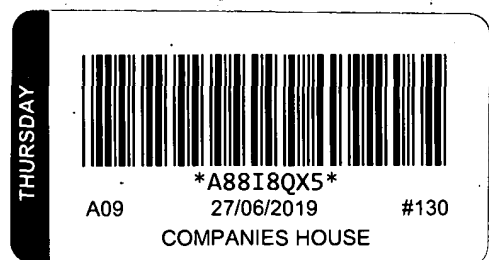


Amwell Systems Limited

Annual report and financial statements

Registered number 02611422

31 December 2018



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Company Information

Directors

M G Rees
J Sherry
D Wallis

Secretary

J Sherry

Auditor

KPMG LLP
One St Peter's Square
Manchester
M2 3AE

Banker

HSBC
South East Corporate Banking Centre
Global House
High Street
Crawley
West Sussex
RH10 1DL

Solicitor

CMS Cameron McKenna LLP
Cannon House
78 Cannon Street
London EC4N 6AF

Registered Office

Alderflat Drive
Newstead Industrial Estate
Trentham
Stoke on Trent
ST4 8HX

Strategic Report

Principal activities

The company's principal activity is the manufacture and sale of washroom systems.

Performance of the business

The directors are satisfied with the financial performance of the company in 2018. The washroom market remained challenging with continuing pressure on selling prices and although this impacted sales revenues the company was able to grow operating profit through an ongoing process of cost reduction.

The profit for the year, after taxation, amounted to £506,000 (2017: £674,000) and has been taken to reserves. The directors do not recommend a dividend for the year (2017: £nil).

Key performance indicators

The company's key financial performance indicators during the year were as follows:

	2018 £000	2017 £000
Turnover	8,311	9,533
Operating profit	470	792

The company's turnover decreased by 12.8% during the year (2017: decreased by 7%) reflecting challenging market conditions.

Total operating profit before exceptional items decreased by 21% during the year (2017: increase of 35%). This was a result of the decrease in turnover.

Business environmental risks and uncertainties

Market conditions in 2018 remained challenging with volumes in the market comparable to 2017. The market remained exceptionally competitive in respect of price.

The company uses working capital facilities and trade debtors and creditors that arise directly from its operations to finance the company's operations. The main risk arising from these facilities is credit risk. The directors review and agree policies for managing this risk. Credit risk is managed by agreeing payment terms in advance and by having in place appropriate credit control procedures. Where credit risk is considered to be higher than acceptable, payment must be provided in advance.

The company's transactions are undertaken predominantly in sterling and therefore the directors do not consider that foreign currency risk is significant, although this will be kept under review.

In November 2018 Amwell Systems Limited partnered with TBS Fabrications Limited to create a new manufacturing brand tbs-Amwell. The Director's believe that this combination strengthens the Company's market partnership going forward.

On 29 March 2017, the United Kingdom invoked Article 50 of the Treaty on European Union (EU) which began the member state's withdrawal, commonly known as Brexit, from the EU. The Board continues to monitor the progress of the UK's proposed exit from the EU and in addition the Group has been assessing the implications and potential mitigating actions of a no-deal scenario. The directors consider the main impact on the Group could be foreign exchange impact and short term availability of some raw materials however has put mitigating controls in place including foreign exchange hedging arrangements and additional raw material stocks, and while noting the inherent uncertainty the Directors do not consider this will have a significant impact on the Group.

Strategic Report *(continued)*

Future outlook

Current market data indicates that the markets in which the company trades will remain challenging, the directors believe that the market will remain very competitive in 2019 with regards to selling prices. The directors anticipate further pressure on gross margins but are confident that this will be mitigated by further cost reductions activity. The directors anticipate an acceptable level of profitability to be achieved.

By order of the board

J Sherry
Director



Alderflat Drive
Newstead Industrial Estate
Trentham
Stoke on Trent
ST4 8HX
20 June 2019

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2018.

Going concern

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Intercede Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Intercede Holdings Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2018 amounted to £37,000 and providing additional financial support during that period. Intercede Holdings 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 twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Research and development

The company policy is to invest in research and development to continually provide new and innovative products to the marketplace.

Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil).

Directors

The directors who held office during the year were as follows:

M G Rees
J Sherry
D Wallis

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Charitable and political contributions

Charitable donations of £nil (2017: £nil) were made during the year to charities supported by the employees of the company.

The company made no political donations during the year (2017: £nil).

Disclosure of information to auditor

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

Directors' report *(continued)*

Auditor

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

By order of the board

J Sherry
Director

A handwritten signature in black ink, appearing to read 'J Sherry', with a long horizontal flourish underneath.

Alderflat Drive
Newstead Industrial Estate
Trentham
Stoke on Trent
ST4 8HX

20th June 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company 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 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Amwell Systems Limited

Opinion

We have audited the financial statements of Amwell Systems Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, 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 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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, such as recoverability of assets and 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.

Independent auditor's report to the members of Amwell Systems Limited (continued)

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.

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. 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.

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 6, 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.

Independent auditor's report to the members of Amwell Systems Limited (continued)

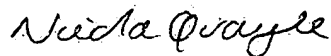
Auditor's responsibilities

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.



Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

25th June 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	2	8,311	9,533
Cost of sales		(5,375)	(6,462)
Gross profit		2,936	3,071
Administrative expenses		(2,466)	(2,279)
Operating profit		470	792
Interest payable and similar charges	6	(18)	(22)
Profit on ordinary activities before taxation		452	770
Tax on profit on ordinary activities	7	(101)	(96)
Profit and other comprehensive income for the financial year		351	674

All results for the current and preceding year are derived from continuing operations.

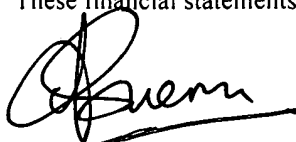
The notes on pages 13 to 21 form part of the financial statements.

Balance Sheet
at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	8	4	5
Fixed asset investments	9	-	-
		<u>4</u>	<u>5</u>
Current assets			
Stocks	10	97	95
Debtors	11	9,384	9,831
Cash at bank and in hand		245	342
		<u>9,726</u>	<u>10,268</u>
Creditors: amounts falling due within one year	12	<u>(1,245)</u>	<u>(2,139)</u>
Net current assets		<u>8,481</u>	<u>8,129</u>
Net assets		<u>8,485</u>	<u>8,134</u>
Capital and reserves			
Called up share capital	15	669	669
Share premium		113	113
Other reserves		110	110
Profit and loss account		7,593	7,242
Shareholders' funds		<u>8,485</u>	<u>8,134</u>

The notes on pages 13 to 21 form part of these financial statements.

These financial statements were approved by the board of directors on 20 June 2019 and were signed on its behalf by:



J Sherry
Director

Company registered number: 02611422

Statement of Changes in Equity

	Other reserves	Share premium	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2017	110	113	669	6,568	7,460
Total comprehensive income for the period					
Profit	-	-	-	674	674
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	674	674
Balance at 31 December 2017	110	113	669	7,242	8,134

	Other reserves	Share premium	Share capital	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2018	110	113	669	7,242	8,134
Total comprehensive income for the period					
Profit	-	-	-	351	351
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	351	351
Balance at 31 December 2018	110	113	669	7,593	8,485

The notes on pages 13 to 21 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Amwell Systems Limited (the “company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company’s ultimate parent undertaking, Intercede Holdings Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Intercede Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management personnel compensation

As the consolidated financial statements of Intercede Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Intercede Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Intercede Holdings Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2018 amounted to £37,000 and providing additional financial support during that period. Intercede Holdings 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 twelve 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 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Fixtures and fittings 25% straight line
- Leasehold property improvements Remaining life of lease

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.4 Exceptional items

Items that are material in size and/or non-recurring in nature (over the life of the project) are presented as exceptional items in the profit and loss account. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of businesses, changes to business processes, gains or losses on the disposal or impairment of assets and other significant non-recurring gains or losses.

1.5 Research and development

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition, as follows:

- Raw materials - purchase cost on a first in first out basis
- Work in progress - all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

1 Accounting policies (continued)

1.8 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

1.9 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.10 Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account.

Notes (continued)

2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of Value Added Tax. Revenue is recognised when either the goods are despatched or, when the company is responsible for installation, when the product is installed.

The company has one principal activity, the manufacture and sale of washroom systems. All of the company's activities are based in the UK.

3 Expenses and auditor's remuneration

Included in profit/ (loss) are the following:

Auditor's remuneration:

	2018 £000	2017 £000
Audit of these financial statements	19	22

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent undertaking, Intercede Holdings Limited.

4 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	
	2018	2017
Production staff	5	5
Administration staff	36	36
	<u>41</u>	<u>41</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	1,201	1,054
Social security costs	118	103
Other pension costs (note 14)	44	32
	<u>1,363</u>	<u>1,189</u>

Notes (continued)

5 Directors' remuneration

The directors of the company received no remuneration in the year. As the directors' services to the company are insignificant any allocation of remuneration borne by RSBP Limited, an immediate parent company, would not be material and therefore no amount has been attributed in the year (2017: £nil).

6 Interest payable and similar charges

	2018 £000	2017 £000
Other interest payable	18	22

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018 £000	£000	2017 £000	£000
<i>Current tax</i>				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
Total current tax		-		-
<i>Deferred tax (see note 13)</i>				
Tax losses	(101)		(96)	
Total deferred tax		(101)		(96)
Total tax		(101)		(96)

	Current tax £000	2018 Deferred tax £000	Total tax £000	Current tax £000	2017 Deferred tax £000	Total tax £000
Recognised in profit and loss account	-	(101)	(101)	-	(96)	(96)
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
Total tax	-	(101)	(101)	-	(96)	(96)

Notes (continued)

Taxation (continued)

Reconciliation of effective tax rate

	2018 £000	2017 £000
Profit for the year	351	674
Total tax income	101	96
Profit excluding taxation	452	770
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	115	148
Loss utilisation	(115)	(148)
Recognition of previously unrecognised tax losses	101	96
Total charge included in profit or loss	101	96

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. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

8 Tangible fixed assets

	Fixtures and fittings £000	Leasehold property improvements £000	Total £000
Cost			
Balance at 1 January 2018/ 31 December 2018	161	39	200
Depreciation and impairment			
Balance at 1 January 2018	159	36	195
Depreciation charge for the year	-	1	1
Balance at 31 December 2018	159	37	196
Net book value			
At 1 January 2018	2	3	5
At 31 December 2018	2	2	4

Notes (continued)

9 Fixed asset investments

Shares in group
undertakings
£000

Cost and net book value

At the beginning and end of the year

The company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2018 %	Ownership 2017 %
Interplan Panel Systems Limited*	Scotland	Ordinary	100	100
Drakespur Limited*	England	Ordinary	100	100
Interplan Fabrications Limited*	England	Ordinary	100	100
Amwell Laminates Limited*	England	Ordinary	100	100

*Dormant companies. Registered address: Alderflat Drive, Newstead Industrial Estate, Trentham, Stoke on Trent, ST4 8HX.

10 Stocks

	2018 £000	2017 £000
Work in progress	97	95

11 Debtors

	2018 £000	2017 £000
Trade debtors	1,446	1,476
Amounts due from group undertakings	7,724	8,089
Other debtors	160	111
Deferred tax asset (note 13)	54	155
	9,384	9,831

The amount owed by group undertakings is repayable on demand and bears no interest.

Notes (continued)

12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	150	189
Other taxation and social security	43	39
Accruals and deferred income	900	881
Payments on account	115	66
Amounts owed to group undertakings	37	964
	<u>1,245</u>	<u>2,139</u>

The amounts owed to group undertakings is repayable on demand and bears no interest.

13 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £000	2017 £000	Liabilities 2018 £000	2017 £000	Net 2018 £000	2017 £000
Accelerated capital allowances	-	-	-	-	-	-
Tax losses	(54)	(155)	-	-	(54)	(155)
Other	-	-	-	-	-	-
	<u>(54)</u>	<u>(155)</u>	<u>-</u>	<u>-</u>	<u>(54)</u>	<u>(155)</u>
Tax assets	(54)	(155)	-	-	(54)	(155)
Net of tax liabilities/(assets)	-	-	-	-	-	-
	<u>(54)</u>	<u>(155)</u>	<u>-</u>	<u>-</u>	<u>(54)</u>	<u>(155)</u>

There are no unrecognised tax losses in the year.

14 Employee benefits

Defined contribution plans

The company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £44,000 (2017: £32,000).

15 Capital and reserves

Share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
669,385 (2017: 669,385) ordinary shares of £1 each	669	669

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Notes (continued)

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:-

	Land and buildings 2018 £000	Other 2018 £000	Land and Buildings 2017 £000	Other 2017 £000
Less than one year	38	3	38	-
Between one and five years	130	1	130	-
More than five years	26	-	26	56
	<u>194</u>	<u>4</u>	<u>194</u>	<u>56</u>

During the year £110,000 was recognised in the profit and loss account in respect of operating leases (2017: £113,000).

17 Contingencies

At 31 December 2018, there was an unlimited multilateral guarantee dated 28 April 2018 given by the company, its parent RSBP Limited and the company's fellow subsidiaries. The available facility subject to the guarantee at 31 December 2018 was £4,500,000 (2017: £4,000,000).

18 Ultimate parent company

At year end the company's ultimate parent undertaking is Intercede Holdings Limited.

Copies of all the accounts of Intercede Holdings Limited are available from the Secretary at Alderflat Drive, Newstead Industrials Estate, Trentham, Stoke on Trent, ST4 8HX.