

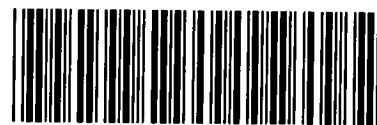
Shimtech Industries MidCo Limited

**Directors' report and financial
statements**

Registered number 09358911

For the year ended 31 March 2019

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Contents

Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	3
Independent auditor's report to the members of Shimtech Industries MidCo Limited	4
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes	9

Strategic report

Business review and principal activities

The company's principal activities are those of a holding company. 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.

The company is a wholly owned subsidiary of Shimtech Industries Group Limited ("group"), the immediate and ultimate parent.

As shown in the company's profit and loss account on page 6, the company's loss after taxation stands at £23,311,000 (2018: profit of £7,303,000). The loss before taxation arises as a result of an impairment of the investment and intercompany receivable due from a subsidiary undertaking.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end in net assets terms was £51,177,000 (2018: £74,488,000).

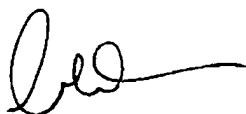
In addition to financial measures, the main key performance indicators (KPIs) regularly monitored by the company include net borrowing levels and total interest expense.

Principal risks and uncertainties

The company's funding and cash flows requirements are considered as a part of a wider group strategy as such the company's key risks are the same as those of the group. The primary element of risk associated with the company is liquidity risk.

The group is funded by a combination of investor and bank loans. These loans are principally long term in nature. The group funds interest and capital payments from cash flows generated from operations. The directors are of the opinion that operating cash flows will be sufficient to meet interest and capital loan repayments in the foreseeable future.

By order of the board



Alastair Fanning
Director

13 September 2019

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2019.

Dividends

The directors do not recommend the payment of a dividend (2018: £Nil).

Directors

The directors that served during the year and up to the date of signing this report were:

Howard Kimberley	(resigned 31 December 2018)
Alastair Fanning	
John Hartz	
Catherine Richards	
Valerio Massimo di Roccasacca	
Edward Spencer Churchill	
Andrew Caffyn	
Brian Williams	(appointed 14 February 2019)
Heath Batwell	(appointed 14 February 2019)

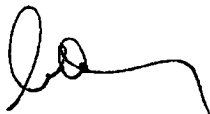
Disclosure of information to auditor

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



Alastair Fanning
Director

7 A/B Millington Road
Hayes
Middlesex
UB3 4AZ
13 September 2019

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 law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Shimtech Industries MidCo Limited

Opinion

We have audited the financial statements of Shimtech Industries MidCo Limited ("the company") for the year ended 31 March 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Shimtech Industries MidCo Limited (continued)

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

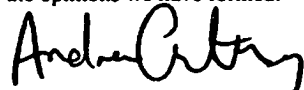
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Andrew Cawthray (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

13 September 2019

Profit and loss account
for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Administrative expenses		(1,020)	(856)
Operating loss		(1,020)	(856)
Interest receivable	3	14,127	12,614
Interest payable	4	(5,618)	(4,455)
Impairment of investment in subsidiary	7	(3,141)	-
Loss on write off of amounts due from group undertaking		(27,659)	-
(Loss)/profit before taxation		(23,311)	7,303
Taxation	7	-	-
(Loss)/profit for the year		(23,311)	7,303

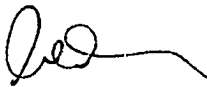
The notes on pages 9 to 17 form part of the financial statements.

Balance sheet
at 31 March 2019

	Note	2019 £000	2018 £000	£000
Fixed assets				
Investments	8	-		3,141
Current assets				
Debtors (including £104,196,000 (2018: £117,727,000) due after more than one year)	9	104,264	117,796	
Cash		-	112	
		<u>104,264</u>	<u>117,908</u>	
Creditors: Amounts falling due within one year	10	<u>(48,587)</u>	<u>(42,142)</u>	
Net current assets		55,677		75,766
Total assets less current liabilities		55,677		78,907
Creditors: Amounts falling due after more than one year	11	(4,500)		(4,419)
Net assets		<u>51,177</u>		<u>74,488</u>
Capital and reserves				
Called up share capital	12	566		566
Share premium		56,056		56,056
Profit and loss account		(5,445)		17,866
Equity shareholders' funds		<u>51,177</u>		<u>74,488</u>

The notes on pages 9 to 17 form part of the financial statements.

These financial statements were approved by the board of directors on 13 September 2019 and were signed on its behalf by:



Alastair Fanning
Director

Registered number: 09358911

Statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	566	56,056	10,563	67,185
Total comprehensive income for the year				
Profit or loss	-	-	7,303	7,303
Total comprehensive income for the year	-	-	7,303	7,303
Balance at 31 March 2018	566	56,056	17,866	74,488
Balance at 1 April 2018	566	56,056	17,866	74,488
Total comprehensive income for the year				
Profit or loss	-	-	(23,311)	(23,311)
Total comprehensive income for the year	-	-	(23,311)	(23,311)
Balance at 31 March 2019	566	56,056	(5,445)	51,177

The notes on pages 9 to 17 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Shimtech Industries MidCo Limited (the "company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 09358911 and the registered address is 7 A/B Millington Road, Hayes, Middlesex UB3 4AZ.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Shimtech Industries Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Shimtech Industries Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 7 A/B Millington Road, Hayes, Middlesex, UB3 4AZ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding net current liabilities of £48,519,000 as at 31 March 2019, taking into account debtors due after more than one year, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The parent company Shimtech Industries Group Limited prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds to meet its liabilities as they fall due for that period.

The company is dependent on Shimtech Industries Group Limited not seeking repayment of the amounts currently due, which at 31 March 2019 amounted to £33,186,000, and providing additional financial support during that period. Shimtech Industries Group Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the company

Following the adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.6 Impairment excluding deferred tax assets

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.7 Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Auditor's remuneration

	2019 £000	2018 £000
Audit of these financial statements	2	2
	<u>2</u>	<u>2</u>

Amounts paid to the company's auditor in respect of services to the company other than the audit of the company's financial statements have not been disclosed as this information is disclosed on a consolidated basis in the financial statements of Shimtech Industries Group Limited.

3 Interest receivable and similar income

	2019 £000	2018 £000
Income from loans to group undertakings	14,127	12,614
	<u>14,127</u>	<u>12,614</u>

4 Interest payable and similar charges

	2019 £000	2018 £000
Interest on investor loan notes	530	2,718
Interest payable on loans from group undertaking	5,067	1,196
Amortisation of loan deal costs	21	541
	<u>5,618</u>	<u>4,455</u>

5 Remuneration of directors

	2019 £000	2018 £000
Aggregate emoluments	180	175
	<u>180</u>	<u>175</u>

Emoluments payable to the highest paid director are as follows:

Aggregate emoluments	180	175
	<u>180</u>	<u>175</u>

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Administrative	1	1

The aggregate payroll costs of this person were as follows:

	£000	£000
Wages and salaries	175	70
Social security costs	5	15
	<u>180</u>	<u>85</u>

7 Taxation

Recognised in the profit and loss

	2019 £000	2018 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Tax on profit	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	2019 £000	2018 £000
(Loss)/profit for the period	(23,311)	7,303
Total tax credit	-	-
(Loss)/profit excluding taxation	<u>(23,311)</u>	<u>7,303</u>
Tax using UK corporation tax rate of 19% (2018: 19%)	(4,429)	1,388
Intra group interest	(2,684)	(2,085)
Expenses not deductible for tax purposes	6,914	517
Group relief surrendered	199	180
Total tax charge	<u>-</u>	<u>-</u>

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

8 Investments

	£000
At beginning of year	3,141
Impairment of investments in subsidiary	(3,141)
	<hr/>
At end of year	-
	<hr/>

Shares in subsidiary undertakings are started at cost. Shimtech Industries MidCo Limited owns directly or indirectly 100 percent of the issued ordinary share capital of the following subsidiaries.

During the year there were impairments in respect of investment in Shimtech Midco Limited. An assessment of the carrying value was undertaken at the reporting date and the investment was written down to reflect management's estimate of the recoverable amount as at the reporting date.

Incorporated in Great Britain having a registered address at 7A/B Millington Road, Hayes, Middlesex, England, UB3 4AZ:

Shimtech Industries Holdco Limited
 Shimtech Industries Holdco 2 Limited
 Shimtech Industries Limited
 Attewell Limited
 Pillar Seals and Gaskets Limited

Incorporated in the Czech Republic having a registered address at Sebastiniho 509, 796 07 Držovice – Prostějov, Czech Republic:

PSG Cr S.R. O

Incorporated in the United States of America at 29101 The Old Road, Santa Clarita, CA 91355. USA:

Lamsco West Inc
 Shimtech Industries US Inc

Incorporated in the United States of America at 7919 St. Andrews Ave, San Diego, CA. 92154. USA:

Performance Plastics Inc

Incorporated in the United States of America at 2138 W. 18th St. Port Angeles, WA 98363 USA:

Angeles Composite Technologies Inc

Incorporated in the United States of America at 163 Linnwood Road, Eighty Four, PA 15330 USA:

Bolsan Company Inc

9 Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings	104,196	117,727
Other debtors	68	69
	<u>104,264</u>	<u>117,796</u>
Due within one year	68	69
Due after more than one year	104,196	117,727
	<u>104,264</u>	<u>117,796</u>

Management have calculated the expected recoverability (known as the expected credit loss) of the amounts owed by group undertakings and have recorded an impairment of £27,654,000 during the year.

10 Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Other tax and social security	96	66
Other creditors	309	-
Amounts owed to group undertakings	48,182	42,076
	<u>48,587</u>	<u>42,142</u>

11 Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Loan notes	4,500	4,419
	<u>4,500</u>	<u>4,419</u>

The £2,759,000 investor loan notes are shown net of £33,000 (2018: £54,000) of unamortised deal costs. The loan notes include £1,744,000 (2018: £1,244,000) of unpaid interest.

Terms and debt repayment schedule

The overall loan note borrowing repayment schedule is as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying amount	
				2019 £000	2018 £000
A2 Loan notes	GBP	12%	2024	4,500	4,419
				<u>4,500</u>	<u>4,419</u>

12 Called up share capital

	2019	2018
	£000	£000
<i>Authorised, allotted, called up and fully paid:</i>		
56,622,326 ordinary shares of £0.01 each – equity	566	566

13 Related party transactions

As the company is a wholly-owned subsidiary of Shimtech Industries Group Limited, the Company has taken advantage of the exemption contained in FRS 101.8 and has, therefore, not disclosed transactions or balances with entities which form part of the group.

The following A2 loan notes plus accrued interest, charged in the year, were held by directors at year end:

	2019	Accrued	2018	Accrued
	Loan notes	interest	Loan notes	interest
	£000	£000	£000	£000
Alastair Fanning	57	33	57	23
Howard Kimberley	481	299	493	208
Valerio Massimo di Roccasecca	340	196	340	136
Edward Spencer-Churchill	695	401	695	279
	<u>1,573</u>	<u>929</u>	<u>1,585</u>	<u>646</u>

Transactions with other related parties

The group has contracted to pay a management fee to Inflexion Private Equity Partners LLP and Auctus Industries Advisers Limited in relation to its management of the group.

	2019	Payables	2018	Payables
	Administrative	outstanding	Administrative	outstanding
	expenses	£000	expenses	£000
	£000		£000	
Inflexion Private Equity Partners LLP	345	309	379	92
Auctus Industries Advisers Limited	342	-	291	75

During the period, interest payable to Inflexion Private Equity Partners LLP on unsecured loan notes totalled £Nil (2018: £2,234,000). The outstanding balance at 31 March 2019 was £Nil (2018: £Nil), as all notes have been converted to preference shares.

14 Contingent liabilities

There is a cross-guarantee in respect of the secured bank loans and revolving credit facility for all members of the Shimtech Industries Group Limited which is secured by a fixed and floating charge over all assets of these companies.

15 Ultimate parent company

The immediate and ultimate parent undertaking and controlling party is Shimtech Industries Group Limited, a company incorporated in the United Kingdom. Copies of immediate and ultimate parent's consolidated financial statements may be obtained from 7 A/B Millington Road, Hayes, Middlesex, UB3 4AZ. The controlling party is Inflexion Private Equity Partners LLP.