

**Registered No. 06386809**

# **IMI Group Limited**

## **Strategic Report, Directors' Report and financial statements**

**For the year ended 31 December 2018**

(Registered in England and Wales - number 06386809)



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**IMI GROUP LIMITED**  
**Registered No. 06386809**  
**Strategic Report**  
**for the year ended 31 December 2018**

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The directors of IMI Group Limited (the 'Company') submit their Strategic Report for the year ended 31 December 2018.

**1. Principal activities**

The Company is a wholly owned subsidiary of IMI plc. The Company acts as the principal holding company for investments controlled by IMI plc. The Company may carry out any activity for the benefit of itself, IMI plc its parent, or a member of the IMI group of companies. During the period the Company's principal activities were:

- The arrangement and ongoing management of external debt facilities;
- The provision of loans to and from members of the IMI group of companies;
- The management of investments in subsidiary undertakings; and
- The management of IMI group companies' balance sheet currency positions.

The Company has no employees. The activities of the Company are performed by employees of fellow UK members of the IMI group of companies. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

**2. Business review**

The Company reported a profit after tax of £587,166,000 for the year (2017: loss of £19,276,000), primarily as a result of increased dividend income in the year of £600,000,000 (2017: £1,034). Profit and cash performance of the Company's subsidiary undertakings remains strong, with significant distributable reserves available for future dividends to the Company. The resultant profit before tax was £583,599,000 (2017: loss of £23,528,000).

As the Company is a holding company, the Company's directors believe that analysis using key performance indicators for the Company is neither necessary nor appropriate for an understanding of the development, performance or position of the business of the Company.

**3. Future developments**

The Company anticipates that it will continue to utilise its financial strength to support its principal activities for the foreseeable future.

**4. Principal risks and uncertainties**

The Company is financed by a mixture of variable rate loans from other members of the IMI Group of companies and external term loans.

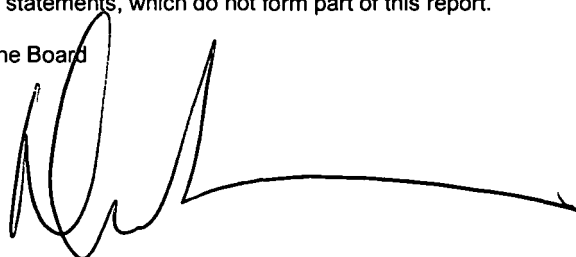
The Company is exposed to a number of financial market risks including credit risk, liquidity risk, fluctuations in foreign exchange rates and interest rates.

Although the Company takes steps to manage its own financial risks, overall risks are managed at a group level. For this reason, the Company's directors believe that a discussion of the Company's risks would not be relevant for an understanding of the development, performance or position of the Company's business.

Given the nature of this entity's operations and the fact it is financed by IMI plc, the principal risks and uncertainties are the same as those which relate to the Group as a whole. The details of which can be found in the IMI plc annual report and financial statements, which do not form part of this report.

By order of the Board

D J Shook  
Director  
29/03/2019



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**IMI GROUP LIMITED**  
**Registered No. 06386809**  
**Directors' Report**  
**for the year ended 31 December 2018**

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The directors of IMI Group Limited (the 'Company') submit their Directors' Report together with the audited financial statements for the year ended 31 December 2018.

**1. Profits and dividends**

The results for the financial year are shown in the financial statements. The Company paid an interim dividend of £220,000,000 in 2018 (2017: £nil). The directors have not recommended a final dividend for the year (2017: £nil).

**2. Directors**

The directors who held office during the year and since 31 December 2018 were as follows:

I Johnson  
S McKone  
J O'Shea  
P Roberts  
D J Shook

The Company's ultimate parent, IMI plc, maintained directors' liability insurance for all directors during the financial year.

**3. Disclosure of information to auditors**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they should have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**4. Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review and Principal risks and uncertainties sections of the Strategic Report. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future in the form of dividends from its subsidiaries which have strong underlying cash flows combined with sound profit performance. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the Company's ultimate parent IMI plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the IMI plc Group to continue as a going concern or its ability to continue with the current banking arrangements.

The Company is dependent upon continuing financial assistance being made available by its parent, to enable it to continue operating and meeting its liabilities as they fall due. This finance and support is available for a period of at least twelve months after the date of approval of these financial statements, subject to the Company remaining a subsidiary of the IMI plc Group. This support has been confirmed in writing to the directors and the directors believe it is therefore appropriate to prepare financial statements on a going concern basis.

**5. Auditors**

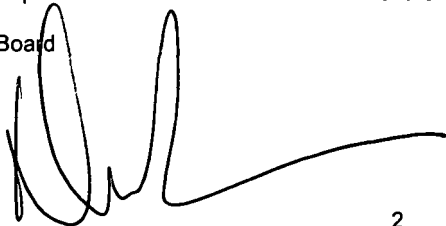
Pursuant to Section 485 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

**6. Disclosure requirements**

In accordance with the Companies Act 2006 section 414C(11), the Company's Strategic Report contains certain disclosures required in the Directors' Report. The requirements are included within the Principal Activities, Business Review and Principal risks and uncertainties sections of the Strategic Report.

By order of the Board

D J Shook  
Director  
29/03/2019



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**IMI GROUP LIMITED****Statement of Directors' Responsibilities in respect of the Strategic Report,  
the Directors' Report and the financial statements**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK 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, including Financial Reporting Standard 101 '*Reduced Disclosure Framework*' ('FRS 101').

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

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## **Independent auditor's report to the members of IMI Group Limited**

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We have audited the financial statements of IMI Group Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The 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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

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## **Independent auditor's report to the members of IMI Group Limited**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 3, 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.

### **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 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 <https://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 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.

Ernst & Young LLP

Andy Williams (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham  
29/03/2019

**IMI GROUP LIMITED**  
**Income statement and statement of comprehensive income**  
**for the year ended 31 December 2018**

**Income statement**

	Notes	2018 £000	2017 £000
Administrative expenses		(159)	(20)
Other operating income		-	83
<b>Operating (loss)/profit</b>		<b>(159)</b>	<b>63</b>
Income from shares in group undertakings	3	600,000	1
Interest receivable and similar income	6	18,393	12,176
Interest payable and similar costs	7	(36,741)	(32,201)
Exchange gains/(losses) on foreign currency loans and derivatives		2,106	(3,567)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>583,599</b>	<b>(23,528)</b>
Income tax credit	8	3,567	4,252
<b>Profit/(loss) for the financial year</b>		<b>587,166</b>	<b>(19,276)</b>

**Statement of comprehensive income**

	2018 £000	2017 £000
<b>Profit/(loss) for the financial year</b>	<b>587,166</b>	<b>(19,276)</b>

All activities relate to continuing operations.

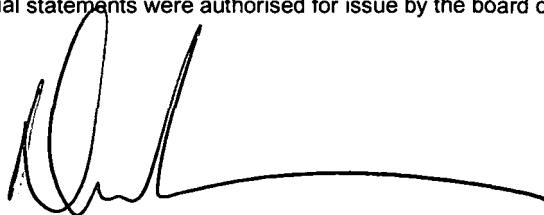


**IMI GROUP LIMITED**  
**Balance sheet**  
**as at 31 December 2018**

	Notes	2018 £000	2017 £000
<i>Fixed assets</i>			
Investments	10	<u>2,032,211</u>	<u>1,933,060</u>
		<u>2,032,211</u>	<u>1,933,060</u>
<i>Current assets</i>			
Deferred tax assets	8	251	113
Debtors	11	932,122	305,686
Financial assets	15	803	-
Cash at bank and in hand		<u>10,000</u>	<u>26,000</u>
		<u>943,176</u>	<u>331,799</u>
Creditors: amounts falling due within one year	12	(87,333)	(8,725)
Financial liabilities	15	-	(2,303)
		<u>(87,333)</u>	<u>(11,028)</u>
Net current assets		855,843	320,771
Total assets less current liabilities		2,888,054	2,253,831
Creditors: amounts falling due after more than one year	13	(1,857,816)	(1,590,759)
Net assets		<u>1,030,238</u>	<u>663,072</u>
<i>Capital and reserves</i>			
Called up share capital	14	50,000	50,000
Non-distributable reserves		299,832	299,832
Profit and loss account		680,406	313,240
Total equity		<u>1,030,238</u>	<u>663,072</u>

These financial statements were authorised for issue by the board of directors on 29/03/2019 and were signed on its behalf by:

D J Shook  
Director



**IMI GROUP LIMITED**  
**Statement of changes in equity**  
**for the year ended 31 December 2018**

	Called up share capital £000	Non- distributable reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2017	50,000	299,832	332,516	682,348
Loss for the financial year			(19,276)	(19,276)
Total comprehensive expense for the year	-	-	(19,276)	(19,276)
At 31 December 2017	50,000	299,832	313,240	663,072
Gain for the financial year			587,166	587,166
Total comprehensive income for the year	-	-	587,166	587,166
Equity dividends paid			(220,000)	(220,000)
At 31 December 2018	50,000	299,832	680,406	1,030,238

The non-distributable reserves of £299,832,000 relate to a distribution received of £182,744,000 from IMI Holdings GmbH in 2011 and the sale of the investment in IMI Holdings GmbH to IMI Germany Holding Limited & Co. KG, which generated a gain on disposal of £117,088,000 in 2011.

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**IMI GROUP LIMITED**  
**Notes to the financial statements**  
**for the year ended 31 December 2018**

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**1. Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of IMI Group Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 29/03/2019 and the balance sheet was signed on the Board's behalf by D J Shook. The Company is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 '*Reduced Disclosure Framework*' ('FRS 101') and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of IMI plc.

The results of the Company are included in the consolidated financial statements of IMI plc which are available from Lakeside, Solihull Parkway, Birmingham Business Park, Birmingham, B37 7XZ.

The financial statements are prepared in sterling and are rounded to the nearest thousand pounds (£000).

**2. Accounting policies****Basis of preparation**

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS7 '*Financial Instruments*';
- b) the requirements of paragraphs 91-99 of IFRS13 '*Fair Value Measurement*';
- c) the requirement in paragraph 38 of IAS1 '*Presentation of Financial Statements*' to present comparative information in respect of paragraph 79(a)(iv) of IAS1;
- d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS1;
- e) the requirements of IAS7 '*Statement of Cash Flows*';
- f) the requirements of paragraphs 30 and 31 of IAS8 '*Accounting Policies, Changes in Accounting Estimates and Errors*';
- g) the requirements of paragraph 17 of IAS24 '*Related Party Disclosures*'; and
- h) the requirements in IAS24 '*Related Party Disclosures*' to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

**Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Management do not consider that there are any significant judgements which are applicable to the preparation of this set of financial statements.

**Significant accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

**(a) Interest income/expense**

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

**(b) Income from shares in group undertakings**

Dividend income is recognised when the Company's right to receive payment is established.

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**IMI GROUP LIMITED**  
**Notes to the financial statements**  
**for the year ended 31 December 2018**

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**2. Accounting policies (continued)**

**(c) Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the income statement.

**(d) Taxation**

The charge or credit for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the tax laws that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

**(e) Investments**

Investments are held at amortised cost less any provisions for impairment.

**(f) Dividends on shares presented within shareholder's funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**(g) Derivatives**

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Such derivative financial instruments are initially recognised at cost and are subsequently fair valued at each balance sheet date.

The criteria for forward currency contracts are:

- a) the instrument must be related to a firm foreign currency commitment;
- b) it must involve the same currency as the hedged item;
- c) it must reduce the risk of foreign currency exchange movements on the Company's operations.

**(h) Interest-bearing loans and borrowings**

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the financial cost in respect of the reporting period and reduced by the repayments made in the period. Finance costs of debt are allocated over the debt at a constant rate on the carrying amount.

**(i) Going concern**

The Company participates in the Group's centralised treasury function and so shares funding arrangements with its parent and fellow subsidiaries. Having assessed the responses of the directors of IMI plc, the Company's immediate and ultimate parent company, to their enquiries, the Company's directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of IMI plc to continue as a going concern or its ability to continue with the current funding arrangements.

The Company is dependent upon continuing financial assistance being made available by its parent, to enable it to continue operating and meeting its liabilities as they fall due. This finance and support is available for a period of at least twelve months after the date of approval of these financial statements, subject to the Company remaining a subsidiary of the IMI plc Group. This support has been confirmed in writing to the directors and the directors believe it is therefore appropriate to prepare financial statements on a going concern basis.

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**IMI GROUP LIMITED**  
**Notes to the financial statements**  
**for the year ended 31 December 2018**

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**3. Income from shares in group undertakings**

Income from shares in group undertakings for the year ended 31 December 2018 resulted from dividends paid by the Company's subsidiaries of £600,000,000 (2017: £1,034).

**IMI GROUP LIMITED**  
**Notes to the financial statements**  
**for the year ended 31 December 2018**

**4. Auditor's remuneration**

The Company paid the following amounts to its auditors in respect of the audit of the Company's financial statements:

	<b>2018</b>	2017
	<b>£000</b>	£000
Audit of the financial statements	<u><b>16</b></u>	<u><b>16</b></u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of its parent IMI plc.

**5. Directors' remuneration and staff costs**

The directors received remuneration for the year of £2,961,963 (2017: £3,059,336), all of which was borne by a fellow subsidiary. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of fellow subsidiary companies. There were no employees during the year or the previous year.

**6. Interest receivable and similar income**

	<b>2018</b>	2017
	<b>£000</b>	£000
Interest receivable from group undertakings	<b>13,558</b>	7,494
Bank interest receivable	<b>5</b>	5
On hedging	<u><b>4,830</b></u>	<u><b>4,677</b></u>
	<u><b>18,393</b></u>	<u><b>12,176</b></u>

The hedging income arises from interest differentials on foreign exchange contracts undertaken for the management of IMI Group companies' balance sheet currency positions.

**7. Interest payable and similar costs**

	<b>2018</b>	2017
	<b>£000</b>	£000
Interest payable to group undertakings	<b>21,105</b>	16,956
Interest payable on bank loans and unsecured loan notes	<u><b>15,636</b></u>	<u><b>15,245</b></u>
	<u><b>36,741</b></u>	<u><b>32,201</b></u>

**IMI GROUP LIMITED**  
**Notes to the financial statements**  
**for the year ended 31 December 2018**

**8. Taxation**

<b>(a) Tax charged in the income statement</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<i>Current income tax:</i>		
UK Corporation tax	<b>(2,962)</b>	<b>(4,373)</b>
Adjustments in respect of prior years	<b>(467)</b>	<b>259</b>
Total current tax (credit)/charge	<b><u>(3,429)</u></b>	<b><u>(4,114)</u></b>
<i>Deferred tax</i>		
Origination and reversal of timing differences	<b>(138)</b>	<b>(138)</b>
Adjustment in respect of prior years	<b>-</b>	<b>-</b>
Total deferred tax credit	<b><u>(138)</u></b>	<b><u>(138)</u></b>
<b>Tax credit in the income statement</b>	<b><u>(3,567)</u></b>	<b><u>(4,252)</u></b>

**(b) Reconciliation of the total tax credit**

The tax credit in the income statement for the year is different to the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are reconciled below:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) from continuing operations before taxation	<b><u>583,600</u></b>	<b><u>(23,528)</u></b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	<b>110,884</b>	<b>(4,529)</b>
Effects of:		
Dividend income not taxable	<b>(114,000)</b>	<b>-</b>
Adjustments in respect of previous years	<b>(467)</b>	<b>259</b>
Effect of rate change	<b>16</b>	<b>18</b>
<b>Total tax credit reported in the income statement</b>	<b><u>(3,567)</u></b>	<b><u>(4,252)</u></b>

**(c) Change in corporation tax rate**

It was announced in the Budget of 16 March 2016 to reduce the rate of corporation tax to 17% from 1 April 2020. This change was substantively enacted on 6 September 2016. The deferred tax balance has been calculated using the substantively enacted rates applicable at the time when any deferred tax balances are expected to reverse.

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Other timing differences	<b>251</b>	<b>113</b>
Deferred tax asset	<b><u>251</u></b>	<b><u>113</u></b>
#		
Deferred tax asset/(liability) at start of year	<b>113</b>	<b>(25)</b>
Deferred tax credit in income statement for the year	<b>138</b>	<b>138</b>
Deferred tax asset at end of year	<b><u>251</u></b>	<b><u>113</u></b>

Deferred tax is recognised on the basis that there will be sufficient profits within the Company in future years against which the deferred tax asset can reverse.

**IMI GROUP LIMITED**  
**Notes to the financial statements**  
**for the year ended 31 December 2018**

**9. Dividends paid and proposed**

	2018 £000	2017 £000
Equity dividends on ordinary shares declared and paid during the year:		
Interim dividend	<u>220,000</u>	<u>-</u>

**10. Fixed asset investments**

	Shares in group undertakings £000
<b>Cost</b>	
At 1 January 2018	1,937,860
Additions	99,151
Disposals	-
At 31 December 2018	<u>2,037,011</u>
<b>Provision for impairment</b>	
At 1 January 2018	4,800
Amounts written off investments	-
Disposals	-
At 31 December 2018	<u>4,800</u>
<b>Net book value at 31 December 2018</b>	<u>2,032,211</u>
Net book value at 31 December 2017	<u>1,933,060</u>

In the opinion of the directors, the aggregate value of the investments in subsidiary undertakings at 31 December 2018 is not less than the aggregate carrying value stated in the balance sheet.

Except where indicated, the undertakings are subsidiaries incorporated in the United Kingdom. The principal country in which each undertaking operates is the country of incorporation. The Company's effective interest in the undertakings is 100% unless shown below, and is held in each case by a subsidiary undertaking, except for those marked \* in which case it is held directly by the Company.

IMI Aero-Dynamiek BVBA <i>Belgium</i>	IMI Deutschland Limited*	IMI International Co Srl <i>Romania</i>
Bopp & Reuther Valves GmbH <i>Germany</i>	IMI Energi & VVS Utveckling AB <i>Sweden</i>	IMI International d.o.o <i>Slovenia</i>
Brookvale International Insurance Limited <i>Bermuda</i>	IMI Euro Finance Limited	IMI International d.o.o. Beograd <i>Serbia</i>
Buschjost GmbH <i>Germany</i>	IMI Fluid Controls (Finance) Limited	<i>and Montenegro</i>
CCI (Asia Pacific) Pte Ltd <i>Singapore</i>	IMI Fluid Controls Holdings Inc <i>United States</i>	IMI International d.o.o. <i>Croatia</i>
CCI AG <i>Switzerland</i>	IMI France SARL <i>France</i>	IMI International Kft. <i>Hungary</i>
CCI America do Sul Comercio de Equipamentos Industriais Ltda <i>Brazil</i>	IMI Germany Holding Limited & Co. KG <i>Germany</i>	IMI International LLC <i>Russian Federation</i>
CCI Czech Republic s.r.o. <i>Czech Republic</i>	IMI Germany Limited*	IMI International Sp. z o.o. <i>Poland</i>
CCI Flow Control (Shanghai) Co Ltd <i>China</i>	IMI Group Inc <i>United States</i>	IMI Kynoch Limited*
CCI International Limited	IMI Group Services Limited	CCI Italy Srl <i>Italy</i>
IMI Critical Engineering Holding GmbH <i>Germany</i>	IMI Hydronic Engineering SA <i>Spain</i>	IMI Japan KK <i>Japan</i>
IMI Deutschland II GmbH & Co KG <i>Germany</i>	IMI Hydronic Engineering UAB <i>Lithuania</i>	CCI Limited <i>Korea, Republic of</i>
	IMI Hydronic Engineering Switzerland AG <i>Switzerland</i>	CCI Switzerland AG <i>Switzerland</i>
	IMI Interamerica Inc. <i>United States</i>	CCI Valve Technology AB <i>Sweden</i>



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**10. Fixed asset investments**

CCI Valve Technology GmbH <i>Austria</i>	IMI Hydronic Engineering SA	IMI Marston Limited
Charles Baynes Netherlands BV <i>Netherlands</i>	<i>Luxembourg</i>	IMI Netherlands Holdings BV <i>Netherlands</i>
Commtech Limited	IMI Hydronic Engineering A/S <i>Denmark</i>	IMI Norgren Herion PVT Limited <i>India</i>
Control Component India Pvt Limited <i>India</i>	IMI Hydronic Engineering AB <i>Sweden</i>	IMI Norgren Limited <i>Ireland</i>
Control Components Inc <i>United States</i>	IMI Hydronic Engineering AS <i>Norway</i>	IMI Norgren Pneumatics (Shanghai) Co
Deeside Titanium Limited	IMI Hydronic Engineering BV <i>Netherlands</i>	Limited <i>China</i>
Engineering Appliances Limited	IMI Hydronic Engineering China	IMI Norgren SA (Sociedad Unipersonal
FAS Medic SA <i>Switzerland</i>	<i>China</i>	<i>Spain</i>
IMI Critical Engineering (Shanghai) Company	IMI Hydronic Engineering Deutschland	IMI Critical FZE <i>United Arab Emirates</i>
Limited <i>China</i>	GmbH <i>Germany</i>	IMI Overseas Investments Limited*
FCX Pension Trustees Limited	IMI Hydronic Engineering FZE <i>United</i>	IMI Pensions Trust Limited*
Fluid Automation Systems GmbH <i>Germany</i>	<i>Arab Emirates</i>	IMI plc
Heimeier GmbH <i>Germany</i>	IMI Hydronic Engineering GesmbH <i>Austria</i>	IMI Property Investments Limited
Herion Systemtechnik GmbH <i>Germany</i>	IMI Hydronic Engineering Inc <i>United States</i>	IMI Refiners Limited
Holford Estates Limited	IMI Hydronic Engineering International	IMI Retirement Savings Trust Limited
IMI Aero-Dynamiek B.V. <i>Netherlands</i>	<i>SA Switzerland</i>	IMI Scotland Limited*
IMI Americas Inc <i>United States</i>	IMI Hydronic Engineering Limited	IMI Sweden Finance Limited
IMI Australia Pty Limited <i>Australia</i>	IMI Hydronic Engineering Ltda <i>Brazil</i>	IMI Vision Limited
IMI CIF Trustee Limited	IMI Hydronic Engineering NV <i>Belgium</i>	IMI Webber Limited
IMI Components Limited	IMI Hydronic Engineering OY <i>Finland</i>	Industrie Mecanique Pour Les Fluides
IMI Consulting (Shanghai) Co Limited <i>China</i>	IMI Hydronic Engineering Pte Ltd <i>Singapore</i>	<i>SA France</i>
IMI Hidronik Muhendislik Iklimlendime	IMI Hydronic Engineering s.r.l. <i>Italy</i>	IMI Consulting (Shanghai) Co Limited <i>China</i>
Sistemleri Ltd Sti <i>Turkey</i>	IMI Hydronic Engineering SA <i>France</i>	Interativa Indústria, Comércio e
IMI Holding Italy S.r.l. <i>Italy</i> *	IMI Lakeside Australia Pty Limited <i>Australia</i>	Representações Ltda <i>Brazil</i>
IMI Holdings LLC <i>United States</i>	IMI Lakeside One Limited	Kynoch Sweden Holding AB <i>Sweden</i>
Lakeside Finance Unlimited Company	Norgren Inc <i>United States</i>	Shanghai CCI Power Control Equipment
<i>Ireland</i>	Norgren Kloeohn, Inc. <i>United States</i>	Co Ltd <i>China</i>
Lakeside Treasury Unlimited Company	Norgren Limited <i>New Zealand</i>	STI s.r.l. <i>Italy</i>
<i>Ireland</i>	Norgren Limited <i>Hong Kong</i>	TA Regulator d.o.o. <i>Slovenia</i>
Liquick 211 Limited	Norgren Limited	TH Jansen Armaturen GmbH <i>Germany</i>
Martonair International Limited*	Norgren Ltda <i>Brazil</i>	The Commtech Group Limited
Martonair Limited	Norgren Manufacturing Co Ltd <i>China</i>	The IMI Scottish Limited Partnership
Newman Hattersley Limited <i>Canada</i>	Norgren Manufacturing De Mexico SA	Thompson Valves Limited
Norgren A/S <i>Denmark</i>	DE CV <i>Mexico</i>	Trufluo Group Limited
Norgren AG <i>Switzerland</i>	Norgren NV <i>Belgium</i>	Trufluo International Limited
Norgren AS <i>Norway</i>	Norgren Pte. Limited <i>Singapore</i>	Trufluo Investments Limited
Norgren Automation Solutions LLC	Norgren SA de CV <i>Mexico</i>	Trufluo Marine Limited
<i>United States</i>	Norgren SAS <i>France</i>	Trufluo Rona S.A. <i>Belgium</i>
Norgren B.V. <i>Netherlands</i>	IMI Engineering SDN BHD <i>Malaysia</i>	Trufluo Rona S.r.l. <i>Italy</i>
Norgren Co Limited <i>China</i>	Norgren SRL <i>Italy</i>	Tube Fittings Sales Pty Limited <i>Australia</i>
Norgren Co Limited <i>Thailand</i>	Norgren Sweden AB <i>Sweden</i>	Valves Holding GmbH <i>Germany</i>
IMI Precision Engineering Limited	Norgren Taiwan Co Limited <i>Taiwan</i>	Z & J High Temperature Equipment
Norgren Finland OY <i>Finland</i>	Orton S.R.L. <i>Italy</i>	(Shanghai) Co Ltd <i>China</i>
Norgren Ges.m.b.H <i>Austria</i>	THJ Holding GmbH <i>Germany</i>	Z & J Technologies GmbH <i>Germany</i>
Norgren GmbH <i>Germany</i>	Quanta Dialysis Technologies Limited (14%)	Zimmermann & Jansen Inc <i>United States</i>
Norgren GT Development Corporation	Remosa Srl <i>Italy</i>	
<i>United States</i>	SAIC CCI Valve Co., Ltd. <i>China</i> (44%)	

**IMI GROUP LIMITED**  
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**11. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Amounts due from group undertakings	<b>928,406</b>	300,805
Corporation tax	<b>2,962</b>	4,259
Other debtors	<b>754</b>	622
	<b><u>932,122</u></b>	<b><u>305,686</u></b>
Amounts falling due after more than one year included above are:		
Amounts due from other group undertakings	<b>928,406</b>	300,805
	<b><u>928,406</u></b>	<b><u>300,805</u></b>

Amounts advanced to group undertakings are at arm's length terms and bear interest at the relevant LIBOR plus an appropriate margin. Following a review of the historical collection of the amounts owed from group undertakings it has been concluded that no provision is required to reflect the requirements of the economic credit loss model pursuant to IFRS 9 which was adopted by the entity during the year.

**12. Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Bank overdrafts and borrowings	<b>82,405</b>	3,481
Accruals and deferred income	<b>4,928</b>	5,244
	<b><u>87,333</u></b>	<b><u>8,725</u></b>

**IMI GROUP LIMITED**  
**Notes to the financial statements**  
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**13. Creditors: amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to parent	<b>313,498</b>	170,501
Amounts owed to group undertakings	<b>1,180,818</b>	1,102,036
Unsecured loan notes	<b>363,500</b>	318,222
	<b><u>1,857,816</u></b>	<b><u>1,590,759</u></b>

Amounts owed to parent and group undertakings are at arm's length terms and bear interest at the relevant LIBOR plus an appropriate margin.

**Analysis of unsecured loan notes**

The contractual terms of the Company's interest-bearing loans and borrowings are as follows.

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Unsecured US loan notes (2018) - fixed at 5.98%	-	111,004
Unsecured US loan notes (2019) - fixed at 7.61%	<b>78,600</b>	74,003
Unsecured US loan notes (2025) - fixed at 1.39%	<b>135,100</b>	133,215
Unsecured US loan notes (2026) - fixed at 3.86%	<b>97,700</b>	-
Unsecured US loan notes (2027) - fixed at 3.92%	<b>58,600</b>	-
Unsecured US loan notes (2028) - fixed at 1.53%	<b>72,100</b>	-
	<b><u>442,100</u></b>	<b><u>318,222</u></b>

**Terms and debt repayment schedule**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Debt can be analysed as falling due:		
In one year or less, or on demand	<b>78,600</b>	111,004
Between one and two years	-	74,003
Between two and three years	-	-
Between three and four years	-	-
Between four and five years	-	-
In five years or more	<b>363,500</b>	133,215
	<b><u>442,100</u></b>	<b><u>318,222</u></b>

**14. Share capital**

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>	<b>£000</b>	<b>£000</b>
Authorised, allotted, called up and fully paid:				
Ordinary shares of £1 each	<b>50,000,000</b>	50,000,000	<b>50,000</b>	<b>50,000</b>

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**IMI GROUP LIMITED**  
**Notes to the financial statements**  
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**15. Derivative financial instruments**

The Company enters into forward foreign currency contracts to hedge currency exposure on firm future receipts and payments and currency assets and liabilities.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs, predominantly the foreign exchange rates at the balance sheet date. The fair value of these derivatives at 31 December 2018 was an asset of £802,750 (2017: liability of £2,303,041). Movements in the fair value of the forward currency contracts are recognised in the income statement.

**16. Contingent liabilities**

The Company has overdraft facilities which form part of a banking arrangement between IMI plc and certain of its subsidiaries. Accordingly, the Company in concert with those other group companies has entered into arrangements whereby each has offered a limited guarantee in respect of others' overdraft borrowings from time to time. The Company's maximum liability is limited to the extent of its current account cash balances with its principal banking providers which at 31 December 2018 amounted to £nil (2017: £nil).

The Company also acts as guarantor for derivative contracts entered into by IMI Kynoch Limited with various financial institutions. The fair value of the Company's commitment in respect of this guarantee as at 31 December 2018 was £2,071,771 (2017: £818,600).

In addition, the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the IMI group. The Company treats the guarantee contract as a contingent liability until such time that it becomes probable that the Company will be required to make a payment under the guarantee. Contingent liabilities relating to these guarantees in the normal course of business amounted to £89,486,054 (2017: £58,411,000).

**17. Related party transactions**

The Company has taken advantage of the exemption available under IAS24 '*Related Party Disclosures*' not to disclose transactions between the Company and other wholly owned subsidiaries and group undertakings of IMI plc.

**18. Ultimate and immediate parent company**

The Company's ultimate and immediate parent company is IMI plc, a company incorporated in England and Wales.

The results of the Company are consolidated into the group accounts of IMI plc. The consolidated accounts of IMI plc are available to the public and may be obtained from:

The Company Secretary  
IMI plc  
Lakeside  
Solihull Parkway  
Birmingham Business Park  
Birmingham B37 7XZ

Or at [www.imiplc.com](http://www.imiplc.com)