

Whittan Midco Limited

Annual report and financial statements

Registered number 09389068

For the year ended 31 March 2019

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Strategic Report

The directors present their strategic report for the year ended 31 March 2019.

Principal activities

Whittan Midco Limited (the "Company") is an intermediate holding company within the Whittan Group of companies.

Business review

The profit for the year is £443,000 (2018: £2,637,000).

During the financial year, the Company received a subscription for £2,000,000 in additional loan notes from the ultimate parent company (see note 13).

The Company receives interest on loans made to fellow group undertakings.

During the previous financial year a number of intercompany balances were released and intercompany loans were repaid or released as a result of a group restructuring exercise.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future and the Company is able to draw on funds from trading subsidiaries as necessary. Thus they continue to adopt the going concern basis in preparing the annual financial statements. The Company continues to benefit from substantial long-term financing facilities provided to the Whittan Group. Treasury of all members of the Whittan Group is managed centrally. The Directors of the Group have approved future trading forecasts, including sensitivity analysis, which show that the Company is expecting to remain in compliance with banking covenants.

Risks and uncertainties

Management have assessed the key risks and uncertainties impacting the Company. These are discussed in note 16 to the financial statements.

By order of the board:



O Vaughan
Secretary

Link House
Halesfield 6
Telford
Shropshire
TF7 4LN

25 July 2019

Directors' Report

Registered number 09389068

The directors present their report for the year ended 31 March 2019.

Directors

The directors who held office during the year and up to the date of signing of these financial statements were:

R Ellis
A Frahm
U P Johnson
E Lazarus
G Small
J Templeman

The services of A Frahm, U P Johnson, and E Lazarus are provided by EMK Capital LLP. No part of their remuneration is specifically attributed to services to Whittan Midco Limited.

Company secretary

O Vaughan (appointed 27 September 2018)

Dividends

A dividend of £Nil (2018: £25.31 per ordinary share totalling £2,500,000) was paid during the year.

Post balance sheet events

There were no post balance sheet events.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2018: £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 information of which the Company's auditor is unaware; and each director has taken all the steps that he 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.

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:



O Vaughan
Secretary

Link House
Halesfield 6
Telford
Shropshire
TF7 4LN

25 July 2019

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

Independent auditor's report to the members of Whittan Midco Limited

1 Our opinion is unmodified

We have audited the financial statements of Whittan Midco Limited ("the Company") for the year ended 31 March 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the 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 Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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.

2 Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

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

Refer to page 1 (principal risks), and page 11 (accounting policy)

The Risk	Our response
<p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the company's future prospects and performance.</p> <p>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.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <p>Our Brexit knowledge – we considered the directors' assessment of Brexit-related sources of risk for the company's business and financial resources and compared with our own understanding of the risks. We considered the directors' plans to mitigate the risks.</p> <p>Assessing transparency – as well as assessing individual disclosures as part of our procedures we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.</p> <p>Our results</p> <p>As reported under Recoverability of parent company's investment in subsidiaries and intercompany debtors, we found the resulting estimates and disclosures in relation to going concern to be acceptable. 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.</p>

Independent auditor's report to the members of Whittan Midco Limited (*continued*)

Going concern

The Risk	Our response
<p>Disclosure quality</p> <p>The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company.</p> <p>The judgment is based on the Board's evaluation of inherent risks to the Company's business plan and how these might affect the Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.</p> <p>The risk most likely to adversely affect the Company's available financial resources over this period is the ability of the Company's subsidiaries to generate sufficient profits and cash flows to both repay outstanding loans advanced to them and pay dividends.</p> <p>The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.</p>	<p>Our procedures include:</p> <p>Funding assessment: Assessing the current and available resources available to the group during the forecast period.</p> <p>Historical comparisons: Assessing historical forecasting accuracy, by comparing forecast cash flows to those actually achieved by the Group.</p> <p>Assessing transparency: Ensuring the completeness and accuracy of the going concern disclosures in the financial statements and considering whether they reflect the position of the company's financing and the company's ability to continue as a going concern.</p> <p>Our results:</p> <p>We found the going concern disclosure without any material uncertainty to be acceptable.</p>

Recoverability of parent company's investment in subsidiaries and intercompany debtors (2019: £255,000 and £67,074,000 respectively (2018: £255,000 and £58,101,000). Refer to note 1 (accounting policy) and note 6 (financial disclosures)

The Risk	Our response
<p>Forecast based valuation</p> <p>The carrying amount of the Parent Company's investments in subsidiaries and intercompany debtors is one of the most quantitatively significant items on the Company's balance sheet. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company's financial statements, this is considered to be the area that had one of the greatest effect on our overall audit.</p>	<p>Our procedures include:</p> <p>Impairment review: Comparing the carrying amount of 100% of investments and intercompany debtors with the relevant subsidiaries' financial statements to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.</p> <p>Assessing subsidiary audits: Assessing the work performed by the subsidiary audit team and considering the results of that work, on those net assets, including the availability of the subsidiary to obtain liquid funds and therefore the availability of the subsidiary to fund the repayment.</p> <p>Our sector experience: For the investments and intercompany debtors where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the recoverable amount of the cash generating units (CGUs) to which the respective subsidiaries have been allocated through a value in use calculation.</p> <p>Our results:</p> <p>We found the company's assessment of the recoverability of the investment in subsidiaries and intercompany debtors to be acceptable.</p>

Independent auditor's report to the members of Whittan Midco Limited (*continued*)

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £15,000 (2018: £37,500), determined with reference to a benchmark of net liabilities (of which it represents 4% (2018: 7%).

We consider net liabilities to be the most appropriate benchmark as the entity is a holding company and as such the focus of the shareholders will be the company's ability to pay dividends from its reserves.

Our audit of Whittan Midco Limited was undertaken to the materiality level specified above and was all performed at the company's head office in Telford.

4 We have nothing to report on going concern

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

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk most likely to adversely affect the Company's available financial resources over this period is the ability of the Company's subsidiaries to generate sufficient profits and cash flows to both repay outstanding loans advanced to them and pay dividends.

As these were risks that could potentially cast significant doubt on the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit, which could result in a rapid reduction of available financial resources.

Based on this work, 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.

Based on this work, 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 identified going concern as a key audit matter (see section [3] of this report). Based on the work described in our response to that key audit matter, 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.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Independent auditor's report to the members of Whittan Midco Limited (*continued*)

Our responsibility is to read the other information 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 other information.

Strategic report and directors' report

Based solely on our work on the other information:

- 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.

6 We have nothing to report on the other 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 by the Company, 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.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

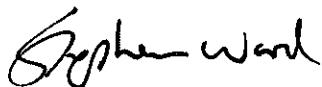
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

8 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.



Stephen Ward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

6 August 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Interest receivable and similar income	3	6,972	4,800
Interest payable and similar expenses	4	(7,181)	(6,236)
Administrative expenses		(25)	-
Dividend receivable from subsidiary undertaking		-	4,500
		<hr/>	<hr/>
(Loss) / profit before taxation		(234)	3,064
Taxation	5	677	(427)
		<hr/>	<hr/>
Profit for the financial year		443	2,637
		<hr/>	<hr/>

All amounts are wholly derived from continuing operations.

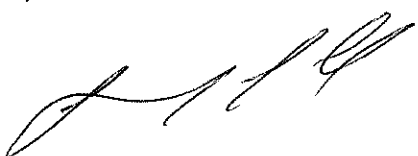
There was no other comprehensive income or expense.

The notes on pages 11 – 19 form an integral part of these financial statements.

Balance Sheet
at 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Fixed assets			
Investments	6	255	255
Debtors: including £67,074,000 (2018: £58,101,000) due after more than one year	7	67,074	58,101
Creditors: amounts falling due within one year	8	(5,099)	(5,206)
Net current assets		61,975	52,895
Total assets less current liabilities		62,230	53,150
Creditors: amounts falling due after more than one year	9	(62,323)	(53,686)
Net liabilities		(93)	(536)
Capital and reserves			
Called up share capital	12	99	99
Share premium		205	205
Profit and loss reserve		(397)	(840)
Shareholder's deficit		(93)	(536)

These financial statements were approved by the board of directors on 25 July 2019 and were signed on its behalf by:



G Small
Director

Company registered number: 09389068

The notes on pages 11 – 19 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2019

	Called up share capital £000	Share premium £000	Profit and loss reserve £000	Total £000
At 1 April 2017	99	205	(977)	(673)
Profit & total comprehensive income for the period	-	-	2,637	2,637
Dividend declared and paid			(2,500)	(2,500)
At 31 March 2018	99	205	(840)	(536)
At 1 April 2018	99	205	(840)	(536)
Profit & total comprehensive income for the year	-	-	443	443
At 31 March 2019	99	205	(397)	(93)

The notes on pages 11 – 19 form an integral part of these financial statements.

Notes

(the accompanying notes form part of the financial statements)

1 Accounting policies

Basis of preparation

Whittan Midco Limited (the "Company") is a private limited company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Whittan Group Limited, includes the results of the Company in its financial statements. The consolidated financial statements of Whittan Group Limited are prepared in accordance with International Financial Reporting Standards.

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Whittan Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future and the Company is able to draw on funds from trading subsidiaries as necessary. Thus they continue to adopt the going concern basis in preparing the annual financial statements. The Company continues to benefit from substantial long-term financing facilities provided to the Whittan Group. Treasury of all members of the Whittan Group is managed centrally. The Directors of the Group have approved future trading forecasts, including sensitivity analysis, which show that the Company is expecting to remain in compliance with such covenants. Amounts due from group undertakings are repayable on demand.

Consolidated financial statements

The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Related party transactions

As the Company is a wholly owned subsidiary of Whittan Group Limited, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Notes (continued)

1 Accounting policies (continued)

Non-derivative financial instruments

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

Debtors

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

Creditors

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

Investments

Investments are shown at cost less impairment.

Financing income and expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Auditor's remuneration

Auditor's remuneration of £7,500 (2018: £6,000) in respect of the company is paid for by a fellow subsidiary of Whittan Group Limited.

Adoption of new and revised standards

The following IFRSs have been issued and applied by the Company in these financial statements:

IFRS 9, Financial Instruments: The Company measures financial assets at amortised cost, does not have trade receivables and does not use hedging instruments, so there is no impact of changes to the standard. The adoption of IFRS 9 has not had a material impact on the Company's results or equity.

IFRS 15 Revenue from Contracts with Customers: As the Company does not trade; IFRS 15 would not have any impact on the Company's results or equity.

The following IFRSs have been issued but not yet adopted by the Company in these financial statements:

IFRS 16 Leases: The Company has not adopted IFRS 16 in these financial statements. The Company does not lease any assets and therefore there will be no impact on the financial statements as a result of adoption.

Notes (continued)

2 Employees and directors

No Director was remunerated directly by the company. No amount of directors' remuneration paid elsewhere in the group has been re-apportioned to the company on the grounds that the directors' services are entirely incidental to the company.

The services of A Frahm, U P Johnson, and E Lazarus are provided by EMK Capital LLP. No part of their remuneration is specifically attributed to services to Whittan Midco Limited.

3 Interest receivable and similar income

	2019 £000	2018 £000
Interest income from group undertakings	6,972	4,800
	<u> </u>	<u> </u>

4 Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable to related party undertakings	6,637	5,751
Interest payable to group undertakings	544	485
	<u> </u>	<u> </u>
	7,181	6,236
	<u> </u>	<u> </u>

5 Taxation

a) Analysis of taxation in year recognised in the Profit and Loss Account

	2019 £000	2018 £000
<i>UK corporation tax</i>		
Adjustments in respect of prior years	677	-
	<u> </u>	<u> </u>
	-	-
<i>Total deferred tax</i>		
Adjustments in respect of prior years	-	(427)
	<u> </u>	<u> </u>
	677	(427)
	<u> </u>	<u> </u>
Total taxation credit / (charge)	677	(427)
	<u> </u>	<u> </u>

Notes (continued)

5 Taxation (Continued)

b) Reconciliation of effective tax rate

The standard rate of tax for the period, based on the UK standard rate of corporation tax, is 19% (2018: 19%). The actual taxation for the current period differs from the standard rate for the reasons set out in the following reconciliation:

	2019 £000	2018 £000
(Loss) / Profit before taxation	(234)	3,064
	<hr/>	<hr/>
Taxation calculated at UK standard rate of corporation tax of 19% (2018: 19%)	44	(582)
<i>Factors affecting taxation for the period:</i>		
Expenses not deductible	(5)	(1,093)
Adjustments in respect of prior years	677	(427)
Transfer pricing adjustment	(39)	(427)
Income not taxable	-	855
Effects of group relief and other reliefs	-	820
	<hr/>	<hr/>
Total taxation	677	(427)
	<hr/>	<hr/>

c) Factors that may affect future taxation

The UK corporation tax expense within these financial statements has been provided for at the rate of 19% (2018: 19%). A reduction in the UK corporation tax rate to 17%, effective 1 April 2020, will reduce the company's future current tax charge accordingly.

Notes (continued)

6 Investments

Investments in
subsidiary
undertakings
£000

Cost and net book value

At 31 March 2019 and 31 March 2018

255

The Company holds 100% of the ordinary share capital and 100% of the preference shares of Whittan Bidco Limited, incorporated in England and Wales. Its principal activity is that of a holding company.

The active subsidiaries in which the Group and Company have an effective interest are as follows:

Subsidiary undertaking	Country of Incorporation	Principal activity	Address
Whittan Bidco Limited*	UK	Holding company	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Whittan Intermediate Limited	UK	Holding company	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Apex Linvar Limited	UK	Holding company	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Apex Space Solutions Limited	UK	Design, manufacture and sale of storage equipment	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Masondixie Limited**	UK	Holding company	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Lion Steel Equipment Limited	UK	Design, manufacture and sale of storage equipment	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Whittan DDB Co Limited**	UK	Holding company	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Whittan Acquisition Co Limited**	UK	Holding company	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Whittan Storage Systems Limited	UK	Management services	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Whittan Overseas Limited	UK	Holding company	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Whittan Industrial Limited	UK	Design, manufacture and sale of storage equipment	Link House, Halesfield 6, Telford, Shropshire, TF7 4LN
Whittan Spain	Spain	Holding company	Bidebarrieta 1, A 48215 Iurreta, Vizcaya, Spain
Polypal Storage Systems SA	Spain	Design, manufacture and sale of storage equipment	Bidebarrieta 1, A 48215 Iurreta, Vizcaya, Spain
Polypal Belgium SA	Belgium	Sale of storage equipment	Hendrik van Veldekesingel 150 B, 3500 Hasselt, Belgium
Polypal Germany GmbH	Germany	Sale of storage equipment	Hessenring 89.D, 61348 Bad Homburg, Germany
Whittan Netherlands BV	The Netherlands	Holding company	Bosstrat 107a, 6071PX Swalmen Reubenberg, The Netherlands
Whittan Industrial Netherlands BV	The Netherlands	Holding company	Bosstrat 107a, 6071PX Swalmen Reubenberg, The Netherlands
Polypal Netherlands BV	The Netherlands	Sale of storage equipment	Bosstrat 107a, 6071PX Swalmen Reubenberg, The Netherlands
Whittan France SAS	France	Holding company	ZI des Radars, 12 rue Jean-Jacques Rousseau, 91350 Grigny, France
Polypal France SNC	France	Sale of storage equipment	ZI des Radars, 12 rue Jean-Jacques Rousseau, 91350 Grigny, France

* owned 100% directly by the Company

** company has entered members voluntary liquidation post year end

For all of the above subsidiary undertakings the holding of each class of shares is 100%.

Notes (continued)

7 Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings*	67,074	58,101
	<hr/>	<hr/>
	67,074	58,101
	<hr/>	<hr/>

*Amounts owed by group undertakings are due after more than one year and bear interest at 12%.

8 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	5,099	4,529
Amounts owed to group undertakings in respect of group relief	-	677
	<hr/>	<hr/>
	5,099	5,206
	<hr/>	<hr/>

Amounts owed to group undertakings are repayable on demand and interest is payable at 12%. The directors have received confirmation from the Company's parent undertaking that it will ensure that the Company can meet its liabilities as they fall due over the next twelve months.

9 Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Loans from related parties (note 13)	62,315	53,678
Redeemable preference shares (note 12)	8	8
	<hr/>	<hr/>
	62,323	53,686
	<hr/>	<hr/>

Interest is payable on all amounts owed at an annual rate of 12%. The loans from related parties, held in the form of Channel Island listed debt, are repayable on 25 February 2026.

Notes (continued)

10 Interest bearing loans and borrowings

Maturity analysis of borrowings:

	2019 £000	2018 £000
Borrowings can be analysed as falling due:		
In one year or less, or on demand	5,099	4,529
More than five years	62,315	53,686
	<hr/>	<hr/>
	67,414	58,215
	<hr/>	<hr/>

11 Deferred tax asset

	2019 £000	2018 £000
At beginning of period	-	427
Adjustments in respect of prior years	-	(427)
	<hr/>	<hr/>
At end of year	-	-
	<hr/>	<hr/>

12 Called up share capital

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
98,784 Ordinary shares of £1 each	99	99
7,500 Redeemable LIBOR preference shares of £1 each (classified as a liability)	8	8
	<hr/>	<hr/>
	107	107
	<hr/>	<hr/>

Notes (continued)

12 Called up share capital (Continued)

The redeemable LIBOR preference shares have a nominal value of £1 each and may be redeemed at any time by the company with the consent of the shareholders subject to the restrictions imposed by company law. An annual dividend is payable in arrears on the LIBOR preference shares at the rate of LIBOR as a percentage of the nominal value.

13 Related party transactions and controlling party

The ultimate controlling party, The Bregal Fund III LP, provided loans to the Company on 25 February 2015. The funding introduced was £37,503,000 and bears interest at 12%.

On 23 June 2015, the Company repaid £2,917,000 (inclusive of accrued interest) of the loans.

On 22 January 2016, the Company received additional loans of £3,364,000.

On 4 June 2018, the Company received additional loans of £2,000,000.

The cumulative interest accrued on these loans at 31 March 2019 was £22,365,000 (2018: £15,728,000), resulting in an amount owed to related party undertakings of £62,315,000 at 31 March 2019 (2018: £53,678,000).

There are no additional related party transactions involving the Company other than the loans owed to and by group undertakings, disclosed in note 7 and 8 to the financial statements.

14 Post balance sheet events

There were no post balance sheet events.

15 Ultimate parent company and parent company of larger group

The immediate parent company is Whittan Group Limited, incorporated in England and Wales.

The ultimate parent company is Mandalay Holdings Jersey Limited, which is a company incorporated in Jersey.

The largest group in which Whittan Midco Limited is a member and consolidated financial statements are produced is Whittan Group Limited, incorporated in England and Wales. The consolidated financial statements are available to the public and can be obtained from Link House, Halesfield 6, Telford, Shropshire, TF7 4LN.

Notes *(continued)*

16 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Recognition of deferred tax assets and liabilities

The actual tax on the Company's profits is determined according to complex laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid on profits which are recognised in the financial statements. The Company considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of tax liabilities could be different from the estimates reflected in the financial statements. Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

Assumptions used in impairment testing for investments

The value of the Company's investments is reviewed on an annual basis based on expected future cash flows generated by them. The risk is that the underlying performance of these investments may not be as expected and the cash flows may not be sufficient to justify the carrying value of the investments.

17 Contingencies

The Company is a party to cross guarantees given for bank loans and overdrafts of certain fellow subsidiaries amounting to £31,577,846 (2018: £36,945,635).

The Company has no contingent liabilities other than those arising in the ordinary course of business from which it is anticipated that the likelihood of any material liability arising is remote.

