Gates Japan KK	Japan	100%
Gates Güç Aktarım Sistemleri Dağıtım Sanayi Ve Ticaret Limited Şirketi	Turkey	100%
Gates Endüstriyel Metal Kauçuk Sanayi ve Ticaret Anonim Şirketi	Turkey	100%
Tomkins Insurance Limited	United Kingdom	100%
Gates Engineering & Services Global Limited	United Kingdom	100%
Gates Engineering & Services Co., LLC	UAE	100%
Gates Engineering & Services FZCO	UAE	100%
Gates Engineering & Services Hamriyah FZE	UAE	100%
Gates E&S Bahrain WLL	Bahrain	49%
Gates Engineering & Services (Muscat) LLC	Oman	70%
Gates Engineering & Services LLC	Saudi Arabia	100%
Gates Fleximak Ltd	British Virgin Islands	100%
Gates E&S Trading LLC	UAE	49%
Gates E&S Industries LLC	UAE	49%
Gates Engineering & Services FZCO	UAE	20%
Tomkins Engineering Limited	United Kingdom	100%
Gates (U.K.) Limited	United Kingdom	100%
Gates Treasury (Dollar) Company	United Kingdom	100%
Gates Treasury (Euro) Company	United Kingdom	100%
Gates Treasury (Canadian Dollar) Company	United Kingdom	100%
Gates Industrial Canada Limited	Canada	100%
Tomkins Investments Limited	United Kingdom	100%
Gates Hortum Sanayi ve Ticaret Limited Şirketi	Turkey	100%
Tomkins 2008 Pension Trustees Limited	United Kingdom	100%
Gates Engineering & Services Pte. Ltd.	Singapore	100%
Gates Polska S.p. z o.o	Poland	33%
Gates Auto Parts Holdings China Limited	United Kingdom	100%
Gates UK Pension Trustees Limited	United Kingdom	100%
Tomkins Pension Trustees Limited	United Kingdom	100%
Trico Products (Dunstable) Pension Trustees Limited	United Kingdom	100%
Gates Holdings Limited	United Kingdom	100%
Gates Holding GmbH	Germany	100%
Eifeler Maschinenbau GmbH	Germany	100%
Gates Trading (Shanghai) Co. Ltd.	China	100%
Gates Hydraulics s.r.o	Czech Republic	100%
Gates Winhere LLC	United States	60%
Gates Winhere Automotive Pump Products (Yantai) Co. Ltd	China	60%
Gates Fluid Power (Suzhou) Co., Ltd	China	100%
Gates CIS LLC	Russian Federation	100%
Gates Auto Parts (Suzhou) Co., Ltd	China	100%
Gates Fluid Power Technologies Investments Ltd	United Kingdom	100%
Gates Fluid Power Technologies (Changzhou) Co. Ltd	China	100%
Gates Engineering & Services Australia Pty Ltd	Australia	100%
Gates Europe BVBA	Belgium	100%
Tomkins Overseas Investments Limited	United Kingdom	100%
Gates Mectrol GmbH	Germany	100%
Tomkins BP UK Holdings Limited	United Kingdom	100%
Tomkins BP US Holding Corp.	United States	100%
Philips Holding Corporation	United States	100%
Gates Holdings Luxembourg SARL	Luxembourg	100%
Gates Industrial Europe SARL	Luxembourg	100%
Gates Investments SARL	Luxembourg	100%
Atlas Hydraulics Inc (Canada)	Canada	100%
Industrias Atlas Hydraulics, S de RL de CV	Canada	100%
Servicios IAHS, S de RL de CV	Canada	100%
Gates (Thailand) Co., Ltd	Thailand	100%

# 11. INVESTMENTS (CONTINUED)

PT Gates Industrial Indonesia	Indonesia	99%
Gates Engineering and Services UK Holdings Limited	United Kingdom	100%
Gates Engineering and Services UK Limited	United Kingdom	100%

# 12. DEBTORS

	As at 29 December 2018 \$ million	As at 30 December 2017 \$ million
<b>Due within one year</b>		
Amounts owed by Group undertakings	0.4	0.4
Other taxes and social security	1.5	0.2
Prepayments	-	0.1
	<b>1.9</b>	<b>0.7</b>
<b>Due after more than one year</b>		
Amounts owed by Group undertakings	-	61.4
	<b>1.9</b>	<b>62.1</b>

Amounts owed by Group undertakings are repayable on demand. Amounts have been classified as falling due after more than one year as the Company has been given an undertaking from the counterparties that they will not require settlement within one year of the balance sheet date. Amounts outstanding are charged interest at floating rates based on prevailing market interest rates.

# 13. CREDITORS

	As at 29 December 2018 \$ million	As at 30 December 2017 \$ million
<b>Due within one year</b>		
Bank overdrafts	0.1	0.2
Trade creditors	-	-
Amounts due to group undertakings	-	0.1
Accruals and deferred income	0.4	0.5
	<b>0.5</b>	<b>0.8</b>
<b>Due after more than one year</b>		
Amounts due to group undertakings	1.5	-
	<b>1.5</b>	<b>-</b>

# 14. PROVISIONS FOR LIABILITIES

	As at 29 December 2018 \$ million	As at 30 December 2017 \$ million
As 30 December 2017	-	1.0
Charge for period	-	-
Utilised during period	-	(1.0)
<b>As at 29 December 2018</b>	<b>-</b>	<b>-</b>

Provisions for restructuring relate to the costs of the transfer of the majority of the company's corporate functions to other Group companies.

## 15. PENSIONS

### (a) Defined benefit plans

The Company operates a number of funded defined benefit pension plans in the UK that provide benefits based upon final pensionable salary and the period of service of the individual employees. The plan assets are held separately from the Company's assets in funds that are under the control of trustees. Day-to-day management of the plan assets is carried out by independent investment managers who, at the request of the Company, are prohibited by the trustees from investing directly in the Company.

The defined benefit pension plans operated by the Company are closed to new entrants.

A full actuarial valuation of the plans is carried out at least every three years. The last full actuarial valuation was carried out as at 6 April 2016. The principal assumptions used in the actuarial valuation carried out at the balance sheet date were as follows:

	As at 29 December 2018 % per annum	As at 30 December 2017 % per annum
Salary increases	n/a	4.50%
Increase to pensions in payment	3.375%	3.50%
Increase to deferred pensions	3.375%	3.50%
Long-term rate of return on plan assets	2.375%	2.625%
Discount rate	2.750%	2.375%
Inflation rate	3.375%	3.375%

The current life expectancies underlying the value of accrued liabilities were as follows:

	As at 29 December 2018	As at 30 December 2017
Current pensioners (at age 65) - male	22.38 years	22.34 years
- female	25.48 years	25.35 years
Future pensioners (at age 65) - male	23.95 years	23.86 years
- female	27.20 years	27.07 years

The actual return on plan assets was (2.8%) (2017: (2.57%)).

The net pension surplus may be analysed as follows:

	As at 29 December 2018 \$ million	As at 30 December 2017 \$ million
Present value of plan liabilities:		
- Funded	370.6	423.4
- Unfunded	0.3	0.4
	370.9	423.8
Fair value of plan assets	(416.5)	(473.8)
Surplus in the plans	(45.6)	(50.0)
Unrecognised surplus	45.9	50.4
Net pension deficit	0.3	0.4

The Company has an unrecognised surplus because the asset ceiling for nearly all of the plans is zero due to most of the Company's plans being completely frozen. Only those plans that have an economic benefit available have an asset ceiling above zero.

**15. PENSIONS (CONTINUED)**

**(a) Defined benefit plans**

Changes in the present value of the benefit obligation were as follows:

	2018 \$ million	2017 \$ million
At the beginning of the period	423.8	415.4
Current service cost	-	0.1
Interest cost	8.3	9.0
Employees' contributions	-	-
Benefits paid	(27.2)	(14.1)
Plan introductions, changes, curtailment and settlements	5.3	(0.8)
Foreign currency translation	(23.7)	41.8
Net actuarial gain	(15.6)	(27.6)
At the end of the period	370.9	423.8

Changes in the fair value of plan assets were as follows:

	2018 \$ million	2017 \$ million
At the beginning of the period	473.8	453.3
Return on plan assets	9.5	9.1
Employer's contributions	0.2	0.5
Employees' contributions	-	-
Benefits paid	(27.2)	(14.1)
Foreign currency translation	(27.0)	56.8
Net actuarial loss	(12.8)	(31.8)
At the end of the period	416.5	473.8

Plan assets do not include any of the Company's or the Group's own financial instruments, nor any property or other assets used by the Company or the Group.

The return and risk expectations for each asset class incorporate assumptions about historical return relationships, current financial market conditions and the degree of global capital market integration. The assumptions used have been derived from rigorous historical performance analysis combined with forward-looking views of the financial markets as revealed through the yield on long-term bonds and the price earnings ratios of the major stock market indices. The actuaries review analyses of historical risk and the correlation of the return on asset classes and apply subjective judgment based on their knowledge of the Company's plans. The result of this analysis is incorporated into a risk matrix from which expected long-term risk premiums for each asset class are developed. The nominal return expectations are determined by combining the asset class risk premiums with expected inflation and real risk-free rate assumptions. As a final consideration, the nominal return assumptions are blended with current market conditions to develop long-term equilibrium expectations.

## 15. PENSIONS (CONTINUED)

### (a) Defined benefit plans

Actuarial gains and losses recognised in relation to the defined benefit plans were as follows:

	Period ended 29 December 2018 \$ million	Period ended 30 December 2017 \$ million
<b>At the end of the period</b>		
Present value of the benefit obligation	370.9	423.8
Fair value of plan assets	(416.5)	(473.8)
Surplus in the plan	(45.6)	(50.0)
<b>Recognised in the period</b>		
Net actuarial loss on plan assets	(12.8)	(31.8)
Net actuarial gain on benefit obligation	15.6	27.6
	(2.8)	(4.2)

As at 29 December 2018, the cumulative net actuarial loss recognised in the statement of comprehensive income amounted to \$91.8 million (30 December 2017: \$94.6 million).

### (b) Defined contribution schemes

The Company makes contributions to the personal pension arrangements of employees who are not eligible, or chose not, to participate in its defined benefit pension plans. No contributions were paid in respect of 2018 by the Company to these arrangements (2017: \$9,000). At the balance sheet date, the Company had paid over all contributions owing by it to the plans.

## 16. SHARE BASED INCENTIVES

### (a) Background

Share-based incentives have been provided to certain of the Company's former employees. Gates Industrial Corporation plc, a public limited company that was organized under the laws of England and Wales, and the ultimate parent undertaking of the Company, operates a share option plan over its shares under which these incentives were provided to former senior executives and other eligible employees of the Company. Prior to 2018, the share option plan was operated by Omaha Topco Limited, an indirect parent entity of the Company and the Company's former ultimate parent undertaking. Share options issued to the Company's former employees were issued over shares in Omaha Topco Limited.

On January 2018, Gates Industrial Corporation plc undertook an initial public offering for equity securities on the New York Stock Exchange. Prior to the completion of this offering, the certain reorganisation transactions were undertaken such that Gates Industrial Corporation plc became the indirect owner of all of the equity interests in Omaha Topco Limited, and became the Company's ultimate parent undertaking. The previous owners of Omaha Topco Limited received depositary receipts representing ordinary shares in Gates Industrial Corporation plc in consideration for their equity in Omaha Topco Limited, at a ratio of 0.76293 of Gates Industrial Corporation plc ordinary shares for each outstanding ordinary share of Omaha Topco Limited.

In connection with this transaction, all share options issued over Omaha Topco Limited's ordinary shares were converted into Gates Industrial Corporation plc options that (i) reflect an exchange ratio of 0.76293 Gates Industrial Corporation plc ordinary shares for each outstanding Omaha Topco Limited share and (ii) have exercise prices that were adjusted to ensure that the options received were of equivalent economic value to the legacy Omaha Topco Limited options.

All share and per share amounts in these financial statements have been retrospectively adjusted to reflect the effect of the split.



# 16. SHARE BASED INCENTIVES (CONTINUED)

## (b) Awards over shares in Omaha TopCo Limited

During 2017 and 2018, the Company recognised no compensation expense in relation to share-based incentives.

A total of 311,640 options were originally granted under the option plan, with an effective grant date of 10 December 2014. No further options were granted during either 2017 or 2018.

The options were split equally into four tiers, each with specific vesting conditions. Tier I options vested evenly over five years from the date of grant, subject to the participant's continued employment by the Company on the vesting date. Tier II, III and IV options vest on achievement of specified investment returns by The Blackstone Group Inc. at the time of a defined liquidity event, provided that the participant was employed by the Company within two years of the vesting date.

The performance conditions associated with Tiers II, III and IV must be achieved on or prior to 3 July 2022 in order for vesting to occur. All the options expire ten years after grant date.

As of December 29, 2018, the value of the unvested options was \$49,000.

Summary of movements in options outstanding:

	2018		2017	
	Options Number 000s	Weighted Average Exercise Price \$	Options Number 000s	Weighted Average Exercise Price \$
<b>Outstanding at the beginning of the period</b>				
– Tier I	–	–	10,839	\$6.56
– Tier II	10,839	\$6.56	21,002	\$6.56
– Tier III	10,839	\$6.56	21,002	\$6.56
– Tier IV	10,839	\$9.84	21,002	\$9.84
	32,517	\$7.65	73,845	\$7.49
<b>Movements during the period</b>				
Forfeited during the period:				
– Tier II	–	–	(10,163)	\$6.56
– Tier III	–	–	(10,163)	\$6.56
– Tier IV	–	–	(10,163)	\$9.84
	–	–	(30,489)	\$7.65
Expired during the period:				
– Tier I	–	–	(10,839)	\$6.56
	–	–	(10,839)	\$6.56
<b>Outstanding at the end of the period</b>				
– Tier I	–	–	–	–
– Tier II	10,839	\$6.56	10,839	\$6.56
– Tier III	10,839	\$6.56	10,839	\$6.56
– Tier IV	10,839	\$9.84	10,839	\$9.84
	32,517	\$7.65	32,517	\$7.65
<b>Exercisable at the end of the period</b>	–	–	–	–

## 17. DEFERRED TAX

Deferred tax assets not recognised:

	As at 29 December 2018 \$ million	As at 30 December 2017 \$ million
Losses	0.3	-
Depreciation in excess of tax allowances	-	-
Pensions	0.1	-
Valuation allowance	(0.4)	-
	-	-

The above deferred tax assets were not recognised on the basis that their future economic benefit was uncertain. These deferred tax assets will be recognised when it is more likely than not that they will be recovered.

## 18. ORDINARY SHARE CAPITAL

Allotted, issued and fully paid shares

	Ordinary share capital \$ million	Share premium account \$ million	Total \$ million
<b>As at 30 December 2017</b>			
4,704,800,678 shares @ \$0.09 each	423.4	-	423.4
<b>As at 29 December 2018</b>			
4,704,800,680 shares @ \$0.001 each	4.7	757.5	762.2

The Company has one class of ordinary share, each of which carry equal voting rights but no right to fixed income.

## 19. GUARANTEES

The Company has guaranteed the borrowing facilities of certain of its subsidiaries. As at 29 December 2018, these facilities totalled \$20.0 million (30 December 2017: \$20.0 million), against which nil (30 December 2017: nil) had been drawn.

The Company has also guaranteed certain property leases and performance bonds entered into in the ordinary course of business by certain of its subsidiaries.

## 20. ULTIMATE PARENT UNDERTAKING

Finco Omaha Ltd which is incorporated in the United Kingdom is the Company's immediate parent undertaking.

Gates Industrial Corporation plc, a company incorporated in England and Wales, is the Company's ultimate parent undertaking. Gates Industrial Corporation plc is a public company listed on the New York Stock Exchange. Consolidated financial statements are prepared and filed at Companies House in the United Kingdom (website, [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)) and also on the Gates Corporate website (<https://investors.gates.com/financials/annual-reports/UK-Annual-Reports>). Consolidated financial statements are prepared in accordance with US GAAP.

## 21. RELATED PARTY TRANSACTIONS

These financial statements are part of the consolidated financial statements prepared by Gates Industrial Corporation plc, therefore the Company is exempt under FRS 102 Section 33 'Related Party Disclosures', from disclosing transactions with entities that are part of the group headed by Gates Industrial Corporation plc.

During the current period, there were no transactions or outstanding balances with anyone outside the Gates Group.

**22. SUBSEQUENT EVENTS**

In January 2019 the Company cancelled the \$757.5M share premium account and transferred it to the profit and loss account reserve for the purpose of creating distributable reserves.

**23. AMENDED ACCOUNTS**

These amended accounts replace the originals, are now the statutory accounts and are prepared as they were at the date of the original accounts.