Registered No. 08528502

IMI Fluid Controls (Finance) Limited

Strategic Report, Directors' Report and financial statements

For the year ended 31 December 2019

(Registered in England and Wales - number 08528502)

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IMI FLUID CONTROLS (FINANCE) LIMITED
Strategic Report, Directors' Report and financial statements for the year ended 31 December 2019

Registered No. 08528502

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IMI FLUID CONTROLS (FINANCE) LIMITED
Registered No. 08528502
Strategic Report
for the year ended 31 December 2019

The directors of IMI Fluid Controls (Finance) Limited (the 'Company') submit their Strategic Report for the year ended 31 December 2019.

1. Principal activities

The Company is a wholly owned subsidiary of IMI Fluid Controls Holding Inc. The principal activity of the Company is to act as a holding company for subsidiaries of the IMI plc Group.

The Company has no employees. The activities of the Company are performed by employees of fellow 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.

2. Business review

The Company recorded a profit after tax of $2,802,000 for the year (2018: profit of $27,168,000).

Given the nature of this entity's operations, 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 directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

4. Principal risks and uncertainties

The Company pays interest on a variable rate loan to a fellow group undertaking.

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

Although the Company takes steps to manage its own financial risks, overall risks are managed at a Group level including the impact of the COVID-19 pandemic. 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 another member of the IMI Group of companies, 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.

5. Employee Engagement

The Company depends on its employees for its success and invests considerable time and resources on employee engagement, training and development.

Health and safety of our employees is of paramount importance and receives appropriate director and management attention and investments. Reflecting this importance, the directors measure and track performance closely.

Given how important our people are to our success we maintain an active dialogue with them. Some of the channels we use to facilitate this dialogue include an annual employee survey which is undertaken during the annual IMI Way Day. The directors use the data generated from this survey to continually improve our organisation. If specific local issues are identified, the directors undertake further work to gather more detail and then implement appropriate measures to drive improvement.

The Company forms part of the IMI plc group of companies. To support the Company a non-executive director of IMI plc has been in place since 1 January 2019 in relation to employee engagement and has reported to the IMI plc Board in respect of employee views presented to her.

In addition to engagement on site visits and at the annual management conference, the non-executive attended the European Communications Forum at which representatives from the Company (and/or its subsidiaries) to discuss health and safety, strategic progress and performance and following each meeting minutes and newsletters are produced and used by the employee representatives to share information with their colleagues. Views expressed were positive and constructive.

The group has an IMI wide intranet that is available to all employees and this is kept up to date with not only policy changes, but financial results and other announcements.

Training and development of employees is important to the directors with management and leadership training courses available alongside training programmes for specific qualifications being available to employees.

Pension scheme participants benefit from the IMI plc group's approach to pension provision and financial prudence in reducing the funding deficit in relation to defined benefit obligations.

By order of the Board



L Grant
Director
30 April 2020

IMI FLUID CONTROLS (FINANCE) LIMITED
Registered No. 08528502
Directors' Report
for the year ended 31 December 2019

The directors of IMI Fluid Controls (Finance) Limited (the 'Company') submit their Directors' Report together with the financial statements for the year ended 31 December 2019.

1. Profits and dividends

The results for the financial year are shown in the financial statements. The Company did not pay a dividend during the year (2018: $nil). The directors have not recommended a final dividend for the year (2018: $nil).

2. Directors

The directors who held office during the year and since 31 December 2019 were as follows:

A Edwards	
L Grant	(appointed 22 January 2020)
J Rundle	(appointed 30 January 2020)
P R Mason	(resigned 21 January 2020)
S McKone	(resigned 22 January 2020)

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

3. Going concern

The Company participates in the Group's centralised treasury arrangements and so shares funding arrangements with its parent and fellow IMI Group companies. 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 funding arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of IMI plc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence in the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The above assessment and subsequent adoption of the going concern basis includes consideration of the impact of the COVID-19 pandemic.

4. 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



L Grant
Director
30 April 2020

IMI FLUID CONTROLS (FINANCE) LIMITED
Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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.

IMI FLUID CONTROLS (FINANCE) LIMITED
Income statement and statement of comprehensive income for the year ended 31 December 2019

Income statement

	Notes	2019 USD '000	2018 USD '000
Income from shares in group undertakings	4	**28,264**	62,573
Interest payable and similar costs	5	**(25,462)**	(35,405)
Profit on ordinary activities before taxation		**2,802**	27,168
Income tax charge	6	**-**	-
Profit for the financial year		**2,802**	27,168

Statement of comprehensive income

	2019 USD '000	2018 USD '000
Profit for the financial year	**2,802**	27,168
Total comprehensive income for the year	**2,802**	27,168

All activities relate to continuing operations.

IMI FLUID CONTROLS (FINANCE) LIMITED
Balance sheet
as at 31 December 2019

	Notes	2019 USD '000	2018 USD '000
Fixed assets			
Investments	7	**903,098**	903,098
		903,098	903,098
Creditors: amounts falling due within one year	8	-	(2,802)
Creditors: amounts falling due after one year	9	-	(497,000)
Net assets		**903,098**	403,296
Capital and reserves			
Called up share capital	10	-	376,128
Retained earnings		**903,098**	27,168
Total equity		**903,098**	403,296

For the year ended 31 December 2019, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the 'Act') relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were authorised for issue by the board of directors on 30 April 2020 and were signed on its behalf by:

L Grant
Director

IMI FLUID CONTROLS (FINANCE) LIMITED
Statement of changes in equity
for the year ended 31 December 2019

	Called up share capital	Retained Earnings	Total equity
	USD '000	USD '000	USD '000
At 1 January 2018	356,098	-	356,098
Share capital injection	20,030	-	20,030
Profit for the financial year	-	27,168	27,168
Total comprehensive expense for the year	-	27,168	27,168
At 31 December 2018	376,128	27,168	403,296
Share capital injection	497,000	-	497,000
Transfer of share capital to distributable reserves	(873,128)	873,128	-
Profit for the financial year	-	**2,802**	**2,802**
Total comprehensive income for the year	-	**2,802**	**2,802**
At 31 December 2019	-	**903,098**	**903,098**

The share capital balance was reduced to $100 during the year and transferred to retained earnings. The balance is fully distributable.

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

The financial statements of IMI Fluid Controls (Finance) Limited (the "Company") for the year 31 December 2019 were authorised for issue by the board of directors on 30 April 2020 and the balance sheet was signed on the Board's behalf by L Grant. 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 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 US dollars and are rounded to the nearest thousand dollars (USD '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 2019.

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

a) the requirement in paragraph 38 of IAS1 *'Presentation of Financial Statements'* to present comparative information in respect of paragraph 79(a)(iv) of IAS1;
b) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS1;
c) the requirements of IAS7 *'Statement of Cash Flows'*;
d) the requirements of paragraphs 30 and 31 of IAS8 *'Accounting Policies, Changes in Accounting Estimates and Errors'*;
e) the requirements of paragraph 17 of IAS24 *'Related Party Disclosures'*; and
f) 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.

Functional currency

The Company is owned by a US holding company with its parent company being IMI Fluid Controls Holdings Inc, a US dollar denominated holding company. The Company's share capital was also issued in US dollars. The functional currency of the Company is therefore the US dollar, which is also the currency the accounts are presented in.

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) **Income from shares in group undertakings**

Income from shares in group undertakings is recognised when the Company's right to receive payment is established.

(b) **Interest expense**

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

2. Accounting policies (continued)

(c) Investments

Investments in subsidiary undertakings are stated at cost less amounts written off where, in the opinion of the directors, there has been an impairment in the value of an investment.

(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) Going concern

The Company participates in the Group's centralised treasury arrangements and so shares funding arrangements with its parent and fellow IMI Group companies. 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 funding arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of IMI plc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence in the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The above assessment and subsequent adoption of the going concern basis includes consideration of the impact of the COVID-19 pandemic.

3. Directors' remuneration and staff costs

The directors are remunerated by another IMI Group company. The directors' services to the Company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the Company for the year ended 2019 or the year ended 2018.

4. Income from shares in group undertakings

Income from shares in group undertakings for the year ended 31 December 2019 resulted from dividends paid by the Company's subsidiaries of $28,264,000 (2018: $62,573,000).

5. Interest payable and similar costs

	2019 USD '000	2018 USD '000
Interest payable to group undertakings	**25,462**	35,405
	25,462	35,405

6. Taxation

(a) Tax charged in the income statement	**2019 USD '000**	2018 USD '000
Current income tax:		
UK Corporation tax	-	-
Total current tax charge	-	-

(b) Reconciliation of the total tax charge

The tax charge in the income statement for the year is different to the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are reconciled below:

	2019 USD '000	2018 USD '000
Profit on ordinary activities before taxation	2,802	27,168
Tax calculated at UK standard rate of corporation tax of 19.00% (2018: 19.00%)	**532**	5,162
Non-taxable income	**(5,370)**	(11,889)
Non-deductible expenses	-	6,727
Group relief surrendered for no payment	**4,838**	-
Total tax charge	-	-

(c) Change in corporation tax rate

Changes to the rate of UK corporation tax were announced in the budget of 16 March 2016 to reduce the rate to 17% from 19% from 1 April 2020. This change was substantively enacted on 6 September 2016.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

However, as the company has not provided deferred tax this change would not impact on the company's balance sheet.

7. Fixed asset investments

	Shares in group undertakings USD '000
Cost and net book value	
At 1 January 2019	903,098
At 31 December 2019	**903,098**

The company holds an investment in 74.93% of ordinary shares in IMI Americas Inc, a company incorporated in the USA. The principal activities of the company are to act as a holding company for subsidiaries of the IMI plc Group.

8. Creditors: amounts falling due within one year

	2019 USD '000	2018 USD '000
Amounts due to group undertakings	-	497,000
	-	497,000

9. Creditors: amounts falling due after one year

	2019 USD '000	2018 USD '000
Amounts due to group undertakings	-	2,802

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

10. Share capital

Authorised, allotted, called up and fully paid:
Ordinary shares of $1 each

	Number	USD'000
At 1 January 2019	376,128,151	376,128
Issued in the year	497,000,000	497,000
Share capital reduction	(873,028,051)	(873,128)
At 31 December 2019	**100**	**-**

11. 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.

12. Ultimate and immediate parent company

The Company's immediate parent company is IMI Fluid Controls Holding Inc, a company incorporated in the USA. The Company's ultimate 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