

Registrar's Copy

## **Guralp Finance Limited**

Report and Financial Statements

Year Ended

31 March 2019

Company Number 07067842

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# **Guralp Finance Limited**

## **Report and financial statements for the year ended 31 March 2019**

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### **Director**

Dr C G Potts

### **Registered office**

3 Midas House, Calleva Park, Aldermaston, Berkshire, RG7 8EA

### **Company number**

07067842

### **Auditors**

BDO LLP, Level 12 Thames Tower, Station Road, Reading, RG1 1LX

### **Legal form**

Private company limited by shares

# Guralp Finance Limited

## Strategic report for the year ended 31 March 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2019.

### Results and dividends

The statement of comprehensive income is set out on page 7 and shows the profit for the year after taxation amounted to £4,221,617 (2018 – loss £1,421,941).

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

### Business review

As in previous years, the company continues to operate as a financing company.

Previous statements have referred to a contingent liability resulting from a review of historical sales practices in the company's subsidiary. That review led to various legal processes.

On 30 November 2018 the company and parent group reached a settlement in relation to the civil claim it had brought. In connection with this, £7,458,936 of the B loan notes principal (out of a total of £7,459,336) were settled and the rights to accrued interest of £1,774,693 and the remaining £400 of B loan notes were purchased by Guralp Holdings Limited.

The Term Facility Agreement and Debenture taken out by the subsidiary with Primary Capital III (Nominees) Limited, along with accrued interest, was repaid by the subsidiary. The company had been a guarantor of this loan.

Since the balance sheet date the investigation into certain historical sales practices, which had been ongoing since 2015, was concluded on 22 October 2019 by the subsidiary entering into a Deferred Prosecution Agreement with the SFO. This agreement provides that the subsidiary will make a payment of £2,069,861 by 22 October 2024 to cover the disgorgement of gross profits tainted by the historical sales practices. In the event that the subsidiary is unable to meet this payment there is provision for the Deferred Prosecution Agreement to be amended. The subsidiary has not been prosecuted and there are no further financial penalties.

### Principal risks and uncertainties

As a financing company, the principal financial risk and uncertainty that the company is exposed to is the continued provision of loan finance by its investors.

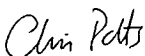
### Financial key performance indicators

As a financing company, no key performance indicators are relevant to the company.

### Approval

This strategic report was approved on behalf of the Board on 31 January 2020.

DocuSigned by:



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Dr C G Potts

Director

# Guralp Finance Limited

## Directors' report for the year ended 31 March 2019

The directors present their report together with the audited financial statements for the year ended 31 March 2019.

### Principal activities, business review and future developments

The company's principal activity is and will continue to be, that of a financing company.  
The directors are satisfied with the result for the year.

### Post balance sheet events

On 22 October 2019, the investigation into certain historical sales practices by the subsidiary was concluded. The financial impact on the subsidiary has been confirmed and a final settlement of £2,069,861 is due by 22 October 2024. Further details are contained in the Strategic report.

On 20 January 2020, the redemption date of loan notes was extended to 30 April 2021.

### Directors

The directors of the company during the year were:

Dr C G Potts  
Mr C P Gonszor (resigned 31 December 2018)

### Qualifying third party indemnity provisions

Guralp Systems Limited, subsidiary company of Guralp Finance Limited, has put in place qualifying third party indemnity provisions for all of the directors of Guralp Systems Limited. The policy does not extend to other companies within the group.

### Financial risk management objectives and policies

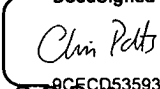
The company's loan notes expose it to liquidity risk. The directors seek to limit any adverse effects on the financial performance of the company by monitoring levels of debt finance, repayment terms and the related finance costs. The loan notes currently have no servicing cost. The directors' approach to managing liquidity is to ensure, as far as possible, that the company will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, BDO LLP, are deemed to have been reappointed in accordance with section 487 of Companies Act 2006.

### On behalf of the Board

DocuSigned by:  
  
Dr C G Potts  
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**Director**

Date: 31 January 2020

# **Guralp Finance Limited**

## **Directors' report for the year ended 31 March 2019 *(continued)***

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### **Directors' responsibilities**

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 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). 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

# Guralp Finance Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GURALP FINANCE LIMITED

#### Disclaimer of opinion

We were engaged to audit the financial statements of Guralp Finance Limited ("the Company") for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### Basis for disclaimer of opinion

The audit evidence available to us was limited because we were unable to obtain sufficient appropriate evidence to conclude on the Company's ability to continue to operate as a going concern for a period of at least twelve months from the date of approval of the financial statements. As explained in note 1 to the financial statements, the Company is dependent on the directors identifying and securing new ownership, in the timeframe required, which will provide the continuing support required for the Company to continue to operate as a going concern.

These circumstances set out above and in note 1 are considered by the directors to indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern.

The audit evidence available to us in respect of these matters was limited because: (1) due to the inherent uncertainties in the directors cash flow forecasts, we are unable to determine the timeframe within which new ownership of the group would need to be secured and therefore the ability of the board to secure such new ownership in the timeframe required; and (2) whether, should such new ownership be secured, it will have the required financial resources to continue to support the Company for a period including at least 12 months from the date of approval of these financial statements. As a result of these matters, we are unable to determine if it is appropriate for the financial statements to be prepared on a going concern basis.

Should the Company not be able to continue as a going concern, the financial statements would be required to be prepared on a basis other than going concern. The possible effects of any misstatements in respect of having to prepare the financial statements on this alternative basis, if any, could be both material and pervasive to the financial statements.

#### Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

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

# **Guralp Finance Limited**

## **Independent auditor's report (*continued*)**

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are unable to conclude on whether the Strategic report and Directors' report are materially misstated in respect of the matters set out in the basis for disclaimer of opinion section of our report.

Arising from the limitation of our work referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made.

### **Responsibilities of Directors**

As explained more fully in the directors' report, 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 responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing (UK) (ISAs (UK)) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

# Guralp Finance Limited

## Independent auditor's report (*continued*)

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### 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.

BDO LLP

Christopher Pooles (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading, UK

31 January 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Guralp Finance Limited

## Statement of comprehensive income for the year ended 31 March 2019

	Note	2019 £	2018 £
Administrative expenses excluding exceptional costs		(2,000,000)	-
Exceptional administrative costs		7,422,993	(27,073)
Administrative expenses		5,422,993	(27,073)
<b>Operating profit/(loss)</b>	3	<b>5,422,993</b>	<b>(27,073)</b>
Interest payable and similar charges	5	(1,201,376)	(1,394,868)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>4,221,617</b>	<b>(1,421,941)</b>
Taxation charge on profit/(loss) from ordinary activities	6	-	-
<b>Profit/(loss) and total comprehensive income/(expense) for the year</b>		<b>4,221,617</b>	<b>(1,421,941)</b>

All amounts relate to continuing activities.

The notes on pages 10 to 17 form part of these financial statements.

# Guralp Finance Limited

## Balance sheet at 31 March 2019

<b>Company number 07067842</b>	<b>Note</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2018 £</b>
<b>Fixed assets</b>					
Investments	7		1,800,000		3,800,000
<b>Current assets</b>					
Debtors	8	126,506		163,257	
<b>Creditors: amounts falling due within one year</b>	9	(13,272,451)		(12,834,185)	
<b>Net current liabilities</b>			(13,145,945)		(12,670,928)
<b>Creditors: amounts falling due after one year</b>	10		(3,289,558)		(10,018,316)
<b>Total assets less current liabilities</b>			(14,635,503)		(18,889,244)
<b>Capital and reserves</b>					
Called up share capital	11		1		1
Capital contribution reserve			358,322		1,088,500
Profit and loss account			(14,993,826)		(19,977,745)
<b>Shareholder's deficit</b>			(14,635,503)		(18,889,244)

The financial statements were approved by the Board of Directors and authorised for issue on 31 January 2020.

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Dr C G Potts  
Director

The notes on pages 10 to 17 form part of these financial statements.

# Guralp Finance Limited

## Statement of changes in equity for the year ended 31 March 2019

	Capital contribution reserve £	Share capital £	Profit and loss account £	Total equity £
<b>At 1 April 2018</b>	<b>1,088,500</b>	<b>1</b>	<b>(19,977,745)</b>	<b>(18,889,244)</b>
<b>Comprehensive income for the year:</b>				
Profit for the year	-	-	4,221,617	4,221,617
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	4,221,617	4,221,617
<b>Contributions by and distributions to owners</b>				
Capital contribution	32,124	-	-	32,124
Transfer to profit and loss account	(762,301)	-	762,301	-
<b>Total contributions by and distributions to owners</b>	<b>(730,177)</b>	<b>-</b>	<b>762,601</b>	<b>32,124</b>
<b>At 31 March 2019</b>	<b>358,322</b>	<b>1</b>	<b>(14,993,826)</b>	<b>(14,635,503)</b>
	Capital contribution reserve £	Share capital £	Profit and loss account £	Total equity £
<b>At 1 April 2017</b>	<b>1,328,859</b>	<b>1</b>	<b>(19,511,597)</b>	<b>(18,182,737)</b>
<b>Comprehensive expense for the year:</b>				
Loss for the year	-	-	(1,421,941)	(1,421,941)
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive expense for the year</b>	-	-	(1,421,941)	(1,421,941)
<b>Contributions by and distributions to owners</b>				
Capital contribution	715,434	-	-	715,434
Transfer to profit and loss account	(955,793)	-	955,793	-
<b>Total contributions by and distributions to owners</b>	<b>(240,359)</b>	<b>-</b>	<b>955,793</b>	<b>715,434</b>
<b>At 31 March 2018</b>	<b>1,088,500</b>	<b>1</b>	<b>(19,977,745)</b>	<b>(18,889,244)</b>

The notes on pages 10 to 17 form part of these financial statements.

# Guralp Finance Limited

## Notes forming part of the financial statements for the year ended 31 March 2019

### 1 Accounting policies

Guralp Finance Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates (see note 2). It also requires management to exercise judgement in applying the company's accounting policies.

#### *Consolidated financial statements*

The financial statements contain information about Guralp Finance Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it itself is a subsidiary undertaking and is fully consolidated in the financial statements of its parent company Guralp Holdings Limited, a company incorporated in the United Kingdom. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### *Financial Reporting Standard 102 – Reduced disclosure exemptions*

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 for qualifying entities:

- Section 3 Financial Statement Presentation paragraph 3.17(d) and Section 7 Statement of Cash Flows not to prepare a statement of cash flows;
- Section 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of the number of shares outstanding at the beginning and end of the year;
- Section 11 Basic Financial Instruments paragraph 11.41(b) (c), (e) and (f); 11.42; 11.44; 11.45; 11.47; 11.48 (a)(iii), (a)(iv), (b) and (c); relating to basic financial instruments as equivalent disclosures have been provided in respect of the group as a whole;
- Section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation as their remuneration is disclosed in total

The company's results are included in the publicly available consolidated financial statements of Guralp Holdings Limited and these financial statement may be obtained from the address given in note 13.

The following principal accounting policies have been applied:

#### *Going concern*

The financial statements have been prepared on a going concern basis. The company recorded a profit after taxation of £4,221,617 for the year (2018 - loss £1,421,941), had net current liabilities of £13,145,945 (2018 - £12,670,928) and had net liabilities of £14,635,503 (2018 - £18,889,244) at the balance sheet date.

On 30 November 2018, £7,458,936 of the B loan notes principal (out of a total of £7,459,336) were settled and the rights to accrued interest of £1,774,693 and the remaining £400 of B loan notes were purchased by the parent company, Guralp Holdings Limited. As a result, there is no longer any liability from the B loan notes to parties outside of the Guralp Holdings Limited group.

# Guralp Finance Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 *(continued)*

### 1 Accounting policies *(continued)*

#### *Going concern (continued)*

Further to the above, the Board have also considered the redemption date of the parent company's A1 and A2 preference shares, that were due for redemption on 26 March 2016. The majority holder of these preference shares, Primary Capital III (Nominees) Limited, has indicated they would not exercise their right of redemption until 31 January 2021 at the earliest.

In addition, the redemption date of the company's A loan notes has been extended to 30 April 2021.

The directors of the parent company, Guralp Holdings Limited, have prepared a group financial forecast covering the period to the end of the financial year 2022/23, including cash flow forecasts, and considered the cash flow requirement for the company and the group for a period including twelve months from the date of approval of these financial statements. These projections indicate that the group will return to profitability and become cash generative. However, these forecasts have been prepared using certain assumptions for new contract wins, the fulfilment of committed orders and related cash receipts, the timing and amounts of which are not certain and significantly impact the future cash flows of the business. These projections also indicate that further financing will be required during the next 12 months from the date of approval of these financial statements. The group does not currently have any borrowing facilities in place and the above will impact the company's ability to operate within its existing cash reserves.

The directors anticipate that the group and parent company will raise the additional funds required to continue as a going concern through a change in ownership of the group from Primary Capital III (Nominees) Limited, as the ultimate controlling party, to a new, as yet unidentified, ultimate controlling party.

The Board has considered the above and concluded that since the group and company may not be able to raise the funds that their forecasts indicate will be required through a change in ownership, the above represent material uncertainties that may cast significant doubt on the company's ability to continue as a going concern. However, after considering the uncertainties, the Board has a reasonable expectation that they will be successful in identifying and securing new ownership for the group in the timeframe required which will provide the continuing support required for the company. Accordingly, the Board considers it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

#### *Investments*

Investments are included at cost less provision for impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from operating activities.

#### *Taxation*

The charge for taxation is based on the profit/(loss) for the year and takes into account taxation deferred. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

# Guralp Finance Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

### 1 Accounting policies (*continued*)

#### *Finance costs*

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### *Reserves*

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.
- Capital contribution reserve represents the imputed interest charge for the loan notes.

#### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### *Financial assets and liabilities*

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's fixed asset investments currently held at cost less impairment (see note 7).
- Determine whether the company is a going concern by reviewing the forecasts and projections to assess if the company has adequate resources to continue in operational existence for the foreseeable future.
- Determine the imputed interest rate for applying to the loan notes.

#### *Other key sources of estimation uncertainty*

The directors believe there are no significant sources of estimation uncertainty in preparing these financial statements.

# Guralp Finance Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 3 Operating profit / (loss)

	2019 £	2018 £
This is stated after (crediting)/charging:		
Impairment of investment	2,000,000	-
Exceptional credit arising on the civil claim settlement less costs	(7,422,993)	27,073
	<u>(5,422,993)</u>	<u>27,073</u>

The fee charged by the company's auditors in respect of the audit of the financial statements has been paid by Guralp Systems Limited, the subsidiary company.

### 4 Employees

There were no payroll costs in respect of employees of the company for the current or prior year, including directors. The average number of employees (including directors) during the year was 2 (2018 - 2).

### 5 Interest payable and similar charges

	2019 £	2018 £
Loans from group undertakings	439,075	439,075
Interest on loan notes	762,301	955,793
	<u>1,201,376</u>	<u>1,394,868</u>

Imputed interest at a rate of 10% has been charged on the loan notes. In prior years the actual interest rate on the loan notes had been reduced to Nil by a resolution passed on 27 November 2014.

The imputed interest has been initially calculated from 1 April 2018, following a resolution passed on 23 March 2018 to extend the repayment date of the loan notes to 1 August 2018. The discount to the loan notes was recalculated from 6 September 2018, when the redemption date on the loan notes was extended to 31 December 2019. The discount to the loan notes was recalculated again from 30 March 2019, when the redemption date on the loan notes was extended to 30 April 2020.

Subsequent to the year end the redemption date on the loan notes was extended to 30 April 2021. The total imputed interest has been treated as a capital contribution and the element of interest relating to the year ended 31 March 2019 has been charged to the profit and loss account.

### 6 Taxation on loss from ordinary activities

	2019 £	2018 £
<i>Current tax</i>		
UK corporation tax on profit for the year	-	-
	<u>-</u>	<u>-</u>
Taxation on profit from ordinary activities	-	-
	<u>-</u>	<u>-</u>

# Guralp Finance Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 6 Taxation on loss from ordinary activities (continued)

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences arising are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	4,221,620	(1,421,941)
Profit/(loss) on ordinary activities at the rate of corporation tax in the UK of 19% (2018 - 19%)	802,109	(270,169)
Effect of:		
Expenses not deductible for tax purposes	(885,533)	186,745
Losses surrendered for group relief	83,424	83,424
Current tax credit for the year	-	-

The company has unutilised tax losses of approximately £246,000 (2018 - £150,000) available for offset against future income, subject to agreement by HM Revenue and Customs.

A deferred tax asset of approximately £42,000 (2018 - £30,000) in relation to losses and other deductions has not been recognised at 31 March 2019 due to uncertainty over its future economic benefit.

### 7 Fixed asset investments

	£
<i>Cost</i>	
At 1 April 2018	17,231,272
Reduction in the cost of investment	(7,459,340)
At 31 March 2019	(9,771,932)
<i>Impairment</i>	
At 1 April 2018	(13,431,272)
Released in the year	7,459,340
Impairment in the year	(2,000,000)
At 31 March 2019	(7,971,932)
<i>Net book value</i>	
At 31 March 2019	1,800,000
At 31 March 2018	3,800,000

Impairment charges have been booked to reduce the carrying value of the company's investment in its subsidiary to the approximate value of its net assets at the date of approval of the financial statements.



# Guralp Finance Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 7 Fixed asset investments (continued)

The following were subsidiary undertakings at the end of the year:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Guralp Systems Limited*	England and Wales	100%	Development, design, manufacture and sale of seismic instruments and systems
Guralp Systems Incorporated^	United States of America	100%	Sale of seismic instruments and systems.
Guralp Systems GmbH^	Germany	100%	Sale of seismic instruments and systems.

\*Investment held by Guralp Finance Limited

^Investment held by Guralp Systems Limited

The registered office of the above named English and Welsh subsidiary companies is 3 Midas House, Calleva Park, Aldermaston, Berkshire, RG7 8EA.

The registered office of Guralp Systems Incorporated is 701 Commerce Street, Dallas, 75202 TX.

The registered office of Guralp Systems GmbH is Friedrichstrasse 123, 10117, Berlin.

### 8 Debtors: amounts falling due within one year

	2019 £	2018 £
Amounts due from group undertakings	126,506	163,257

### 9 Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts due to group undertakings	10,713,104	10,274,837
Accrued loan note interest (see note 10)	2,559,348	2,559,348
	13,272,451	12,834,185

# Guralp Finance Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 10 Creditors: amounts falling due after one year

	2019 £	2018 £
A loan notes	3,325,000	3,325,000
B1 loan notes	100	2,375,000
B2 loan notes	100	2,500,000
B3 loan notes	100	2,000,000
B4 loan notes	100	584,336
PIK loan stock	322,479	322,479
	<hr/>	<hr/>
	3,647,879	11,106,815
Imputed interest treated as a capital contribution reserve	(358,321)	(1,088,499)
	<hr/>	<hr/>
	3,289,558	10,018,316
	<hr/>	<hr/>

On 30 March 2018 the A loan note holders and PIK loan stock holders passed a resolution to extend the redemption date of the loan notes until 30 April 2019. As a result of this the redemption date of the B loan notes is extended to 30 April 2019 as per the deed of variation signed on 10 February 2016.

On 30 November 2018, £7,458,936 of the B loan notes principal (out of a total of £7,459,336) were settled and the rights to accrued interest of £1,774,693 and the remaining £400 of B loan notes were purchased by the Guralp Holdings Limited.

On 11 December 2018 the A loan note holders and PIK loan stock holders passed a resolution to extend the redemption date of the loan notes until 30 April 2020. As a result of this the redemption date of the B loan notes is extended to 30 April 2020 as per the deed of variation signed on 10 February 2016.

Subsequent to the year end, the redemption date of loan notes was extended to 30 April 2021.

### 11 Share capital

	Allotted, called up and fully paid	
	2019 £	2018 £
1 Ordinary share of £1 each	1	1
	<hr/>	<hr/>

# Guralp Finance Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

### 12 Related party disclosures

The company is wholly owned by its immediate parent Guralp Holdings Limited. Guralp Holdings Limited is the parent of the largest group of which the company is a member and for which consolidated accounts are publicly available. The consolidated accounts of Guralp Holdings Limited can be obtained from: 3 Midas House, Calleva Park, Aldermaston, Berkshire, RG7 8EA.

The ultimate controlling party is Primary Capital III (Nominees) Limited, a company incorporated in England and Wales.

The following balances were outstanding at the year end to shareholders in the company's parent company Guralp Holdings Limited.

Group	Primary Capital III (Nominees) Limited 2019 £	M G Perry 2019 £	Primary Capital III (Nominees) Limited 2018 £	M G Perry 2018 £
<b>Loan notes</b>				
<b>Loan notes b/f and outstanding at 31 March 2019</b>	<b>3,463,551</b>	<b>119,392</b>	<b>3,463,551</b>	<b>119,392</b>
<b>Loan note interest</b>				
Accrued interest b/f	745,461	25,705	745,461	25,705
<b>Total interest accrued at 31 March 2019</b>	<b>745,461</b>	<b>25,705</b>	<b>745,461</b>	<b>25,705</b>

On 21 March 2017 Guralp Systems Limited entered into a Term Facility Agreement and Debenture with Primary Capital III (Nominees) Limited to access funds for a civil claim brought by the company and group. Guralp Finance Limited is one of the guarantors to this loan. On 12 February 2019 the loan and all accrued interest were repaid, and at 31 March 2019 the loan balance was £Nil (2018 - £1,000,000) and accrued interest was £Nil (2018 - £74,216). During the year the interest charged was £86,770 (2018 - £73,120).

### 13 Post balance sheet events

On 22 October 2019, the investigation into certain historical sales practices by the subsidiary was concluded. The financial impact on the subsidiary has been confirmed and a final settlement of £2,069,861 is due by 22 October 2024. Further details are contained in the Strategic report.

On 20 January 2020, the redemption date of loan notes was extended to 30 April 2021.