

Registered No. SC055254

IMI Systems Limited

Strategic Report, Directors' Report and financial statements

For the year ended 31 December 2013

(Registered in Scotland - number SC055254)



IMI SYSTEMS LIMITED

**Strategic Report, Directors' Report and financial statements
for the year ended 31 December 2013
Registered No. SC055254**

CONTENTS

Strategic Report	1
Directors' Report	2
Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	3
Independent auditor's report to the members of IMI Systems Limited	4-5
Profit and loss account	6
Balance sheet	7
Reconciliation of movements in shareholder's funds	8
Notes to the financial statements	9-12

IMI SYSTEMS LIMITED
Registered No. SC055254
Strategic report
for the year ended 31 December 2013

The directors of IMI Systems Limited ("Company") present this Strategic Report for the year ended 31 December 2013.

Principal activities and review of the business

The Company acquired the shares of Pneumatex Manufacture SA on 21 October 2013 for consideration of €6,725,624 following which the shares of Pneumatex Manufacture SA were cancelled and the company was merged into IMI Systems Limited under the EU Mergers Directive. As a result the assets and liabilities of Pneumatex Manufacture SA have been transferred into IMI Systems Limited. Following the acquisition the Company is no longer dormant and will operate as a non-trading entity. The directors are not, at the date of this report, aware of any likely major changes in the company's activities in the next year.

IMI plc manages its operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

Given the nature of this entity's operations and the fact it is financed by IMI plc, the principal risks and uncertainties are the same as those which relate to the group as a whole. The details of which can be found in the IMI plc annual report and financial statements, which do not form part of this report.

By Order of the Board



I Ronald
Director

25 September 2014

IMI SYSTEMS LIMITED
Registered No. SC055254
Directors' Report
for the year ended 31 December 2013

The directors of IMI Systems Limited ("Company") present their report and the financial statements for the year ended 31 December 2013.

Results and dividends

The results are set out on page 6. The profit for the year was £5,178 (2012: nil).

The Company has paid no dividends in either this year or the last. The directors do not recommend a final dividend for the year (2012: nil).

Directors

The directors who held office during the year and prior to the approval of these accounts are as follows:

J O'Shea
I Ronald (appointed 28 March 2013)
H Afford

The company's ultimate parent, IMI plc, maintained directors' liability insurance for all directors during the financial year.

Disclosure of information to the 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 they should have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Company participates in the group's centralised treasury function and so shares funding arrangements with its parent and fellow subsidiaries. Having assessed the responses of the directors of IMI plc, the Company's ultimate parent, to their enquiries, the Company's directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of IMI plc to continue as a going concern or its ability to continue with the current funding arrangements.

The Company is dependent upon continuing financial assistance being made available by its parent, to enable it to continue operating and meeting its liabilities as they fall due. This finance and support is available for a period of at least twelve months after the date of approval of these financial statements, subject to the Company remaining a subsidiary of the IMI plc Group. This support has been confirmed in writing to the directors and the directors believe it is therefore appropriate to prepare financial statements on a going concern basis.

Auditors

Pursuant to Section 485 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the Board



I Ronald
Director

25 September 2014

IMI SYSTEMS LIMITED**Statement of Directors' Responsibility 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 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 period. In preparing those 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;
- 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 to 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 IMI Systems Limited

We have audited the financial statements of IMI Systems Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Ernst & Young LLP

Helen McLeod-Jones (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

25 September 2014

IMI SYSTEMS LIMITED
Profit and loss account
for the year ended 31 December 2013

	Notes	2013 £	2012 £
Release of intercompany creditor		14,260	-
Administrative expenses		(7,179)	-
Operating profit		<u>7,081</u>	<u>-</u>
Net exchange loss on foreign currency assets/liabilities		(1,521)	-
Profit on ordinary activities before taxation	2	<u>5,560</u>	<u>-</u>
Tax on profit on ordinary activities	5	(382)	-
Profit for the financial year		<u><u>5,178</u></u>	<u><u>-</u></u>

All activities relate to continuing operations.

There is no material difference between the loss before taxation and the profit for the financial year as shown in the profit and loss account and their historical cost equivalents.

There were no recognised gains or losses in either the current or preceding year other than the profit for the financial year.

IMI SYSTEMS LIMITED
Balance sheet
as at 31 December 2013

	Notes	<u>2013</u>		<u>2012</u>	
		£	£	£	£
Current assets					
Debtors: amounts falling due within one year	6	43,947		-	
Cash at bank and in hand		97,078		-	
Creditors: amounts falling due within one year	7	<u>(150,107)</u>		<u>(14,260)</u>	
Net current liabilities			(9,082)		(14,260)
Total assets less current liabilities and net liabilities			<u>(9,082)</u>		<u>(14,260)</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		(9,182)		(14,360)
Shareholder's deficit			<u>(9,082)</u>		<u>(14,260)</u>

These financial statements were approved by the board of directors on 25 September 2014 and were signed on its behalf by:



I Ronald
Director

IMI SYSTEMS LIMITED**Reconciliation of movements in shareholder's funds
for the year ended 31 December 2013**

	2013 £	2012 £
Profit for the financial year	<u>5,178</u>	<u>-</u>
Net reduction in shareholder's deficit	5,178	-
Opening shareholder's deficit	(14,260)	(14,260)
Closing shareholder's deficit	<u>(9,082)</u>	<u>(14,260)</u>

IMI SYSTEMS LIMITED
Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements present information about the Company and not the group as the Company is exempt from the requirement to prepare group financial statements under Section 400 of the Companies Act 2006.

Cash flow

The Company is exempt from the requirements of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of IMI plc and its cash flows are included within the consolidated cash flow statement of that company.

Related parties

Transactions with other wholly owned IMI plc group companies, being related parties under FRS 8, have not been disclosed in these financial statements as the company is itself a wholly owned subsidiary of that group.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Going concern

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

The Company participates in the group's centralised treasury function and so shares funding arrangements with its parent and fellow subsidiaries. Having assessed the responses of the directors of IMI plc, the Company's ultimate parent, to their enquiries, the Company's directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of IMI plc to continue as a going concern or its ability to continue with the current funding arrangements.

The Company is dependent upon continuing financial assistance being made available by its parent, to enable it to continue operating and meeting its liabilities as they fall due. This finance and support is available for a period of at least twelve months after the date of approval of these financial statements, subject to the Company remaining a subsidiary of the IMI plc Group. This support has been confirmed in writing to the directors and the directors believe it is therefore appropriate to prepare financial statements on a going concern basis.

IMI SYSTEMS LIMITED
Notes to the financial statements
for the year ended 31 December 2013

2. Profit on ordinary activities before taxation

Operating profit has been arrived at after charging an impairment of goodwill arose on acquisition of Pneumatex Manufacture SA of £4,165.

No amount in respect of auditor's remuneration has been included in arriving at the result for the year as this cost has been borne by another group company.

3. Remuneration of directors and employees

The directors of the company are remunerated by IMI Kynoch Ltd. The directors consider that the level of their qualifying services provided to this company both in this year and the last are inconsequential in the context of their other roles within the group.

The Company had no employees during this year or the last.

4. Acquisitions

The Company acquired the shares of Pneumatex Manufacture SA on 21 October 2013 for consideration of €6,725,624 (£5,691,963). The investment in Pneumatex Manufacture SA was included in the company's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition of Pneumatex Manufacture SA

Net assets at date of acquisition

	Book Value £	Revaluation Adjustment £	Fair value to group £
Debtors	5,643,664	(4,165) (a)	5,639,499
Cash at bank	95,353	-	95,353
Creditors	(47,054)	-	(47,054)
Net assets	<u>5,691,963</u>	<u>(4,165)</u>	<u>5,687,798</u>
Goodwill arising on acquisition			<u>4,165</u>
			<u>5,691,963</u>
Discharged by:			
Intercompany payable to IMI Kynoch Limited			<u>5,691,963</u>
			<u>5,691,963</u>

Adjustments:

(a) write-down of debtors following the reassessment of the recoverability of certain aged debts

Following the purchase, the assets and liabilities of Pneumatex Manufacture SA have been transferred into IMI Systems Limited as the company was merged into IMI Systems Limited under the EU Mergers Directive. Pneumatex Manufacture SA had identifiable net assets with a value of £5,687,798. The goodwill recognised on acquisition was impaired as result of the forecast future profitability of the business. This impairment loss was £4,165. Subsequently, Pneumatex Manufacture SA shares were cancelled and so there is no investment at the year end.

IMI SYSTEMS LIMITED
Notes to the financial statements
for the year ended 31 December 2013

5. Taxation

(a) Tax on profit on ordinary activities

	2013 £	2012 £
<i>Current tax</i>		
UK Corporation tax at 23.25% (2012: 24.5%)	<u>382</u>	-
Total current tax (note 5(b))	<u>382</u>	-
 Tax on profit on ordinary activities	 <u>382</u>	 <u>-</u>

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the year is lower than (2012: the same as) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are reconciled below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>5,560</u>	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	1,293	-
Effects of:		
Non-taxable income/expenses not deductible for tax purposes	<u>(911)</u>	-
Total current tax charge (note 5(a))	<u>382</u>	<u>-</u>

(c) Factors that may affect future charges

The Finance Act 2012 enacted further reductions in the UK corporation tax rate from 24% to 23% from 1 April 2013. Additional changes to the main rate of UK corporation tax were enacted in the Finance Act 2013, to reduce the rate to 21% by 1 April 2014 and to 20% from 1 April 2015. These changes were substantively enacted in July 2013. Accordingly, the average weighted rate of corporation tax in the UK for the 2013 calendar year was 23.25% (2012: 24.5%).

6. Debtors

	2013 £	2012 £
Corporation tax	<u>43,947</u>	-
	<u>43,947</u>	<u>-</u>

IMI SYSTEMS LIMITED
Notes to the financial statements
for the year ended 31 December 2013

7. Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	146,766	14,260
Other creditors	<u>3,341</u>	<u>-</u>
	<u>150,107</u>	<u>14,260</u>

Amounts advanced to parent and fellow subsidiary undertakings are established at arm's length terms and bear interest at the relevant LIBOR plus an appropriate margin.

8. Called up share capital

	2013 £	2012 £
<i>Authorised:</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

9. Reserves

	Profit and loss account £
At beginning of year	(14,360)
Profit for the year	<u>5,178</u>
At end of year	<u>(9,182)</u>

10. Ultimate parent company

The ultimate parent undertaking, and controlling party, is IMI plc, which is incorporated in England and Wales. The immediate parent undertaking is IMI Holdings Limited. A copy of the group financial statements of IMI plc can be obtained from:

The Company Secretary
IMI plc
Lakeside
Solihull Parkway
Birmingham Business Park
Birmingham B37 7XZ

Or at www.imiplc.com