

# **Railko Limited**

Directors' report and financial statements

Registered number 05773671

Year ended 31 December 2019

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

### **Principal activities**

Manufacturer of synthetic bearing and anti-friction materials.

### **Strategic report**

The Company has met the requirements in Companies Act 2006 to obtain the exemption provided from the presentation of a strategic report. The results for the year are set out on page 7 of these financial statements.

### **Principal risks and uncertainties**

The Group would be, and is exposed, like other industrial companies, to changes in the macroeconomic climate. This would include potential changes to the business environment, and trading terms following the UK's exit from the EU and recent global recession arising from COVID-19.

The group has continued to manufacture throughout the recent global recession arising from COVID-19, with safe working practices to our factories and offices (e.g. social distancing). The group also adjusted manufacturing production in line with a lower demand from customers. We furloughed some UK employees to mitigate costs and reduced discretionary spend and capital expenditure. The directors are committed to ensuring employee safety and well-being whilst continuing production to meet customer demand.

Although there is some uncertainty of global recession on the business and it is difficult to predict the effect of the current restrictions on the supply chain and customer demand, the Group maintains a good degree of diversification in terms of the customers and markets it serves. We also supply product that is specified and tested by our customers which provides some resistance to customers changing supply. There is also some flexibility to adjust costs in response to changes in demand due to the natural mix of variable cost within the business, but a significant proportion of the Group's costs are fixed in nature. The directors are confident that the strength of the group balance sheet and cash generation will enable the group to navigate through the resulting economic uncertainty.

The Group's presentational currency is GBP, however during the year the Group had exposure to currencies of other countries in which it trades. Appropriate steps are taken to cover this risk and wherever practicable, the Group matches payments and receipts in the same currency.

The Group credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers, obtaining credit insurance and reviewing existing customers' payments against contractual agreements.

In order to ensure that sufficient funds are available for on-going operations and future developments, the Group uses loan facilities which can be drawn upon on demand when needed. The Board closely monitors the amount of facilities drawn, particularly with respect to complying with all covenant restrictions.

The Group acknowledges that it faces interest rate risk, however with the level of debt sustained and the interest rates the Group could potentially face, the risk is adequately covered through the operating performance that the Board will continue to monitor.

### **Dividends**

During the year, £nil dividends were paid (2018: £nil).

### **Political contributions**

The company made no political contributions during the year (2018: £nil).

## Directors' report (continued)

### Directors

The directors who held office during the year and as at the date of this report were as follows:

G MacLeman  
MA Hutchison (resigned 12 November 2019)  
K Chopra  
CL Jones  
SK Gupta (appointed 3 February 2020)

Certain directors benefited from a Directors and Officers Liability insurance policy in place during the financial year and at the date of this report.

### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

### Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 1. Note 1 describes the going concern assessments made by the Board.

By order of the board



**CL Jones**  
Director

c/o Tenmat Ltd  
Ashburton Road West  
Trafford Park  
Manchester  
M17 1TD  
16 September 2020

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing 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 the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAILKO LIMITED**

### **Opinion**

We have audited the financial statements of Railko Limited (the 'company') for the year ended 31 December 2019 which comprise the Profit and loss account, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 15, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to note 1 and note 15 of the financial statements which describes the potential economic disruption the company may face as a result of COVID-19 which is impacting consumer demand. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAILKO LIMITED (continued)**

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

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

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

### **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 have not identified material misstatements in the directors' report.

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, 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAILKO LIMITED (continued)**

**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.

Ernst & Young LLP

Anne Wong (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester  
16 September 2020

**Profit and loss account**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>	2018 £000
<b>Turnover</b>	2	<b>813</b>	980
Cost of sales		<b>(373)</b>	(430)
<b>Gross profit</b>		<b>440</b>	550
Distribution costs		<b>(43)</b>	(44)
Administrative expenses		<b>(113)</b>	(105)
<b>Operating profit and profit on ordinary activities before taxation</b>	3	<b>284</b>	401
Tax on profit on ordinary activities	6	-	-
<b>Profit for the year</b>		<b>284</b>	401

The turnover and profit for the year arise wholly from continuing operations.

The notes on pages 11 to 16 form part of these financial statements.

**Statement of other comprehensive income**  
*for the year ended 31 December 2019*

	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Profit for financial year</b>	<b>284</b>	401
Other comprehensive income for the year, net of income tax	-	-
<b>Total comprehensive income for the year</b>	<b>284</b>	401

The notes on pages 11 to 16 form part of these financial statements.

**Balance sheet**  
 at 31 December 2019

	<i>Note</i>	<b>2019</b>		<b>2018</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Current assets</b>					
Stocks	7	-		4	
Debtors	8	3,339		3,120	
Cash at bank and in hand		633		68	
		<hr/>		<hr/>	
<b>Creditors: amounts falling due within one year</b>	9	<b>3,972</b>		<b>3,192</b>	
		<b>(1,919)</b>		<b>(1,423)</b>	
		<hr/>		<hr/>	
<b>Net current assets</b>			<b>2,053</b>		<b>1,769</b>
			<hr/>		<hr/>
<b>Net assets</b>			<b>2,053</b>		<b>1,769</b>
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	10		1		1
Profit and loss account			2,052		1,768
			<hr/>		<hr/>
<b>Shareholder's funds</b>			<b>2,053</b>		<b>1,769</b>
			<hr/>		<hr/>

The notes on pages 11 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 16 September 2020 and were signed on its behalf by:



**CL Jones**  
 Director

**Statement of changes in equity**  
*for the year ended 31 December 2019*

	Called up share capital £000	Profit and loss account £000	Total Equity £000
Balance at 1 January 2018	1	1,367	1,368
<b>Total comprehensive income for the period</b>			
Profit for the period	-	401	401
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	401	401
Transactions with owners recorded directly in equity:			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
<b>Balance at 31 December 2018</b>	<b>1</b>	<b>1,768</b>	<b>1,769</b>
Balance at 1 January 2019	1	1,768	1,769
<b>Total comprehensive income for the period</b>			
Profit for the period	-	284	284
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	284	284
Transactions with owners recorded directly in equity:			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
<b>Balance at 31 December 2019</b>	<b>1</b>	<b>2,052</b>	<b>2,053</b>

The notes on pages 11 to 16 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Railko Limited (the "Company") is a company incorporated and domiciled in the UK.

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

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

The Company's ultimate parent undertaking at December 2019, Diamorph Group Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Diamorph Group Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Diamorph Group Holdings Limited by writing to Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.

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, tangible fixed assets, and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

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

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis.

#### ***Going concern***

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors Report on pages 1 to 2.

The Company is part of the Diamorph Group Holdings Limited trading group ('the Group'). The Company has net current assets of £2.1m at the balance sheet date, however it is party to the loan agreements entered into by other group companies and is therefore appropriate to consider the ability of the Group as a whole to meet its liabilities as they fall due when assessing the going concern status of the company.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern (continued)*

The Board has considered the impact of the ongoing COVID-19 situation. The Group has continued production throughout the pandemic and manufactures materials for a number of sectors. To date the group has not experienced any significant disruption as a result of employee absence, supply chain or distribution networks and none is foreseen at present. However, social distancing and other modifications have been required to our factories and offices to comply with the working practices mandated by the government. The Group also adjusted manufacturing production in line with a lower demand from customers. We furloughed some UK employees to mitigate costs and reduced discretionary spend during April and May. From June we started to bring back furloughed staff in line with increased demand from the building sector as sites reopened. Recent demand has been positive albeit not yet back to last year's levels. The group has remained profitable and generated net cash throughout the recent COVID-19 affected period. It remains too early to ascertain the overall impact on our full year 2020 revenue and profitability.

The Board has performed a number of stress tests to assess the Group's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements, with a focus on 1) the sufficiency of liquidity to fund operations, and 2) whether the Group is forecast to be in compliance with its loan covenants.

The Directors have prepared forecasts for the Group covering a period through to 30 September 2021. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability and cashflows. The forecasts have been sensitised for a reduction in for the remainder of the current financial year with the impact on profitability and cash flow considered, net of certain expected cost savings given the reduced volumes. The forecasts have also been reverse stress tested with some further cost mitigations, each within the control of the business. The Board has already introduced a reduction in overhead spending and short-term capital investment in order to conserve cash.

In the most severe but plausible scenario forecasted, the Group would still meet its bank covenant requirements and would retain sufficient liquidity to fund operations.

In the reverse stress tested scenario, the Group would need further mitigating action such as reducing overhead spend permanently, delaying capital expenditure or using surplus funds to repay debt in order to avoid breaching its loan covenants.

Having considered all the above, the directors remain confident that the Group will continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

#### *New and amended standards and interpretations*

The Company has started to apply IFRS 16 Leases which is effective from 1 January 2019. The effects of the transition are immaterial and, as such, the opening balance of 2019 has not been affected. Further details on the accounting policies can be found below.

#### *Foreign currencies*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Non-derivative financial instruments*

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

#### *Trade and other debtors*

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

The Company makes an estimate of the recoverable value of trade and other debtors utilising the expected credit loss (ECL) model. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debts, historical experience and future economic factors.

#### *Trade and other creditors*

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

#### *Interest-bearing borrowings*

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

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### *Taxation*

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

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

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

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

#### *Turnover*

Turnover is generated from the sale of products. Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

The performance obligation in a contract mainly consists of providing goods, and the revenues from sales of products are recognised when the performance obligation is fulfilled and control over the product is transferred to the customer. In most circumstances, this date coincides with the delivery of the goods to the customer.

**Notes (continued)**

**1 Accounting policies (continued)**

**Dividends**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**2 Analysis of turnover**

The directors have elected not to disclose turnover by class of business in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as it would be seriously prejudicial to the interest of the company.

**3 Operating profit**

The audit fee is paid by a fellow subsidiary undertaking.

**4 Remuneration of directors**

The directors did not receive any remuneration during the year (2018: £nil) in respect of services to the Company as these services are inconsequential to their other roles. Directors are paid by Group companies, Tenmat Limited and Modular Stock Limited.

**5 Staff numbers and costs**

The Company had no employees other than the directors in the year (2018: nil).

**6 Taxation on profit on ordinary activities**

*Recognised in the profit and loss account*

	2019	2018
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Tax charge/(credit) on profit on ordinary activities	-	-
	-	-

*Factors affecting the tax charge for the current and future periods*

The UK Government has set the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019. The UK Government had previously announced a reduction in the Corporation Tax rate to 17% which would have been effective from 1 April 2020. However, at Budget 2020, the government announced that the Corporation Tax main rate for the year starting 1 April 2020, would remain at 19%.

**Notes (continued)**

**6 Taxation on profit on ordinary activities (continued)**

*Reconciliation of total taxation*

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<b>284</b>	<b>401</b>
Current tax at 19% (2018: 19%)	<b>54</b>	<b>76</b>
<i>Effects of:</i>		
Group relief not paid for	<b>(54)</b>	<b>(76)</b>
Total tax charge/(credit)	<b>-</b>	<b>-</b>

**7 Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Finished goods and goods for resale	<b>-</b>	<b>4</b>

**8 Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	<b>98</b>	<b>213</b>
Amounts owed by parent undertaking	<b>3,241</b>	<b>2,907</b>
	<b>3,339</b>	<b>3,120</b>

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Amounts payable to parent undertaking	<b>1,914</b>	<b>1,421</b>
Amounts payable to fellow subsidiary undertakings	<b>5</b>	<b>2</b>
	<b>1,919</b>	<b>1,423</b>

**Notes (continued)**

**10 Called up share capital**

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1	1
	1	1

**11 Commitments**

The Company had £nil commitments at the end of the year (2018: £nil).

**12 Dividends**

	2019 £000	2018 £000
<i>Equity – ordinary</i>		
Final paid £nil per ordinary share (2018: £nil)	-	-
	-	-

**13 Ultimate parent company**

As at December 2019, the Company was a wholly owned subsidiary undertaking of Tenmat Limited, a company incorporated in England and Wales.

The smallest and largest group in which the results of the company were consolidated is that headed by Diamorph Group Holdings Limited. No other group financial statements include the results of the Company. The consolidated accounts of this company are available to the public and may be obtained from Diamorph Group Holdings Limited by writing to Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.

The ultimate controlling party is Epiris GB Limited, a company incorporated and registered in Jersey, and controls as general partner the following partnerships, Epiris Fund II LP, Epiris Fund II (B) LP, Epiris Fund II FFP LP and Epiris TC LP which hold the majority of shares in Diamorph Group Holdings Limited. Epiris GB Limited is an institutional private equity fund manager based in the UK.

**14 Pledge assets, contingent liabilities and commitments**

During 2019, the Group entered into a new senior secured bank facility agreement. The bank facility contains a number of commitments and guarantees, to which the Company is a party, and is secured against the shares of certain companies within the Group.

**15 Post balance sheet events**

Post 31 December 2019, serious macro-economic pressures occurred as a result of the Covid-19 pandemic. It is still too early to ascertain the impact this may have on our full year 2020 revenue and profitability. The group remained profitable and generated cash throughout this period. Should a further outbreak of COVID-19 result in further restrictions on our ability to manufacture, the Directors will undertake a further review on discretionary expenditure and capital investment to protect the Group's liquidity and debt compliance position.

There is the potential should the impact of COVID-19 persist, for write down of fixed assets (goodwill, intangibles, tangible assets and investments) alongside increases in bad debt provisions and debt write offs should customers enter financial difficulty. The Group has insurance in place to mitigate the risk of bad debts and has reviewed credit limits recently to ensure credit offered is appropriate.