

Company number 00182382

Renold Power Transmission Limited
Annual report and financial statements
for the year ended 31 March 2019



Renold Power Transmission Limited

Company number 00182382

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Strategic Report

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

The principal activity of the Company is the manufacture and sale of chain and power transmission products. The ultimate parent company is Renold plc, a company incorporated in England and Wales.

Review of the business

Despite the disappointing issues arising in the Gears business, noted below, the financial statements reflect an improved trading year, with sales increasing by 5.8% to £52.7m (2018: £49.8m). The growth masks an underlying decline in the Couplings unit, where the production phasing for a large multi-year contract, won in the prior year, requires delivery in alternate years. The Chain unit delivered a strong revenue performance in the year. Operating profit before adjusting items of £4.7m (2018: £5.3m) decreased 11.3% due to the change in product mix.

Prior period adjustment

A prior period adjustment has been recorded in these accounts following the identification of historical accounting issues in the Gears business unit over the two years ending 31 March 2017 and 2018. An independent investigation, supported by external advisors, concluded that the misstatement was a result of an intentional misreporting of financial information at a local level and no other business units are involved. The adjustments required are as a result of the overstatement of certain asset values and profit over this period; adjusted operating profit was overstated by £1.0m for the year to 31 March 2017 and by £0.5m for the year to 31 March 2018. Further detail regarding this restatement is set out in Note 27.

Principal risks and uncertainties

The directors of Renold plc manage the Group's risks at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate or necessary for an understanding of the development, performance or position of Renold Power Transmission Limited. The principal risks and uncertainties of Renold plc, which include those of the Company, are discussed on page 32 of the Group's annual report which can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ or at renold.com.

The Company's exposure to Brexit relates to the potential risk of disruption to the supply chain for product being shipped between the UK and continental Europe. In response, stock levels of imported product were increased, in the UK, in readiness for the proposed Brexit date of the end of March. Impact assessments for sales of UK-manufactured product have been undertaken and contingency plans put in place for the potential Brexit scenarios.

Key Performance Indicators

The Company considers revenue and operating profit before adjusting items to be the key performance indicators, both of which are discussed above. Management also monitor net liabilities, which have increased during the year to £37.9m (2018: £36.9m), as a result of actuarial movements which have increased the defined benefit pension scheme liabilities.

Future developments


The directors expect the general level of activity to remain consistent with 2019 in the forthcoming year.

Events after the balance sheet date

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

Approval

Approved by the Board and signed on its behalf by:


Ian Lloyd Scapens
Director

2 December 2019

Trident 2
Trident Business Park
Styal Road
Wythenshawe
Manchester
M22 5XB

Directors' Report

Directors

The directors, who served throughout the year and up to the date of this report, were as follows:

Philip Mark Robinson
Lynne Joan Rosser
Ian Lloyd Scapens
Antony Kenneth Edwards
Michael Peter Wallwork

Qualifying third party indemnity provision (as defined by section 234 of the Companies Act 2006) has remained in force for the directors for the year ended 31 March 2019 and, as at the date of this report, remains in force for the benefit of the current directors in relation to certain losses and liabilities which they may incur (or have incurred) to third parties in the course of their duties.

Company secretary

Oakwood Corporate Secretary Limited

Prior period adjustment

Adjusted operating profit has been revised downwards by £1.0m for the year to 31 March 2017 and by £0.5m for the year to 31 March 2018. Further details of these adjustments can be found in the Strategic Report on page 2 and in Note 27 later in these accounts.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Research and development

During the financial year, the Company continued to invest in research and development expenditure. These continue to be principally directed towards the development of new products and manufacturing methods, and the improvement of performance and cost effectiveness of existing products.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from date of the annual report. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note on page 12.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies, as approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. The Company uses interest rate swap contracts and foreign exchange forward contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Directors' Report

Credit risk

The Company's principal financial assets are bank balances, cash and trade and other debtors. The Company's credit risk is primarily attributable to its trade debtors which are recognised at their original invoice amount less any allowance for expected credit losses.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Dividends

The directors propose and recommend a final dividend of £nil (2018: £nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company newsletter, and a special presentation for employees of the Group annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditor

Each of the directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



Ian Lloyd Scapens
Director

2 December 2019

Trident 2
Trident Business Park
Styal Road
Wythenshawe
Manchester
M22 5XB

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Renold Power Transmission Limited

Independent auditor's report to the members of Renold Power Transmission Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Renold Power Transmission Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Renold Power Transmission Limited

Independent auditor's report to the members of Renold Power Transmission Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Renold Power Transmission Limited

Independent auditor's report to the members of Renold Power Transmission Limited

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.



Simon Manning FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

2 December 2019

Renold Power Transmission Limited

Company number 00182382

Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	2018 (restated ¹) £'000
Revenue	3	52,680	49,822
Operating expenses	7	(47,989)	(44,507)
Operating profit before adjusting items		<u>4,691</u>	<u>5,315</u>
Adjusting items	4	2,754	(666)
Operating profit		<u>7,445</u>	<u>4,649</u>
Interest payable and similar expenses	5	(2,391)	(2,309)
Other income	6	-	44
Profit before taxation		<u>5,054</u>	<u>2,384</u>
Tax on profit	11	(753)	(172)
Profit for the financial year		<u><u>4,301</u></u>	<u><u>2,212</u></u>
Other comprehensive (expense)/income			
Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement (loss)/gain on retirement benefit obligations		(6,470)	951
Tax on remeasurement loss/(gain) on retirement benefit obligations		1,100	(160)
Foreign exchange		35	-
Other comprehensive (expense)/income for the year, net of tax		<u>(5,335)</u>	<u>791</u>
Total comprehensive (expense)/income for the year, net of tax		<u><u>(1,034)</u></u>	<u><u>3,003</u></u>

All results are derived from continuing operations.

¹ See Note 27 for details of the restatement.

Renold Power Transmission Limited

Company number 00182382


Balance Sheet

As at 31 March 2019

	Note	2019 £'000	2018 (restated ¹) £'000	2017 (restated ¹) £'000
Non Current assets				
Investment in subsidiaries	14	-	-	-
Intangible assets	12	96	141	213
Tangible assets	13	7,582	7,660	8,207
Defined benefit pension scheme contribution	17	25,393	26,803	28,425
Deferred tax assets	15	9,251	8,877	9,178
		<u>42,322</u>	<u>43,481</u>	<u>46,023</u>
Current assets				
Stocks	16	5,866	5,235	5,478
Debtors	17	15,167	16,729	15,934
Cash at bank and in hand		8,266	2,588	727
		<u>29,299</u>	<u>24,552</u>	<u>22,139</u>
Creditors: Amounts falling due within one year				
Trade and other creditors	18	(16,635)	(11,887)	(13,811)
Provision for liabilities	21	(255)	(212)	(944)
		<u>(16,890)</u>	<u>(12,099)</u>	<u>(14,755)</u>
Net current assets		<u>12,409</u>	<u>12,453</u>	<u>7,384</u>
Total assets less current liabilities		<u>54,731</u>	<u>55,934</u>	<u>53,407</u>
Creditors: Amounts falling due after more than one year				
Bank loans	19	(15,492)	(15,568)	(15,463)
Trade creditors	20	(20,289)	(22,195)	(20,876)
Defined benefit pension scheme	25	(54,416)	(52,217)	(53,998)
Provisions for liabilities	21	(2,462)	(2,848)	(2,967)
		<u>(92,659)</u>	<u>(92,828)</u>	<u>(93,304)</u>
Net liabilities		<u>(37,928)</u>	<u>(36,894)</u>	<u>(39,897)</u>
Capital and reserves				
Called-up share capital	22	17,496	17,496	17,496
Profit and loss account		(55,424)	(54,390)	(57,393)
Shareholders' deficit		<u>(37,928)</u>	<u>(36,894)</u>	<u>(39,897)</u>

¹ See Note 27 for details of the restatement.

The financial statements of Renold Power Transmission Limited (registered number 00182382) were approved by the board of directors and authorised for issue on **2 December 2019**. They were signed on its behalf by:


 Ian Lloyd Scapens
 Director
2 December 2019

Trident 2
 Trident Business Park
 Styal Road, Wythenshawe
 Manchester M22 5XB

Renold Power Transmission Limited

Company number 00182382

Statement of Changes in Equity

For the year ended 31 March 2019

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 31 March 2017 as previously reported	17,496	(56,381)	(38,885)
Prior period adjustment	-	(1,012)	(1,012)
At 1 April 2017 (restated¹)	17,496	(57,393)	(39,897)
Loss for the year (restated ¹)	-	2,212	2,212
Other comprehensive income	-	791	791
Total comprehensive income for the year (restated¹)	-	3,003	3,003
At 31 March 2018 (restated¹)	17,496	(54,390)	(36,894)
Profit for the year	-	4,301	4,301
Other comprehensive expense	-	(5,335)	(5,335)
Total comprehensive expense for the year	-	(1,034)	(1,034)
At 31 March 2019	17,496	(55,424)	(37,928)

¹ See Note 27 for details of the restatement.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies

The principal accounting policies are summarised below and have been applied consistently throughout the current and preceding year.

Basis of accounting

Renold Power Transmission Limited is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the requirements of the Companies Act 2006. The address of the Company's registered office is shown on page 2.

The company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

Except as noted below for tangible fixed assets, the financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements because it is included in the Group annual report and financial statements of Renold plc which are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, revenue from contracts, share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of Renold plc.

Prior period adjustments

As noted in the Strategic Report and Directors' Report a prior period adjustment has been recorded in these financial statements following the identification of historical accounting issues over the two years ending 31 March 2017 and 2018, arising from an overstatement of certain asset values and profit over this period by £1.5m in the Gears business unit. No other business units are involved.

An independent investigation, supported by external advisors, found that adjusted operating profit was overstated by £1.0m for the year to 31 March 2017 and by £0.5m for the year to 31 March 2018. The impact of this restatement on a line item basis is set out in Note 27.

Adoption of new and revised Standards

During the year, the International Accounting Standards Board and International Financial Reporting Interpretations Committee have issued the following standards, amendments and interpretations, which are considered relevant to the Company. Their adoption has not had any significant impact on the amounts or disclosures reported in these financial statements

- **IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 Revenue from Contracts with Customers was issued in 2014 and replaces IAS 18 Revenue. It provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations, and revenue from contracts with customers will be distinguished from other sources. The standard has been adopted with effect from 1 April 2018, and the company has elected to apply the modified retrospective transition approach.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies (continued)

- **IFRS 15 'Revenue from Contracts with Customers' (continued)**

IFRS 15 does not represent a material change from the Company's current practice as the point of revenue recognition on transfer of ownership of goods is unchanged, being the point at which our performance obligations, principally the obligation to despatch or deliver the specified goods, are satisfied. Accounting for revenue from long-term contracts has also not changed materially. As there has not been any material effect on the Company's accounting or disclosures, no transition adjustments have been presented.

- **IFRS 9 'Financial Instruments'**

The adoption of IFRS 9 has led to an amendment to the calculation of impairment reflecting the requirement to use the expected credit loss approach. This has not had a material impact on the Group's provisioning for credit losses.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments

Except as stated below, fixed asset investments, including investments in subsidiaries, are shown at cost less provision for impairment.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Amortisation rates are as follows:

Computer software	5 years
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Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Tangible fixed assets

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts as described below. Depreciation on revalued buildings is charged to income. On the subsequent sale or scrapping of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies (continued)**Tangible fixed assets (continued)**

Depreciation is provided on all tangible fixed assets, other than freehold land. Rates are calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	50 years
Leasehold land and buildings	The lesser of 50 years or the period of the lease
Plant and machinery	10 - 15 years
Computers	3 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

Stocks

Stocks are stated at the lower of cost or net realisable value and measured standard cost method. Cost is recorded at standard cost and includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Impairment of tangible and intangible assets

At each balance sheet date the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and when there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell or value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment losses recognised in respect of goodwill are not reversed.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and/or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

This is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect the taxable profit or the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Revenue

Revenue is earned from sale of chain and power transmission products. Revenue is stated net of VAT and trade discounts. Revenue is recognised on the sale of goods when the performance obligations, principally the obligation to despatch or deliver the specified goods, have been fulfilled.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies (continued)

Royalties

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

The Company participates in a group defined benefit scheme. This scheme is the legal responsibility of the ultimate parent, Renold Plc, as the sponsoring employer. Given the split of members, Renold Power Transmission Limited recognises 75% of the liability, with the other 25% being recognised in the ultimate parent company, Renold Plc.

Foreign currency

The financial statements are presented in pounds sterling. This is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss during the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments).

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies (continued)

Leases

The company as lessee

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms or their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged to the profit or loss on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs. Borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables (see below).

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Trade and other receivables are recognised and carried at their original invoice amount less an allowance for expected credit losses. Expected credit losses are calculated as the difference between the amount contractually owed to the Company and the cash flows which the Company expects to receive. A provision matrix is used to calculate expected credit losses at the end of the reporting date which groups trade and other receivables based on their attributes, principally geographical region. Where required, the carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. The adoption of IFRS 9 has had no material impact on the opening loss allowance.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Borrowings are initially measured at fair value net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting policies (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring and not expenditure associated with the ongoing activities of the entity.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products using the directors' best estimate of the expenditure required to settle the Company's obligation.

2. Critical accounting judgements and key sources of estimation uncertainty

In the course of preparing the financial statements no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations (below), that have had a significant effect on the amounts recognised in the financial statements.

Critical judgements in the application of the company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies.

Key sources of estimation and uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events, ultimately the outcome may differ from those estimates.

The key sources of estimation uncertainty that have a potential risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Notes to the Financial Statements

For the year ended 31 March 2019

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

Retirement benefit obligations

The valuation of the Company's defined benefit plans is determined using actuarial valuations which make assumptions about discount rates, future salary increases, mortality rates and future pension increases. Net interest is calculated by applying the discount rate to the net defined benefit liability. Due to the long-term nature of these plans such estimates are subject to significant uncertainty. Further details are given in Note 25.

Onerous lease

The Company has assessed an existing operating lease obligation at the Bredbury facility and concluded that an onerous lease provision is required following the cessation of significant manufacturing activity at the site. This involves making assumptions upon future sub-let income streams and the discount rate used. For further details refer to Note 21.

Inventory valuation

Manufactured inventory and work in progress include amounts of attributable indirect costs incurred in the production process. The Company employs a standard cost methodology which, while including judgements and assumptions, seeks to allocate the allowable indirect production costs in a logical and appropriate manner.

3. Revenue

An analysis of the Company's revenue is as follows:

	2019 £'000	2018 £'000
Continuing operations		
Sales of goods	50,522	48,457
Royalty revenues	1,597	1,187
Rental income	561	178
	<hr/>	<hr/>
	52,680	49,822
	<hr/>	<hr/>

An analysis of the Company's revenue by geographical market is set out below:

	2019 £'000	2018 £'000
Turnover		
UK	18,226	14,558
Rest of Europe	24,090	22,789
Rest of World	10,364	12,475
	<hr/>	<hr/>
	52,680	49,822
	<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31 March 2019

4. Adjusting items reported after operating profit

During the current year restructuring costs were incurred as part of the wider Renold plc Group Step 2020 plan. The restructuring costs incurred relate predominantly to redundancy costs.

The pension past service credit recognised in the year relates to the defined benefit pension scheme operated by Renold plc. There is a contractual agreement between the ultimate parent company, Renold plc, and Renold Power Transmission Limited to reflect the defined benefit pension scheme in a 25:75 split respectively. Further details can be found in Note 25 below and on page 123 of the Group financial statements which are available as disclosed in Note 1 above.

In the prior year redundancy and restructuring costs (all fully tax deductible) of £0.6m were incurred transferring the HiTec Couplings business, located in Halifax, to our existing Couplings facility in Cardiff which was offset by the £0.2m gain from the sale of the Halifax site (no taxable gain).

The adjusting items reported after operating profit in the profit and loss account were as follows:

	2019 £'000	2018 £'000
Net restructuring costs	190	357
Pension administration costs	400	309
Pension past service costs	(3,344)	-
	<hr/>	<hr/>
Adjusting items (credited)/charged	(2,754)	666
	<hr/>	<hr/>

5. Interest payable and similar expenses

	2019 £'000	2018 £'000
Bank loans and overdrafts	(418)	(390)
Interest payable to group companies	(572)	(523)
Unwinding of discount on provisions	(73)	(73)
Net IAS 19 financing costs	(1,328)	(1,323)
	<hr/>	<hr/>
	(2,391)	(2,309)
	<hr/>	<hr/>

Renold Power Transmission Limited

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Notes to the Financial Statements

For the year ended 31 March 2019

6. Other income

	2019 £'000	2018 £'000
Dividends received:		
Renold GmbH	-	44

7. Profit before taxation

	2019 £'000	2018 (restated ¹) £'000
Profit before taxation is stated after charging:		
Net foreign exchange losses	101	229
Depreciation of owned tangible fixed assets	835	819
Amortisation of owned intangible fixed assets ²	51	94
Research and development	527	808
Operating lease rentals	481	416
Cost of stock recognised as expense	24,205	21,446
Impairment of stock recognised as expense	136	-
Staff costs (see Note 9)	11,124	11,936
Loss on disposal of FA	245	127
Other operating expenses	10,284	8,632
	47,989	44,507

¹ See Note 27 for details of the restatement.

² Amortisation of intangible assets is included in operating expenses.

8. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual report and financial statements were £60,000 (2018: £60,000). Fees payable to Deloitte LLP and their associates for non-audit services to the company were £nil (2018: £nil).

9. Staff costs

The average monthly number of employees (including executive directors) during the financial year amounted to 269 (2018: 304). The total number of employees employed at 31 March 2019 was 267 (2018: 299). Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	9,985	10,743
Social security costs	934	965
Other pension costs	205	228
	11,124	11,936

Renold Power Transmission Limited

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Notes to the Financial Statements

For the year ended 31 March 2019

10. Directors' remuneration and transactions

All directors of the Company have wide ranging responsibilities for the management of the Renold Group and as such their emoluments are paid by Renold plc. The following amounts for executive emoluments therefore include appropriate sums, for executive services to the Company in respect of certain directors, which are included in management charges made by Renold plc.

	2019 £'000	2018 £'000
Directors' remuneration		
Emoluments	133	209
Company contributions to money purchase pension schemes	6	13
	<u>139</u>	<u>222</u>

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	3	8
Had awards receivable in the form of shares under a long-term incentive scheme	4	6
Number of directors who exercised share options	-	-

	2019 £'000	2018 £'000
Remuneration of the highest paid director:		
Emoluments	66	56
Company contributions to money purchase pension schemes	4	4

The highest paid director exercised no share options during the year but did receive shares under the Group's long term incentive scheme, details of which can be found on page 128 of the Renold plc Group annual report and financial statements which are available as disclosed in Note 1.

11. Tax on profit

The tax charge comprises:

	2019 £'000	2018 £'000
Current tax		
Withholding tax	27	31
Total current tax	<u>27</u>	<u>31</u>
Deferred tax (see Note 15)		
Origination and reversal of temporary differences	726	141
Total deferred tax	<u>726</u>	<u>141</u>
Total tax on profit	<u>753</u>	<u>172</u>

Notes to the Financial Statements

For the year ended 31 March 2019

11. Tax on profit (continued)

The deferred tax credit in the year relates to an increase in the recognised deferred tax asset in respect of pension obligations. The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

	2019 £'000	2018 £'000
Profit before tax	5,054	2,384
Tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	960	453
Effects of:		
Permanent differences	1	(103)
Disclaimed capital allowances	159	156
Withholding tax	27	31
Pension contributions	183	141
Difference in corporation tax and deferred tax rates	(114)	87
Utilisation of tax losses	(463)	(593)
Total tax charge for year	753	172

The Company earns its profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 19%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The UK Government announced that it intends to reduce the main rate of corporation tax to 17% with effect from 1 April 2020. This change was substantively enacted in September 2016. Deferred tax balances were revalued to the lower rate of 17% in the year ended 31 March 2017.

12. Intangible fixed assets

	Computer Software £'000
Cost	
At 1 April 2018	796
Additions	6
At 31 March 2019	802
Depreciation	
At 1 April 2018	(655)
Charge for the year	(51)
At 31 March 2019	(706)
Net book value	
At 31 March 2019	96
At 31 March 2018	141

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Notes to the Financial Statements

For the year ended 31 March 2019

13. Tangible fixed assets

	Freehold buildings £'000	Leasehold land & buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At 1 April 2018 (restated ¹)	3,519	289	19,315	23,123
Additions	15	54	933	1,002
Disposals	-	-	(444)	(444)
At 31 March 2019	3,534	343	19,804	23,681
Depreciation				
At 1 April 2018	(915)	(78)	(14,470)	(15,463)
Charge for the year	(71)	(48)	(716)	(835)
Disposals	-	-	199	199
At 31 March 2019	(986)	(126)	(14,987)	(16,099)
Net book value				
At 31 March 2019	2,548	217	4,817	7,582
At 31 March 2018	2,604	211	4,845	7,660

¹ See Note 27 for details of the restatement.

Property, plant and equipment pledged as security for liabilities amounted to £7.6 million (2018: £7.7 million).

Freehold land and buildings were professionally valued to fair value by Colliers CRE, Chartered Surveyors, on the basis of market value at March 2004. The valuation conforms to International Valuation Standards and was based on market transactions on arm's length terms for similar properties. Subsequent additions are at cost, as follows:

	Freehold 2019 £'000	2018 £'000
Valuation	1,256	1,256
Cost	2,278	2,263
Cost or revaluation at 31 March	3,534	3,519

Renold Power Transmission Limited

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Notes to the Financial Statements

For the year ended 31 March 2019

13. Tangible fixed assets (continued)

If land and buildings had not been revalued they would have been included at the following amounts:

	Freehold 2019 £'000	2018 £'000
Cost	2,278	2,263
Depreciation	(1,119)	(1,078)
Net Book Value	1,159	1,185

14. Investments

Subsidiary undertakings

	£
Cost	
At 31 March 2018 and 31 March 2019	7,688
Provisions for impairment	
At 31 March 2018 and 31 March 2019	(7,688)
Net book value	-

Details of the Company's subsidiaries at 31 March 2019 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

Name (registered office)	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
Renold GmbH (Juliusmuhle, 37574, Einbeck, Germany)	Austria	100%	100%
Renold A/S (Kaerup Alle 2, 1. Benlose, 4100, Ringstad)	Denmark	100%	100%
Renold Transmission AB (Trident 2, Trident Business Park, Styal Road, Manchester, United Kingdom, M22 5XB)	Sweden	100%	100%
Renold Continental Limited (Trident 2, Trident Business Park, Styal Road, Manchester, United Kingdom, M22 5XB)	UK	100%	100%
Renold Polska s.p. zoo (ul. Młyńska 11, 40-098 Katowice)	Poland	100%	100%

The investments in subsidiaries are all stated at cost less provision for impairment.

Group financial statements are not prepared as Renold Power Transmission Limited is itself a wholly owned subsidiary of Renold plc, which is a company registered in England and is the immediate parent company and controlling party. Financial information is presented for Renold Power Transmission Limited as an individual company and not for its group. Group financial statements for Renold plc, which include the financial statements of the Company and its subsidiaries, can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Notes to the Financial Statements

For the year ended 31 March 2019

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Pension plans	9,251	8,877	-	-
Tax assets/(liabilities)	9,251	8,877	-	-

Movement in deferred tax balance relating to assets during the year

	1 April 2018	Exchange adjustments	Recognised in income statement	Recognised in equity	31 March 2019
	£'000	£'000	£'000	£'000	£'000
Pension plans	8,877	-	(726)	1,100	9,251

Movement in deferred tax balance relating to assets during the prior year

	1 April 2017	Exchange adjustments	Recognised in income statement	Recognised in equity	31 March 2018
	£'000	£'000	£'000	£'000	£'000
Pension plans	9,178	-	(141)	(160)	8,877

At the balance sheet date, the Company has unused tax losses and capital allowances of £38.1m (2018: £44.3m) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses as it is not considered probable that there will be future taxable profits available. The losses can be carried forward indefinitely.

16. Stocks

	2019	2018
	£'000	(restated ¹) £'000
Raw materials and consumables	1,199	1,319
Work in progress	866	874
Finished goods and goods for resale	3,801	3,042
	5,866	5,235

¹ See Note 27 for details of the restatement.

Stock pledged as security for liabilities amounted to £5.9 million (2018: £5.2 million).

Renold Power Transmission Limited

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Notes to the Financial Statements

For the year ended 31 March 2019

17. Debtors

	2019 £'000	2018 (restated ¹) £'000
Amounts falling due within one year:		
Trade debtors	6,109	7,072
Amounts owed by group undertakings	6,609	7,442
Other taxation	216	211
Prepayments and accrued income	2,233	2,004
	<u>15,167</u>	<u>16,729</u>
Amounts falling due after more than one year:		
DB pension scheme contribution	25,393	26,803
	<u>25,393</u>	<u>26,803</u>

Balances owed by group undertakings are held at amortised cost, unsecured, bear no interest and are repayable on demand. At 31 March 2019 there were no amounts receivable or payable to customers for contract work (2018: £nil).

¹ See Note 27 for details of the restatement.

18. Creditors – amounts falling due within one year

	2019 £'000	2018 (restated ¹) £'000
Trade creditors	3,760	3,519
Amounts owed to group undertakings	10,588	6,458
Other taxation and social security	428	389
Other creditors	269	194
Accruals and deferred income	1,590	1,327
	<u>16,635</u>	<u>11,887</u>

¹ See Note 27 for details of the restatement.

Amounts owed to group undertakings are repayable on demand, bear no interest and are held at amortised cost.

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Notes to the Financial Statements

For the year ended 31 March 2019

19. Creditors – amounts falling due after more than one year

	2019 £'000	2018 £'000
Bank loans	15,492	15,568

Borrowings are repayable as follows:

	2019 £'000	2018 £'000
Bank loans		
Between two and five years	15,492	15,568

The above loans form part of the Renold plc Group core banking facilities, which mature in March 2024 and on which the Group pays interest at LIBOR plus a variable margin. Further details of this facility are provided on page 120 of the Group financial statements which are available as disclosed in Note 1 above.

20. Trade creditors – amounts falling due after more than one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	20,289	22,195

Amounts owed to group undertakings attract varying rates of interest, are unsecured and are repayable in more than one year.

21. Provisions for liabilities

	Restructuring £'000	Onerous Lease £'000	Total £'000
At 1 April 2018	88	2,972	3,060
Utilisation of provision	-	(328)	(328)
Unused amounts reversed	(88)	-	(88)
Unwinding of discount	-	73	73
At 31 March 2019	-	2,717	2,717

Renold Power Transmission Limited

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Notes to the Financial Statements

For the year ended 31 March 2019

21. Provisions for liabilities (continued)

	2019 £'000	2018 £'000
Disclosed as:		
Current	255	212
Non-Current	2,462	2,848
	<u>2,717</u>	<u>3,060</u>

No restructuring provisions are required at 31 March 2019 and surplus restructuring provisions have been released during the year. The onerous lease provision relates to onerous lease costs in respect of the Bredbury plant. This lease expires in May 2030 and in August 2016 it was agreed to sublet a significant part of the property for a five year term with annual rent of £0.5m.

22. Share capital

	Number of shares	2019 £'000	2018 £'000
Authorised, allotted, called up and fully paid ordinary shares of £1 each	17,495,973	17,496	17,496

24. Financial commitments

At the balance sheet date, the Company had no capital commitments.

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
- within one year	1,038	1,138	464	461
- between two and five years	4,151	4,426	947	1,771
- after five years	7,198	8,061	-	37
	<u>12,387</u>	<u>13,625</u>	<u>1,411</u>	<u>2,269</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

Notes to the Financial Statements

For the year ended 31 March 2019

25. Retirement benefit schemes**Defined contribution schemes**

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income of £205,000 (2018: £228,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

Defined benefit schemes

There is a contractual agreement between the ultimate parent company, Renold plc, and Renold Power Transmission Limited to reflect the defined benefit pension scheme in a 25:75 split respectively.

Further details of the Group defined benefit scheme are disclosed on pages 123 to 127 of the consolidated financial statements of the ultimate parent company, which are available as disclosed in Note 1 above.

26. Related party transactions

The company has taken advantage of the disclosure exemptions in FRS 101 not to disclose transactions with other wholly owned members of the Renold plc Group.

During the course of the year, Renold Power Transmission Limited entered into transactions in the ordinary course of business with Renold Chain India Limited, a 75% owned subsidiary of the Group. Transactions entered in to and trading balances outstanding at 31 March with Renold Chain India Limited are as follows:

	2019 £'000	2018 £'000
Amounts payable as at 31 March	(38)	(10)
Sales transacted in the financial year	4	12
Purchases transacted in the financial year	(429)	(460)

Notes to the Financial Statements

For the year ended 31 March 2019

27. Prior period adjustment

A prior period adjustment has been recorded in these financial statements following the identification of historical accounting issues over the two years ending 31 March 2017 and 2018, arising from an overstatement of certain asset values and understatement of certain liabilities which resulted in an overstatement of profit over this period by £1.5m in the Gears business unit. The impact, on a line item basis for those affected, on the Statement of Comprehensive Income for the year ended 31 March 2018 and Balance Sheet as at 31 March 2018 and as at 31 March 2017 is as follows:

	As previously reported £'000	Restatement £'000	2018 Statutory (restated) £'000
Statement of Comprehensive Income for the year ended 31 March 2018			
Revenue	49,822	-	49,822
Operating expenses	(44,032)	(475)	(44,507)
Operating profit before adjusting items	5,790	(475)	5,315
Adjusting items	(666)	-	(666)
Operating profit	5,124	(475)	4,649
Net interest payable and similar charges	(2,309)	-	(2,309)
Other income	44	-	44
Profit/(loss) before taxation	2,859	(475)	2,384
Tax on profit/(loss)	(172)	-	(172)
Profit/(loss) for the financial year	<u>2,687</u>	<u>(475)</u>	<u>2,212</u>
Other comprehensive (expense)/income Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain/loss on retirement benefit obligations	951	-	951
Tax on remeasurement gain/loss on retirement benefit obligations	(160)	-	(160)
Foreign exchange	-	-	-
Other comprehensive income for the year, net of tax	<u>791</u>	<u>-</u>	<u>791</u>
Total comprehensive (expense)/income for the year, net of tax	<u>3,478</u>	<u>(475)</u>	<u>3,003</u>

Renold Power Transmission Limited

Company number 00182382

Notes to the Financial Statements

For the year ended 31 March 2019

27. Prior period adjustment (continued)

Balance Sheet as at 31 March	As previously reported £'000	Restatement £'000	2018 Statutory (restated) £'000	As previously reported £'000	Restatement £'000	2017 Statutory (restated) £'000
Non current assets						
Tangible assets	8,050	(390)	7,660	8,537	(330)	8,207
Other non current assets	35,821	-	35,821	37,816	-	37,816
	43,871	(390)	43,481	46,353	(330)	
Current assets						
Stocks	5,431	(196)	5,235	5,478	-	5,478
Debtors	17,037	(308)	16,729	16,197	(263)	15,934
Other current assets	8,979	-	8,979	9,967	-	9,967
	31,447	(504)	30,943	31,642	(263)	31,379
Creditors: Amounts falling due within one year						
Trade and other creditors	(11,294)	(593)	(11,887)	(13,392)	(419)	(13,811)
Other current liabilities	(6,603)	-	(6,603)	(10,184)	-	(10,184)
	(17,897)	(593)	(18,490)	(23,576)	(419)	(23,995)
Net current assets	13,550	(1,097)	12,453	8,066	(682)	7,384
Total assets less current liabilities	57,421	(1,487)	55,934	54,419	(1,012)	53,407
Creditors: Amounts falling due after more than one year	(92,828)	-	(92,828)	(93,304)	-	(93,304)
Net liabilities	(35,407)	(1,487)	(36,894)	(38,885)	(1,012)	(39,897)
Capital and reserves						
Called-up share capital	17,496	-	17,496	17,496	-	17,496
Profit and loss account	(52,903)	(1,487)	(54,390)	(56,381)	(1,012)	(57,393)
Shareholders' deficit	(35,407)	(1,487)	(36,894)	(38,885)	(1,012)	(39,897)

28. Controlling party

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Renold plc, a company incorporated in Great Britain. The parent undertaking of the largest and smallest group, which includes the Company and for which group financial statements are prepared, is Renold plc, a company incorporated in Great Britain. Copies of the group annual report and financial statements of Renold plc can be obtained from the Group's registered office at Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester, M22 5XB.