Rubix Group Holdings Limited
(formerly IPH-Brammer Holdings Limited)

Annual Report and Financial Statements

For the year ended 31 December 2018

Company number: 10485684

Rubix Group Holdings Limited and its advisers

Registered office
Rubix Group Holdings Limited
St Ann's House
1 Old Market Place
Knutsford
Cheshire WA16 6PD
Registered in England and Wales number 10485684

Bankers and primary debt providers
Lloyds Bank plc
40 Spring Gardens
Manchester M2 1EN

BNP Paribas Fortis SA/NV
Montagne du Parc 3
B-1000 Brussels
Belgium

Goldman Sachs Bank USA
Peterborough Court
133 Fleet Street
London EC4A 2BB

HSBC Bank plc
HSBC House
Mitchell Way
Southampton
Hampshire SO18 2XU

Danske Bank
75 King William Street
London EC4N 7DT

Morgan Stanley Bank International Limited
25 Cabot Square
Canary Wharf
London E14 4AA

GSO Capital Opportunities Fund
345 Park Avenue
New York NY 10154

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
1 Hardman Square
Manchester M3 3EB

Directors and officers

Martin Gaarn Thomsen (Chief Executive Officer – Executive) – appointed 1 April 2018
Martin Gaarn Thomsen became CEO of Rubix in April 2018. Before joining us, he served as the group COO for ISS A/S, one of the world's leading facilities services companies, with more than 480,000 employees and activities in over 70 countries.

Martin's earlier career with ISS included the position of CEO for ISS in Denmark. In this role, he led a major transformation of the home market of the ISS Group, delivering significant improvements in employee engagement, customer satisfaction, sales growth and profitability. He also held positions as Regional CEO of Western Europe and Regional CEO of Asia & Pacific, expanding the business into five new markets and turning the region into high growth and high profitability across 13 countries. Before joining ISS in 1999, Martin worked with Coca-Cola and PA Consulting Group.

He holds a master's degree in Economics from the Copenhagen Business School.

Duncan Magrath (Chief Financial Officer – Executive) – to 30 April 2019
Duncan Magrath became Chief Financial Officer in April 2016, after four years as a non-executive board member of Brammer plc. Before then, he spent nine years at Balfour Beatty plc, a listed €10 billion revenue UK-based international infrastructure company. For seven of these years, he served as Chief Financial Officer.

Duncan qualified with PriceWaterhouse before joining Exel plc, a UK-listed global logistics company now part of DHL, where he held a number of positions in the UK and USA over 13 years, culminating in his appointment as Director of Investor Relations and Financial Strategy.

Duncan has a wide range of financial and corporate experience, is a chartered accountant and holds a master's degree in Engineering from Cambridge University.

Duncan will step down from the Board on 30 April 2019 and will be replaced by Andrew Silverbeck.

Andrew Silverbeck (Chief Financial Officer – Executive) – from 30 April 2019
Andrew will become Chief Financial Officer with effect from 30 April 2019. Before joining Rubix, he was Chief Financial Officer of ERM (Environmental Resources Management), the world's leading environmental and sustainability consulting firm, for twelve years between 2006 and 2018.

Andrew qualified as a chartered accountant with Arthur Andersen, working in the UK and US, before joining Lend Lease where he held a number of positions, including global CFO of its construction business, Bovis Lend Lease.

Andrew holds a master's degree in Mathematics from Oxford University and a post-graduate degree in Mathematical Statistics from Cambridge University.

Johan Sleebus (Industry Experience – Non-Executive Chairman)
Johan Sleebus, was appointed to the Board of Rubix in September 2017. He was Non-Executive Chairman of Brammer Limited from February 2017.

Johan Sleebus has significant experience of the industrial parts market, having started working for Baudoin nv as a sales & marketing manager in 1993. Following their acquisition by Eriks in 2004, he was appointed managing director of Baudoin, one of the biggest operating companies within ERIKS. At the beginning of 2010, he was appointed as member of the executive board of ERIKS nv. In July 2011 he became CEO and Chairman of the executive board, a position he held until he left Eriks in 2014.

He also co-owns and is a director of Belgian interior design firm Schevenels Project Interieurs, and is also a director of Lidwina vzw.

Johan obtained a Master Degree in Applied Economics from the University of Antwerp.

Jan Janshen * (PE owner - Non-Executive)
Jan Janshen joined the Board in September 2017. He joined Advent in 2000 and co-heads Advent in Europe. Prior to this, Jan spent two years with 3i, helping to establish the firm's Hamburg office. He began his career as a consultant with Roland Berger Strategy Consultants in Munich. Jan has advised on 22 investments in total; 20 during his time at Advent, including Ammeraal Beltech, Corialis, GFKL, INNIO (formerly GE Distributed Power), Laird Limited, Unit4 and V.Group.

Jan has a degree in Business Administration from the University of Kiel.

He is currently also a director of IDEMIA and Laird.

Directors and officers (continued)

Hermann Maier (Industry experience - Non-Executive)
Hermann Maier became Chief Commercial Officer of Rubix in March 2018 after serving as CEO for Brammer since 2017 and COO with responsibility for overseeing integration from September 2017. With 23 years of experience in the industrial distribution industry, Hermann has a strong track record in a wide variety of roles including business development, business transformation and complex integrations.

As a Member of the Executive Board at Eriks Group from 2002 to 2015, Hermann had global responsibility for the entire products and services portfolio, all regional management teams across Europe, North America and the Far East and led the global acquisition strategy. Before that, he was the CEO of Eriks Germany and Central Europe between 1997 and 2001.

Hermann moved from his executive role into a non-Executive role with effect from 1 January 2019.

Shonnel Malani * (PE owner - Non-Executive)
Shonnel Malani joined the Board in September 2017. He joined Advent in 2011 and focuses on buyouts in the financial services and industrial sectors. Shonnel has been a private equity investor since 2004, working primarily on large and mid-cap buyouts at Bain Capital and Centerbridge Partners, prior to joining Advent. Shonnel began his career as an investment banker with Morgan Stanley. Shonnel has worked on Advent's investments in Ammeraal Beltech, Domestic & General, Laird Limited and Nets.

Shonnel earned his BCom from McGill University, an MBA from The Wharton School and a MPA from the Fels Institute of Government at the University of Pennsylvania.

He is currently also a director of Laird Limited.

Vartan Vartanian (Industry experience - Non-Executive)
Vartan joined the Board in September 2017 and is Chairman of the Audit Committee. He is a Senior Industry and Certified Board Advisor with a 40 year career, living in seven countries. He held a number of senior positions in SKF (a major supplier to the Rubix Group), including President Industrial Market Regional Sales and Service, and being a member of the Executive Committee. Since retiring from SKF in 2015 he serves as Industry Advisor to Advent International, and Board member of Quant AB and Minalyze AB.

Vartan has a mechanical engineering degree from the University of Toronto, and has attended a number of executive programs, including the London Business School, Stanford University and Duke University, and obtained Certification of Corporate Governance from INSEAD.

Sebastian Veil * (PE owner - Non-Executive)
Sebastien Veil joined the Board in September 2017. He joined Advent in 2016 from the private equity firm PAI Partners where he worked for seven years. While at PAI, Sebastien was involved in the sourcing, execution, and monitoring of large and mid-cap buyouts in France, the UK and Spain. Prior to PAI, Sebastien worked as an adviser to the President of the French Republic, specialised in labour laws. Sebastien began his career as a junior judge at the French Supreme Court for Administrative Justice (Conseil d'Etat).

Sebastien holds an MSc in Economics from Ecole Normale Superieure in Paris, and a MPA from Ecole Nationale d'Administration.

Pierre Pouletty – was Group CEO until his resignation on 16 March 2018.

* Also a Director of Advent International Corporation, a leading global Private Equity firm and the ultimate controlling party of the Company.

Strategic Report

Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited, "the company") was incorporated on 18 November 2016 as a wholly owned subsidiary of funds managed by Advent International Corporation, a leading global Private Equity firm, for the purpose of facilitating the acquisition of the Brammer group on 6 February 2017 and the acquisition of the IPH group on 14 September 2017.

The Rubix Group ("the Group") is a market leading pan-European distributor of industrial products and services.

We are an authorised distributor for many of the world's leading engineering component manufacturers. We operate in two key markets across Europe: principally maintenance, repair and overhaul (MRO) where we supply products and services for the technical maintenance of industrial production; and also original equipment manufacturer (OEM) where we supply components for the manufacturing process. Across these two markets, we supply bearings, mechanical power transmission components, fluid power, and tools and general maintenance products, together with engineering and associated industrial services.

Our customers are some of the biggest companies in their sectors. These sectors include automotive, food and beverage, energy, environment, chemicals, aircraft and space.

For these companies, we help drive their business forward supporting their need for profitability, productivity, quality and consistency. Our customers work with us to reduce complexity and improve the control and transparency of their MRO activity and spend.

Our market
We operate in a highly fragmented market. With a market share of approximately 2%, our market share will not be a constraint to growth for many years to come.

Our operations
Our geographic footprint covers 22 countries, which gives us a more extensive European coverage than any of our competitors. The ability to offer a single source of supply across a wide geography is highly valuable to our customers who are increasingly seeking a trusted level of consistent quality and service across multiple countries and locations. We strive to achieve a consistent level and quality of service, staff skills and product range across our businesses.

We have a strong portfolio of in-market brands with strong reputations in their countries. These include, amongst others, Brammer, Giner, Minetti, Orexad and Zitec.

Our unique selling points
Our customers across Europe realise that purchasing MRO supplies can be complex and expensive. They choose to partner with us to take advantage of our value proposition which, based on our knowledge of the production process, understanding of supplier products, specific market requirements and extensive product range, is designed to help customers:

- consolidate MRO spend with a lower number of suppliers;
- reduce their total purchasing spend;
- increase production line efficiency;
- avoid breakdowns;
- minimise costly and unplanned downtime; and
- improve working capital.

Our customer base consists of a highly diverse portfolio of companies catering to numerous end markets, ranging from industrial to consumer products. We serve over 220,000 customers in every manufacturing sector, leveraging our pan-European network and delivering 24/7/365 locally across Europe from our network of national distribution centres. We have a strong base of large pan-European customers and major national accounts.

Our strategy
The Group has unrivalled geographic coverage, with best-in-class operations and customer access within businesses of all sizes across Europe, giving us the opportunity to sell our full product and service range by building relationships and demonstrating our skills and experience. Our product range extends across both technical and non-technical product categories, enabling the Group to take a unique multi-specialist approach in bringing our range to the market.

The number of manufacturing companies seeking to reduce the amount of suppliers continues to increase, prompting them to look for partners who can meet their needs both locally and on a pan-European level. We continue to consolidate MRO supply, reducing the total costs of component acquisition and increasing production efficiency.

The Group is a European market leader in a highly fragmented market and we continue to use our M&A capabilities to identify and execute acquisitions aligned to our strategy and which consolidate our position in the market.

Strategic Report (continued)

In light of this and other trends in the market and our customer segments, the Group has defined a number of strategic priorities in the coming 3 years, including:

1. Growing organically with a particular focus on leveraging our European scale to drive growth in key accounts;
2. Growing in our key product categories;
3. Expanding our value-added services offering to complement our broad product range;
4. Growing the penetration of digital channels; and
5. Continuing to be the industry consolidator of choice.

We use a number of strategic KPIs to measure our progress against these priorities in addition to our financial KPIs, including % revenue in digital channels, % own-brand revenue and % revenue in key accounts.

Principal risks and uncertainties
The management of the business and the execution of the strategy are subject to a number of risks and uncertainties.

Rubix Group applies an integrated approach to business risk management whereby, as far as possible, risk identification, evaluation and response are carried out by persons within the business with the relevant operational responsibility and experience. The operational management of the risks is facilitated through a number of means, such as Group policies and procedures, training, internal controls, reporting reviews and approval processes, all of which are coordinated and overseen by the related Group functions. The Board reviews these activities on a regular basis.

Operational risks are assessed by the Group's subsidiaries. These are reviewed along with appropriate mitigation considered by Group management and the Board reviews these assessments on a regular basis. A formal Group-wide review of strategic risks is performed by the Board annually and appropriate processes and controls are also put in place to monitor and mitigate these risks within the risk management structure set out below.

Risk Management Structure

Risk Management		Operational	Internal Functions
		Management review	Internal audit and central support
Business Functions	Business Entity Level		✓
	Central functions	✓	✓
	IT and infrastructure	✓	✓
	Secretarial, legal and human resources	✓	✓

The principal risks affecting the Group are considered below:

Withdrawal or loss of a major supplier		
Risk Rubix Group is dependent on its key suppliers which it represents in a multi-brand environment to Rubix Group's existing customer base. *Impact* The unforeseen withdrawal or loss of a major supplier would cause significant harm to the Group's ability to service customers in the short term.	*Strategic Importance* The business strategy of the Rubix Group includes leveraging economies of scale when purchasing in order to provide better value for customers across our geographical footprint.	*Controls and Mitigation* The relationship with strategic suppliers is mutually dependent and enhanced by our partnership approach to key accounts. In addition, concentrating spend with core suppliers enables favourable purchasing terms including rebates. A significant reduction of purchases in any one year can have an impact on rebates or pricing from suppliers. Rubix Group continues to invest time in maintaining strong relationships with its core suppliers, although due to the range of suppliers it deals with, the loss of any one supplier can be mitigated by moving spend to an alternative supplier.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Loss of a major customer		
Risk There is always a risk that the Group loses a significant key account contract. *Impact* The loss of significant numbers of key accounts will have an adverse effect on turnover growth and an impact on other focus areas of cross-selling opportunities. As a distributor in a fragmented market Rubix derives great benefits from its first class reputation as an industry leader in its service offering to key accounts, which could be potentially damaged with significant loss of major customers.	*Strategic Importance* A core part of the growth strategy for the Group is a focus on winning and maintaining those significant customers it views as key accounts.	*Controls and Mitigation* Rubix Group does not have dependency on any single customer, with no customer representing > 1% of turnover. Key account customers are carefully monitored by the senior management team via regular reviews and reporting, and via a comprehensive groupwide key account strategy to ensure European-wide coordination where possible.
E-commerce		
Risk There is a risk that the Group does not operate and maintain suitable e-commerce solutions in comparison to competitors. *Impact* Failure to adapt to changing market conditions and customer behaviour would lead to loss of market share.	*Strategic Importance* Rubix strives to provide 'best in class' service to customers. Appropriate e-commerce solutions are a key part of this.	*Controls and Mitigation* The Group's strategy continues to assess the opportunities and threats of this to our markets. Investment in our IT and operational infrastructure as well as in appropriate staff is targeted to ensure Rubix is able to provide an on-line service to compete effectively and support growth through e-commerce channels as this market grows.
Expected benefits from acquisitions may not be realised		
Risk Acquisitions involve a number of risks related to the performance of the acquired business and challenges arising from integration. *Impact* If benefits from acquisitions are not realised, there will be an impact on forecasted group performance and the potential for disruption to the underlying core business.	*Strategic Importance* Part of the Rubix strategy is growth through selective acquisitions.	*Controls and Mitigation* Through a formal and well established acquisition strategy, potential targets are carefully researched prior to any purchase by an experienced Mergers & Acquisition team and are closely monitored by Rubix Group's management subsequent to acquisition.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Expected benefits from business integration may not be realised		
Risk As the Group continues to evolve there is a key risk around the ongoing business integrations and the potential synergies not being fully realised as forecast. *Impact* Business integration initiatives involve risks related to the successful delivery of these savings and the potential of causing disruption to the underlying businesses due to restructuring of back-office functions.	*Strategic Importance* Part of the strategy of the combined Rubix Group is to extract cost and purchasing synergies from the increased size of the combined group.	*Controls and Mitigation* The integration programme is managed and reviewed by a well-resourced central Program Management Office. Results are reviewed on a regular basis, and additional support provided where needed to ensure delivery of the expected benefits.
Loss of infrastructure/systems		
Risk IT infrastructure and associated systems, including business ERPs, could fail to function in a timely and accurate fashion. *Impact* Failure of our IT infrastructure or key IT systems would result in loss of information, inability to operate effectively, financial or regulatory penalties and would adversely affect our reputation. For Rubix Group, which is a distributor of products, these key processes are in the area of stock and order management, sales and delivery management and transactional record keeping, including financial books and records.	*Strategic Importance* We strive to achieve a consistent level and quality of service across our businesses and functional IT infrastructure and systems are a fundamental requirement to achieve that.	*Controls and Mitigation* As with most large organisations that depend on Information Technology for their day-to-day operations, there are disaster recovery plans in place for the major countries where Rubix Group operates. In these territories, there are overnight and real-time back-up systems in place and stored offsite which can be expected to mitigate the worst effects of such disruption. Integration teams continually work to develop Group-wide solutions to business critical processes which provide improved security and resilience against failure in the event that issues occur in our operations.
Theft of commercially sensitive data		
Risk Rubix maintains various operational databases at country and Group level including customer lists, supplier lists, price lists and sales data. There is a risk that this data is stolen maliciously or misused intentionally. *Impact* Operational, financial and reputational damage could result from theft and misuse of such data.	*Strategic Importance* Part of the Rubix Group strategy is to maintain a trusted level of consistent quality and service across multiple countries and locations, fundamental to this is the security of the data entrusted to us and gathered in the course of business.	*Controls and Mitigation* Data security measures employed to reduce this risk include limited access to key infrastructure and contingency planning to minimise operational impacts. The Group has a dedicated IT security function which works in collaboration with in-country resource to maintain the technical and administrative controls around security of IT assets including data. A comprehensive suite of Information Security policies have been rolled out and are readily available for all employees across the group.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Fraud		
Risk There is a risk of fraudulent actions of our employees. *Impact* Fraudulent activity can lead to financial and reputational loss for the Group.	*Strategic Importance* The integrity of business information is a crucial part of all the Groups strategic objectives.	*Controls and Mitigation* Our organisation is geographically diverse with several thousand employees and the requirement for a strong control environment to manage risk and minimise opportunities for fraud is recognised. Management conduct regular periodic reviews with country management including control assessments. An internal audit function performs independent reviews to ensure the effectiveness of the control environment to mitigate fraud and other risks. The Group has a whistleblowing policy, enabling concerns to be raised from anyone in the organisation. A whistleblowing telephone / email / internet portal, provided by an independent third party, has been rolled out across the Group.
Loss of key employees		
Risk There is a risk of inability to retain key employees across the group. *Impact* The loss of key employees would lead to loss of information, damage to customer/supplier relationships and an inability to execute business strategy.	*Strategic Importance* The loss of key employees will affect our ability to meet our key strategic targets.	*Controls and Mitigation* The Group regularly reviews its remuneration and succession plan arrangements to ensure that key managers are recognised and developed. To ensure continuity and maximise our competitive advantage the Group remains committed to a number of incentive schemes linked to the Group's results, which have been designed to retain key managers. Where appropriate, employment contracts contain relevant provisions regarding interaction with competitors and customers. Industry benchmarking and the use of external advisors form part of the recruitment process for key managers to ensure high calibre recruits to key roles.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Exit of UK from the European Union (“Brexit”)
Since the last Annual report was issued the situation around Brexit has continued to be unclear. Rubix Group put into place a series of contingencies aimed at smoothing the impact of Brexit and continues to monitor the situation.

In October 2018 the Group appointed a Brexit Preparation Manager in the UK. There followed a structured plan and approach to preparing the business for the worst case scenario. In October 2018 a detailed questionnaire was issued to the Group’s supplier base. The responses enabled a Brexit preparedness database to be built, from which we were able to base risk mitigation actions.

The actions included suppliers increasing inventory, lead time forecasts being reviewed and implemented into stock management systems, deferment account deposit, local inventory increases in support of “Insites”, alternative logistic options, simplified importation registration, and a workflow review to prepare for increased import & export administration and compliance.

From the database a “Hard Brexit” Risk Analysis for our Strategic, Key and major Regional Accounts was produced. This proactive engagement provided them with a review of EU influence on the products they purchase from Rubix Group, and a recommendation of any contingency actions they might wish to consider. This resulted in both order placement but more critically places Rubix Group in the highest professional standing in our customer’s opinion, and is a significant differentiator to other MRO and tools and general maintenance providers.

Rubix Group has awareness of and has taken action in respect to taxation collection post Brexit, to the impact on its intercompany trading platform and to the management of its master data system in respect to tariff coding.

Financial and capital risks
The Group’s principal financing facility comprises fixed term loans totalling €1,042 million (2017: €952 million) with maturity dates of 2024 and 2025, a revolving credit facility of €135 million in place until 2023 and preference shares repayable in 2027 with a par value of £145.9 million, equivalent to €162.2 million (2017: €164.3 million).

The dividend charge on the redeemable preference shares for the year to 31 December 2018 was £16.6 million; €18.7 million (2017: £4.7 million; €5.3 million) and is payable on repayment of the preference shares. Rubix Group has sufficient available resources to meet its foreseeable requirements. Whilst the level of debt is significant, the associated covenants put in place by the lenders at the time allow a high degree of flexibility and consequently the Group has sufficient headroom to deliver its strategy.

The Group has limited dealings in derivative instruments. Derivatives used in hedging activities are considered risk management tools and are not used for trading purposes. The Group uses derivative instruments to manage exposure to fluctuations in foreign currency exchange rates and to reduce volatility in the interest charge. The Group uses foreign currency forward contracts to minimise currency exposure from expected future cash flows. These foreign currency contracts have not been designated as hedging instruments. Interest rate derivatives are designated as hedging instruments.

The closed defined benefit scheme in the UK continues to be subject to various financial risks, principally based around the value of the current deficit in the scheme. The Group may be required to make exceptional additional contributions outside the scope of its current funding plan by The Pensions Regulator.

Distraction from core business
Pursuing growth initiatives, acquisitions or transformation projects can cause a loss of focus on the core business. Additional resource has been put in place to review the overall programmes and measure the impact of various different projects.

Strategic Report (continued)

Our performance

Underlying annual result

In order to provide a more meaningful analysis of the performance of the business the tables below adjust the statutory results for both 2018 and 2017 to an underlying annual result.

For 2018 these adjustments are shown in two columns. The first column excludes from the statutory result the results from the Swedish MRO business that was sold in 18 May 2018. The second column excludes the results of other businesses that are in the process of being exited, but who do not meet the accounting definition of discontinued businesses. These businesses are non-core for the Group with operations in markets that we do not wish to continue trading in. We expect to fully have exited these businesses before the end of 2019.

For 2017 the first column excludes the results of the Swedish MRO business and planned business exits for 2017. The statutory results of the Group for 2017 include only the post-acquisition results of the Brammer group and IPH group. The table below adds in the pre-acquisition results of the Brammer group (from 1 January 2017 to 6 February 2017) and IPH group (from 1 January 2017 to 14 September 2017) in order to present an underlying 12 month result for 2017 so that a more meaningful comparison can be made for the 2018 performance.

The impact of IFRS 16 has been then been removed from the 2018 results in order to give a comparable result to 2017, as no IFRS 16 entries were reflected within the 2017 audited statutory results.

	2018					
		Adjustments				
	2018 audited statutory result €m	Swedish MRO[1] (unaudited) €m	Planned business Exits[2] (unaudited) €m	2018 underlying annual result €m	Remove impact of IFRS 16 €m	Comparable result to 2017 €m
Revenue	2,306.8	(5.7)	(16.3)	2,284.8	-	2,284.8
Gross Margin	718.2	(1.3)	(4.9)	712.0	-	712.0
Gross Margin %	*31.1%*	*22.8%*	*30.1%*	*31.2%*	-	*31.2%*
Sales, Distribution and Administration costs*	(590.0)	5.6	6.7	(577.7)	(5.8)	(583.5)
Sales, Distribution and Administration costs* %	*25.6%*	*98.2%*	*41.1%*	*25.3%*	-	*25.5%*
Underlying operating profit*	128.2	4.3	1.8	134.3	(5.8)	128.5
Depreciation and amortisation	62.4	(0.1)	(0.1)	62.2	(36.5)	25.7
EBITDA*	190.6	4.2	1.7	196.5	(42.3)	154.2

* before amortisation of acquired intangibles, acquisition related costs, impairment and other exceptional items.

1 Swedish MRO costs include the cost to exit.

2 Planned business exits includes a number of small businesses which have been exited in the year to date, or which the Group has committed to exiting during 2019.

	2017				
		Adjustments			
	2017 audited statutory result €m	Swedish MRO (unaudited) €m	Planned business exits[1] (unaudited) €m	Pre-acquisition results for IPH and Brammer group (unaudited) €m	2017 underlying annual result €m
Revenue	1,241.7	(14.0)	(25.6)	1,000.4	2,202.5
Gross Margin	384.2	(5.7)	(7.2)	304.5	675.8
Gross Margin %	*30.9%*	*40.7%*	*28.1%*	*30.4%*	*30.7%*
Sales, Distribution and Administration costs*	(342.8)	7.9	6.1	(249.2)	(578.0)
Sales, Distribution and Administration costs* %	*27.6%*	*56.4%*	*(23.8)%*	*24.9%*	*26.2%*
Underlying operating profit*	41.4	2.2	(1.1)	55.3	97.8
Depreciation and amortisation	12.6	(0.4)	-	10.2	22.4
EBITDA*	54.0	1.8	(1.1)	65.5	120.2

* before amortisation of acquired intangibles, acquisition related costs, impairment and other exceptional items.

Strategic Report (continued)

Operating Performance and Key Performance Indicators
We use the following key performance indicators (KPIs) to measure and track performance. Each KPI relates directly to our long term strategy. All KPIs are measured on an annualised basis, as explained on page 10.

All underlying KPIs except where stated	**2018 €m**	2017 €m
Revenue	**2,284.8**	2,202.5
Sales growth	**3.7%**	8.5%
Sales growth excluding the impact of exited accounts	**5.9%**	8.5%
Gross margin %	**31.2%**	30.7%
Sales, Distribution and Administration costs* as a percentage of sales	**25.3%**	26.2%
Operating profit*	**134.3**	97.8
EBITDA*	**196.5**	120.2
EBITDA – comparable†	**154.2**	120.2
EBITDA return on sales*	**8.6%**	5.4%

*before amortisation of acquired intangibles, acquisition related costs and exceptional items.

†before amortisation of acquired intangibles, acquisition related costs, exceptional items and IFRS 16.

Revenue
Underlying annual revenue for the Group reached €2,284.8 million, an increase of 3.7% when compared to the underlying annual result of the combined Group in 2017, including the pre-acquisition period. A number of low profitability accounts were deliberately exited during 2017 which impacted this growth. If these accounts are excluded then underlying sales growth was 5.9% in 2018.

Gross profit
Underlying gross profit was €712.0 million (2017: €675.8 million) at a margin of 31.2% (2017: 30.7%). Gross profit benefited from the improvements in procurement conditions as a result of the combination of Brammer and IPH.

Sales, Distribution and Administration costs
Underlying annual sales, distribution and administration costs ("SDA") were €577.7 million or 25.3% of revenue (2017: €578.0 million or 26.2% of revenue). When the impact of IFRS 16 is removed from the 2018 results, SDA increases to €583.5 million or 25.5% of revenue. Savings as a result of integration work have reduced the SDA as a percentage of revenue albeit the overall figure has increased due to the impact of acquisitions.

Underlying operating profit
Underlying annual operating profit (before amortisation of acquired intangibles, acquisition related costs, impairment and other exceptional items) totalled €134.3 million, an increase of 37.3% over 2017 (2017: €97.8 million), of which IFRS 16 contributed €5.8 million.

Statutory underlying operating profit of €128.2 million (2017: €41.4 million) increased by €86.8 million compared to prior year, due to the full year impact of the IPH and Brammer acquisitions in 2017, the impact of IFRS 16 (€5.8 million) and the improved underlying performance.

Exceptional items and acquisition related costs
In the period, the Group incurred €3.6 million (2017: €23.9 million) of costs relating to third party acquisition fees (2017: acquisition of Brammer €5.4 million, IPH €17.1 million and other bolt-on acquisitions €1.4 million).

Exceptional costs within sales, distribution and administration costs totalled €73.9 million (2017: €41.9 million). This includes €36.7 million (2017: €26.9 million) relating to headcount costs, property costs and professional fees relating to the integration activities following the merger of IPH and Brammer and, in 2017, the costs relating to the Brammer turnaround programme, and €28.0 million (2017: €12.6 million) of professional fees relating to the integration of the two groups. Also included within exceptional costs are €2.5 million (2017: nil) charges resulting from the Guaranteed Minimum Pension legislation, and €6.7 million (2017: €4.3 million) of other exceptional costs. 2017 exceptional costs also included a €4.7 million exchange gain relating to the funds flow on the IPH acquisition. Further details are included in Note 8.

Interest
The net finance charge of €83.6 million (2017: €67.1 million) in the period includes a €12.9 million exceptional gain within finance costs relating to a gain on the refinancing (2017: €31.7 million exceptional charge). In 2017 the €31.7 million exceptional finance charge included €24.2 million early settlement charge on the repayment of the private placement loan notes that were repaid on 10 April 2017, along with €7.5m for the write-off of loan arrangement fees relating to the previous financing facilities.

The remaining interest charge includes €54.6 million (2017: €25.2 million) of loan interest, €18.7 million (2017: €5.4 million) of non-cash dividends due on the redeemable preference shares, €9.3 million (2017: nil) of interest on lease obligations relating to IFRS 16, €5.7 million of bank interest (2017: €1.8 million), €4.6 million (2017: €1.1 million) of amortisation of amortisation fees, €1.3 million (2017: €1.5 million) of interest on IAS 19 retirement benefit obligations, and net other of €2.3 million (2017: €0.4 million).

Strategic Report (continued)

Tax
The overall tax charge for the year was a charge of €7.6 million (2017 restated: tax credit of €14.2 million). Current year represents an effective tax rate of (9.2%) (2017: 12.6%) which is lower than the UK statutory rate for the period of 19% as a result of non-deductible preference share dividend costs with a tax impact of €3.7 million, expenses not deductible for tax purposes with a tax impact of €4.3 million (2017: €3.7 million), the tax effect of losses in the period on which no benefit was recognised of €13.6 million (2017: €4.3 million), the impact of change in tax rate of €3.6 million (2017: €2.4 million), partially offset by adjustments in respect of previous periods of €3.6 million (2017: nil).

Amortisation of acquired intangibles
The fair value of the opening balance sheet of Rubix group has been finalised during the period, including the identification of acquired intangibles consisting of customer relationships and brand names. The amortisation charge in the period relating to these acquired intangibles is €49.3 million (2017 restated: €21.6 million).

Goodwill and acquired intangible assets
Goodwill at the end of the period was €915.9 million (2017 restated: €891.4 million). 2017 goodwill has been restated following a review by the Directors post acquisition with €276.2 million transferred to intangible assets. Further details of this review is provided in note 11. During the financial year further acquisitions were completed and the goodwill arising on these amounted to €26.3 million (2017: €1,168.9), partially offset by foreign exchange movements of €1.8 million (2017: €1.3 million).

Working capital
Cash flow from changes in working capital (excluding the impact of acquisitions) was a cash inflow of €47.1 million (2017: €50.6 million) in the statutory period. Increase in inventory to support sales consumed €8.4 million of cash (2017: €3.5 million cash generation), whilst decrease in trade and other receivables contributed €111.2 million (2017: €22.1 million). A reduction in trade and other payables consumed €55.7 million (2017: €25.0 million cash generation).

Cash flow
Significant cash flows in the period include €75.4 million (2017: €39.6 million) net cash outflow on interest costs, €6.6 million (2017: €8.6 million) of tax paid and €4.7 million (2017: €3.5 million) on pension deficit funding.

Net cash generated from operating activities before exceptional and acquisition related costs totalled €150.8 million (2017: €53.2 million). Cash outflows from acquisition related costs were €3.0 million (2017: €16.9 million), and from exceptional items were €75.6 million (2017: €24.8 million).

Cash outflows relating to acquisition of businesses (including deferred consideration and buy-out of minority interests) totalled €110.1 million (2017: €1,046.3 million). Net capital expenditure totalled €19.4 million (2017: €13.1 million).

Acquisitions
During 2018 the Group acquired 8 businesses with a total annualised revenue of €104 million, for a net consideration of €53.1 million. These acquisitions contributed €3.7 million profit in the year.

Pensions
The Group holds a number of long term employee benefit schemes, which together have a net liability under IAS 19 of €54.6 million (2017: €60.5 million), including €30.5 million (2017: €37.2 million) relating to the UK scheme, €16.2 million (2017: €17.0 million) relating to the French schemes, €6.1 million (2017: €4.8 million) relating to the Italian scheme and €1.8 million (2017: €1.2 million) relating to the Swiss and other schemes. The Group benefited from a €6.5 million (2017: €19.6 million) actuarial gain in the year, predominantly driven by changes in the assumptions for the UK scheme including an increase in the discount rate from 2.60% to 2.90%.

Financing and covenants
The Group is funded primarily by a combination of fixed term loans of €1,042 million (2017: €952 million), redeemable preference shares €162.2 million (2017: €164.3 million) and a revolving credit facility of €135 million (2017: €135 million). The interest rates and length of these facilities are shown on page 38.

Whilst the level of debt is significant, the associated covenants put in place by the lenders at the time allow a high degree of flexibility and consequently the Group has sufficient headroom to deliver its strategy. The debt facilities carry a single financial covenant being the ratio of proforma EBITDA and senior secured net debt (excluding preference shares and local facilities), which must not exceed 7.45x. The covenant is measured quarterly from September 2018 onwards only if the RCF is drawn more than 40%. As at 31 December 2018, the applicable senior secured net leverage was 3.43x (2017: 3.49x).

Strategic Report (continued)

The future
The merger of IPH and Brammer in late 2017 provided a great platform on which to build a market leading European distributor. We will focus on 2019 in improving our services to our customers through our key product categories and value added services and growing our penetration of digital channels and accelerating this growth through selective acquisitions.

Approved by the Board of Directors and signed on behalf of the Board

Duncan Magrath
Chief Financial Officer
29 April 2019

Directors' Report

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2018 (comparatives are for the period from 18 November 2016 to 31 December 2017).

Private Equity Ownership
Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited), "the company", was incorporated on 18 November 2016 as a wholly owned subsidiary of funds managed by Advent International Corporation, a leading global Private Equity firm, for the purpose of facilitating the acquisition of the Brammer group on 6 February 2017 and the acquisition of the IPH group on 14 September 2017.

Founded in 1984, Advent International is one of the largest and most experienced global private equity firms. With offices on four continents, it has a globally integrated team of more than 190 investment professionals, focused on buyouts and growth equity investments in five core sectors. Since initiating its private equity strategy in 1989, Advent has invested $43 billion in over 340 private equity investments across 41 countries and, as at 30 September 2018, managed $39 billion in assets.

Details of the directors and their relationship with Advent International can be found on pages 2 to 3.

Statement of compliance of the Walker guidelines for Portfolio Companies of Private Equity Shareholders
In preparing the Annual Report, the directors have complied with the mandatory requirements of the Guidelines for Disclosure and Transparency in Private Equity (the 'Guidelines'), with the exception of Carbon reporting requirements which is in the process of being collated and will be presented on the Group's website by 30 June 2019.

Principal activities of the Group
As at 31 December 2018, the principal activity of the Group is as a leading pan-European added value distributor of high quality industrial maintenance, repair and overhaul products and the provision of related inventory management, procurement and logistics services.

On 6 February 2017, Rubix Group Midco 3 Limited (formerly IPH-Brammer Midco 3 Limited) completed the acquisition of the Brammer group, acquiring the entire issued share capital of Brammer plc (now renamed Rubix Group International Limited). On 14 September 2017, the Group completed the acquisition of the IPH group.

Throughout the period, Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited) was the holding company for the Group. Its operating subsidiaries as at 31 December 2018, all of which are wholly owned except where stated, are shown on pages 84 to 89 together with details of their locations.

Financial results and dividend
The strategic report contains information on the Group's activities during the period and likely future developments. The principal risks and uncertainties affecting the business are set out in the strategic report as shown on pages 5 to 9. The financial key performance indicators of the business, which are considered to be revenue growth, gross margin percentage, and return on sales are reviewed in the strategic report as shown on page 11.

No dividend has been paid or declared for the period.

Directors
Details of each of the directors who served throughout the period and up to the date of signing the financial statements are shown on pages 2 to 3.

Directors' and Officers' liability insurance and indemnities
The company purchases liability insurance cover for directors and officers of the company and its subsidiaries which gives appropriate cover for certain legal action brought against them. The company has also provided an indemnity for its directors to the extent permitted by the law in respect of certain liabilities incurred as a result of their office. The indemnity would not provide any coverage to the extent that a director is proved to have acted fraudulently or dishonestly nor will it provide any indemnity directly or indirectly (to any extent) against criminal fines, penalties imposed by regulatory bodies, the defence costs of criminal proceedings where the director is convicted, the defence costs of civil proceedings successfully brought against the director by the company or an associated company and the costs of unsuccessful applications by the director for relief.

The directors also have the benefit of the indemnity provision contained in the company's articles of association which is a qualifying indemnity provision within the meaning of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and individual deeds of indemnity from the company. This indemnity provision was in force during the period and at the date of approval of these financial statements.

Substantial shareholdings
As at 31 December 2018, the entire issued ordinary share capital of the company was owned by AI Global Investments CY S.C.A. The redeemable preference shares shown in note 21 are held by GSO Capital Opportunities Fund.

Directors' Report (continued)

Shares
The issued ordinary share capital of the company is shown in note 25 and consists of ordinary shares of 1p each. All of the issued ordinary shares rank pari passu. The redeemable preference shares are shown in note 21.

Financial Risk Management
The Group's financial risk management objectives and policies and exposure to market risk (foreign exchange risk and hedging activities together with cash flow and interest rate risk), credit risk and liquidity risk are disclosed in the notes to the financial statements on pages 36 to 39.

Employees

Employee Engagement and Employee Development
The Group values the commitment of its employees and recognises the importance of good working relationships and communication.

A formal human resources policy framework is followed throughout the Group. The framework includes a process of appraisal and development to ensure group companies get the best from their people; emphasis has been placed on career pathways with individual training and development programmes.

The Group operates internationally and therefore its employment practices are varied to meet local conditions and requirements. These are established on the basis of the best practice for each individual country. New and existing staff at all levels are trained to become familiar with products, markets, systems, service standards and management skills in order to better satisfy customer needs and to enhance their own career prospects.

In order to gain deeper understanding of employee engagement across the Group, a company-wide survey was conducted in Q3 2018. The overall Engagement score reported was 63, which was 5 points above the European average benchmark and the employee Net Promoter Score (eNPS) was -31% against the European benchmark of -10%. An action plan has been put in place based on the findings of the survey to drive improvement in employee engagement and eNPS and promote effective organisation-wide communication.

Gender Diversity
The percentage of male and female employees within the Rubix Group at 31 December 2018 is shown below:

	2018		2017	
	Male	**Female**	Male	Female
Directors of Rubix Group Holdings Limited	**100%**	**-**	100%	-
Senior Manager	**90%**	**10%**	88%*	12%*
Other Employees	**73%**	**27%**	74%	26%

* Figures restated from the originally reported 82% Male and 18% Female, to reflect harmonised data definitions.

Non-discrimination and employment of disabled persons
The Group is committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. Both employment policy and practice in the Group are based on non-discrimination and equal opportunities.

The Group remains supportive of the employment and advancement of disabled people. It is the policy of the Group to give full and fair consideration to applications for employment received from disabled persons, having regard to their particular aptitudes and abilities; and wherever possible to continue the employment of, and to arrange appropriate training for, employees who have become disabled persons during the period of their employment. The Group provides the same opportunities for training, career development and promotion for disabled persons as for other employees.

Human Rights and Business Ethics
Rubix Group is committed to acting with honesty, integrity, in accordance with the highest ethical standards and in compliance with all applicable local and international legislation.

The Group has policies and procedures which reflect the requirements of the Bribery Act 2010 and all other international and national anti-corruption laws in force wherever Rubix operates. In 2018 a comprehensive employee Code of Conduct and Ethics was issued by the Directors which includes anti-corruption and anti-bribery provisions, conflict of interest and corporate hospitality guidelines, as well as anti-money laundering and anti-facilitation of tax avoidance policies. This Code is available to employees on the Group intranet. In 2018 Rubix also made available a whistleblowing mechanism administered by a third party to enable employees to voice compliance related concerns in a responsible and effective manner, thus helping to prevent and detect serous malpractice or wrongdoing, in particular but not exclusively related to fraud, corruption and violation of law.

Directors' Report (continued)

Human Rights and Business Ethics (continued)
Rubix Group Holdings Limited is committed to upholding and respecting human rights and in 2016 became a full signatory to the United Nations Global Compact (UNGC), which includes commitments to report and respect the protection of human rights and ensure we are not complicit in human rights abuses. Rubix ensures that each and every one of its operating companies is compliant with all legislation and the provisions of the Universal Declaration of Human Rights.

Rubix Group does not condone and will not participate in any form of human exploitation, including child or forced labour, slavery and people trafficking. Rubix Group is aware of the provisions of the Modern Slavery Act 2015 and, in compliance with this, in 2016 the Group published its Modern Slavery Act Transparency Statement on its website at the following address https://www.rubix-group.com.

The Group also acts in compliance with all applicable national laws in relation to minimum wage, working time regulations and overtime pay, and is supportive of ensuring that employees are paid a living wage.

The Group endeavours to select suppliers who adopt high ethical standards which are consistent with Rubix Group's corporate beliefs and values. Rubix Group expects its suppliers (and their subcontractors) to operate their businesses and conduct employee relations in an ethical manner and to meet the requirements stipulated by both international and regional laws and industry standards.

Health and Safety
The Group strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. In addition the Group aims to minimise the risk of work based accidents by ensuring systems are in place to address health and safety matters.

The Group encourages the involvement of employees and aims for continual improvement in health and safety matters through a formal structure with a training, reporting and review process. Compliance with health and safety policies and legislation is monitored on a country by country basis. The goal of the Group is to achieve best practice in all of its operations. Progress on implementation of country-specific health and safety plans is closely monitored.

The Environment
Policies, Recognition and Accreditation
Rubix recognises that it is part of a wider community of employees, shareholders, customers, suppliers and other stakeholders, and that the Group has a responsibility to act in a way that respects the environment. This is at local, regional and national level and covers a multitude of different areas.

It is the policy of the Group, so far as is reasonably practical, to protect and conserve the local and wider environment from any adverse impacts caused by its operations and to take all reasonable steps to reduce its impact upon the environment, including reducing its carbon footprint through reducing energy consumption and proactive waste management. As a distribution business, the interests of our major stakeholders and the environment are well aligned as increased efficiencies reduce our carbon footprint, drive increased shareholder value and improve costs for customers.

Across all its operations, Rubix works hard to ensure that employees are provided with relevant environmental training and awareness, to meet all relevant legislative requirements on environmental issues and ensure all contractors follow our practices while working on site and respond promptly and efficiently to adverse occurrences. Rubix also looks favourably upon suppliers who have committed themselves to reducing their own impact upon the environment.

Rubix is working to ensure that all our businesses across the Group achieve ISO environmental, quality management and energy management accreditations.

EcoVadis
From 2019, the whole Rubix Group has been certified "EcoVadis Silver 2019", placing it under the Top 30% in Corporate Social Responsibility in our industry. EcoVadis has recognised the following strengths at Rubix:

- Some sites ISO 14001 & 50001 certified;
- Company specific awareness program toward customers on environmental issues e.g. program on energy savings;
- Monitoring of direct and indirect $CO2$ emissions;
- Provision of products with an eco-label;
- Measures to reduce paper consumption and increase use of recycled packaging;
- Measures to optimize transport or reduce $CO2$ emissions from transport;
- Reduction of energy consumption through employee awareness programs; and
- Company reports to Carbon Disclosure Project (CDP) and fossil fuel energy consumption.

Directors' Report (continued)

The Environment (continued)

Energy Use
It is the policy of Rubix across all of its operations to:

- consider the life cycle environmental effects of investment in premises and equipment;
- promote energy awareness amongst employees and customers, ensuring that all staff are aware of the Group's energy policy;
- implement energy awareness and savings throughout all our premises and equipment where it is cost effective to do so;
- monitor and report energy performance in an appropriate way;
- ensure that during refurbishment of any premises consideration is given to environmental impacts; and
- comply with all applicable legislation concerning the impacts of Rubix's energy usage.

The Group has various initiatives in place in order to reduce energy use, for example:

- the Group continues to update its IT systems and to utilise the most efficient technology available, including "cloud" storage;
- employees are encouraged to leave all computers on standby mode, if they are not in use;
- at weekends, all non-essential servers, faxes and printers are shut down and all computers are turned off;
- better control of temperature and regulation of the hours of use of oil at national distribution centres ('NDCs') to reduce consumption;
- the promotion of electronic mail and telephone rather than post;
- investment in video and mobile conferencing facilities in order to reduce the amount of travel undertaken by employees; and
- energy saving lamps are used wherever possible and steps are taken to ensure that all lights are turned off when they are not in use. Movement sensors are installed in lighting wherever practicable to ensure reduced usage of electricity in low traffic areas.

Transport is obviously a key area for Rubix when considering energy use and reduction. Rubix has the following Group-wide initiatives in place in relation to transport:

- review of current wider group transport solutions to identify efficiencies arising from shared delivery routes in the Rubix business;
- deliveries are in the main carried out overnight so that vehicles do not get held up in traffic, thus reducing their emissions. Regular review of overnight delivery routes is carried out to ensure maximum efficiency in scheduling to reduce fuel usage and thereby reduce vehicle emissions;
- vehicles with diesel particle filters are preferred and cars with low fuel consumption (fleet scheme) are utilized;
- employees are encouraged to optimise their use of car-pooling, use of public transport and limit the amount of air flights;
- drivers are asked to conserve their speed as this is more energy efficient. Hybrid and electric cars are offered to employees as part of certain of the Group car schemes; and where possible Rubix continues to minimise CO_2 emissions, with improved GPS delivery routes introduced to reduce fuel costs.

Recycling and Waste Reduction
It is the policy of Rubix across all its operations to seek to conserve energy and natural resources by minimising waste, recycling paper, glass and residual waste where possible and maximising the use of renewable resources.

Initiatives in this area include:

- encouraging recycling and reusing old packaging within NDCs and administration centres across the Group;
- suppliers are asked to use reusable pallets rather than disposable ones;
- the use of more environmentally friendly packaging is encouraged;
- employees are encouraged to separate waste;
- re-usable plastic totes have been introduced with certain customers to reduce waste further. Electronic purchasing is utilised to minimise paper usage;
- printing is carried out through central printers in order to reduce paper consumption; and
- a number of projects have been implemented to re-utilise boxes for all internal transport and to improve the recycling rates at both NDCs and branches.

Directors' Report (continued)

The Environment (continued)

Greenhouse gas ('GHG') emissions

The Group employs the services of an independent consultant, Carbon Clear, to produce a Carbon Accounting tool to measure our global carbon footprint. The carbon accounting methodology adopted is aligned with the GHG Protocol Corporate Standard, an internationally recognised standard which provides guidelines for companies and other organisations preparing a GHG emissions inventory.

The GHG Protocol Standard classifies emissions into three scopes, outlined below:

Scope 1 - Direct Emissions from greenhouse gas sources owned or controlled by the organization;
Scope 2 - Energy Indirect Emissions from the generation of imported electricity, heat or steam consumed by the organization; and
Scope 3 - Other Indirect Emissions which are consequences of an organisation's activities but arise from sources that are owned or controlled by other organisations.

Using best-practice as recommended by the GHG Protocol, the Rubix group of companies has been reporting its GHG emissions and we are working on establishing a process to implement a structured and integrated approach to carbon reporting. This will allow Rubix to report a carbon footprint, enabling the organisation to identify opportunities for improving its environmental performance across the Group.

Data for the year ending 31 December 2018 is in the process of being collated and at the time of preparing the Annual Financial Report was not available for inclusion. This data will be published on our website at https://www.rubix-group.com.

Going Concern

The directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for twelve months from the date of the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

This conclusion is based on a review of the resources available to the Group, taking into account the Group's financial projections together with available cash and committed borrowing facilities, and the covenants applicable to the bank facilities. In reaching this conclusion, the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in market conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the directors would consider undertaking. The Group's forecasts and projections, taking account of these sensitivities analysis, show that the Group is well placed to operate within the level of its current facilities over the next 18 months.

During 2018 the Group secured an additional €90 million funding as an extension of existing facilities in order to provide additional financing capacity (see note 18).

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Appointment

Resolutions to appoint PricewaterhouseCoopers LLP (PwC) as independent auditors to the company and to authorise the directors to determine their remuneration will be proposed at the annual general meeting.

Post balance sheet event

Acquisitions completed post year end and other post balance sheet events are detailed in note 32 on page 74.

On behalf of the Board

Duncan Magrath
Director
29 April 2019

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Duncan Magrath
Director
29 April 2019

Independent auditors' report to the members of Rubix Group Holdings Limited

Report on the audit of the group financial statements

Opinion

In our opinion, Rubix Group Holdings Limited's (formerly IPH-Brammer Holdings Limited) group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated balance sheet as at 31 December 2018; the Consolidated income statement and statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
ISAs (UK) require us to report to you when:

- 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 group'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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of IPH-Brammer Holdings Limited (formerly IPH-Brammer Holdings Limited)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited) for the year ended 31 December 2018.

H. Mac

Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 April 2019

Consolidated income statement

For the year ended 31 December 2018

	Note	**31 December 2018 €m**	Period from 18 November 2016 to 31 December 2017 (Restated[1]) €m
Revenue	4	**2,306.8**	1,241.7
Cost of sales		**(1,588.6)**	(857.5)
Gross profit		**718.2**	384.2
Sales, distribution and administration costs		**(667.5)**	(408.6)
Amortisation of acquired intangibles		**(49.3)**	(21.6)
Operating profit/(loss)		**1.4**	(46.0)
*Adjusted operating profit**		**128.2**	41.4
Amortisation of acquired intangibles	12	**(49.3)**	(21.6)
Acquisition related costs	7	**(3.6)**	(23.9)
Exceptional items – sales, distribution and administration costs	8	**(73.9)**	(41.9)
Operating profit/(loss)		**1.4**	(46.0)
Finance income	5	**13.8**	1.1
Finance expense	5	**(97.4)**	(68.2)
Net finance expenses		**(83.6)**	(67.1)
Loss before tax	6	**(82.2)**	(113.1)
*Adjusted profit before tax**		**31.7**	6.0
Amortisation of acquired intangibles	12	**(49.3)**	(21.6)
Acquisition related costs	7	**(3.6)**	(23.9)
Exceptional items – sales, distribution and administration costs	8	**(73.9)**	(41.9)
Exceptional items – finance costs	8	**12.9**	(31.7)
Loss before tax	6	**(82.2)**	(113.1)
Taxation	9	**(7.6)**	14.2
Loss for the year / period		**(89.8)**	(98.9)
Attributable to:			
Owners of the parent		**(89.8)**	(100.9)
Non-controlling interests		**-**	2.0
Loss for the year/ period		**(89.8)**	(98.9)

*Adjusted operating profit and adjusted profit before tax are before the impact of amortisation of acquired intangibles, acquisition related costs and exceptional items.

[1]The prior period comparatives have been restated to reflect the measurement period adjustments in respect of business combinations. See note 1.

The notes on pages 40 to 74 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2018

	Notes	31 December 2018 €m	Period from 18 November 2016 to 31 December 2017 (Restated[1]) €m
Loss for the year/period		**(89.8)**	(98.9)
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to the income statement			
Net exchange differences on translating foreign operations		**(3.9)**	(5.1)
Effective portion of changes in fair value of cash flow hedges		**(1.4)**	0.4
Tax on effective portion of changes in fair value of cash flow hedges		**0.2**	(0.1)
Items that are not subsequently reclassified to the income statement			
Actuarial gains on retirement benefit obligations	30	**6.5**	19.6
Deferred tax effect of actuarial gains		**(1.7)**	(4.2)
Other comprehensive (expense)/income for the year / period, net of tax		**(0.3)**	10.6
Total comprehensive expense for the year/period		**(90.1)**	(88.3)
Attributable to:			
Owners of the parent		**(90.1)**	(90.3)
Non-controlling interests		**-**	2.0
		(90.1)	(88.3)

The income tax relating to each component of other comprehensive income/(expense) is disclosed in note 9.

[1]The prior period comparatives have been restated to reflect the measurement period adjustments in respect of business combinations. See note 1.

The notes on pages 40 to 74 form an integral part of these consolidated financial statements.

Consolidated balance sheet
At 31 December 2018

	Note	2018	2017 (Restated[1])
		€m	€m
Assets			
Non-current assets			
Goodwill	11	915.9	891.4
Intangible assets	12	491.7	533.3
Other non-current assets		12.6	9.7
Property, plant and equipment	13	64.9	64.8
Right of use assets	2	119.7	-
Deferred tax assets	24	7.1	28.9
		1,611.9	1,528.1
Current assets			
Inventories	14	316.7	300.6
Trade and other receivables	15	265.9	351.7
Assets held for sale		-	2.0
Cash and cash equivalents	16	101.5	109.6
Derivative financial instruments	20	7.4	11.7
Current tax assets		6.0	3.5
		697.5	779.1
Liabilities			
Current liabilities			
Financial liabilities - borrowings	18	(65.8)	(71.2)
Trade and other payables	17	(405.9)	(439.3)
Derivative financial instruments	20	(2.2)	(2.4)
Provisions	22	(5.6)	(5.7)
Deferred and contingent consideration	23	(2.6)	(56.4)
Current tax liabilities		(5.2)	-
Lease obligations	2	(36.1)	-
		(523.4)	(575.0)
Net current assets		174.1	204.1
Non-current liabilities			
Financial liabilities - borrowings	18	(1,009.7)	(931.1)
Trade and other payables	17	-	(0.8)
Deferred tax liabilities	24	(70.4)	(97.3)
Provisions	22	-	(1.6)
Deferred and contingent consideration	23	(1.1)	(4.3)
Retirement benefit obligations	30	(54.6)	(60.5)
Lease obligations	2	(88.2)	-
Preference share liabilities	18	(193.1)	(177.6)
		(1,417.1)	(1,273.2)
Net assets		368.9	459.0
Shareholders' equity			
Share capital	25	-	-
Share premium		523.9	530.4
Cash flow hedging reserve		(0.9)	0.3
Translation reserve		14.4	11.8
Accumulated losses		(169.0)	(134.6)
Non-controlling interest		0.5	51.1
Total equity		368.9	459.0

[1]The prior period comparatives have been restated to reflect the measurement period adjustments in respect of business combinations and a change in accounting policy in respect of the measurement of non-controlling interests. See note 1.

The financial statements on pages 22 to 74 were approved by the Board on 29 April 2019 and were signed on its behalf by

Duncan Magrath
Director
29 April 2019

Consolidated statement of changes in equity

For the year ended 31 December 2018

	Share Capital	Share premium	Cash flow hedging reserve	Translation reserve	Restated[1] Accumulated losses	Restated[1] Non-controlling interest	Total
	€m	€m	€m	€m	€m	€m	€m
Period ended 31 December 2017							
Loss for the year/period	-	-	-	-	(100.9)	2.0	(98.9)
Other comprehensive income/(expense) for the period	-	-	0.3	(5.1)	15.4	-	10.6
Total comprehensive income/(expense) for the period	-	-	0.3	(5.1)	(85.5)	2.0	(88.3)
Acquisitions	-	-	-	-	(49.1)	49.1	-
Transactions with owners							
Investment from shareholder	-	547.3	-	-	-	-	547.3
Foreign exchange retranslation	-	(16.9)	-	16.9	-	-	-
Total transactions with owners recognised directly in equity	-	530.4	-	16.9	-	-	547.3
Movement in the period	-	530.4	0.3	11.8	(134.6)	51.1	459.0
Balance as at 31 December 2017	-	530.4	0.3	11.8	(134.6)	51.1	459.0
Year ended 31 December 2018							
Loss for the year	-	-	-	-	(89.8)	-	(89.8)
Other comprehensive income/(expense)	-	-	(1.2)	(3.9)	4.8	-	(0.3)
Total comprehensive income/(expense)	**-**	**-**	**(1.2)**	**(3.9)**	**(85.0)**	**-**	**(90.1)**
Acquisition of minority interests	-	-	-	-	50.6	(50.6)	-
Transactions with owners							
Foreign exchange retranslation	-	(6.5)	-	6.5	-	-	-
Total transactions with owners recognised directly in equity	**-**	**(6.5)**	**-**	**6.5**	**-**	**-**	**-**
Movement in the year	-	(6.5)	(1.2)	2.6	(34.4)	(50.6)	(90.1)
Balance as at 31 December 2018	**-**	**523.9**	**(0.9)**	**14.4**	**(169.0)**	**0.5**	**368.9**

[1]The prior period comparatives have been restated to reflect the measurement period adjustments in respect of business combinations. See note 1.

The notes on pages 40 to 74 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2018

	Note	31 December 2018 €m	Period from 18 November 2016 to 31 December 2017 €m
Cash flows from operating activities			
Cash generated from operations	26	**158.8**	63.1
Interest received		**0.1**	0.1
Interest paid		**(75.4)**	(39.6)
Tax paid		**(6.6)**	(8.6)
Funding of pension schemes less pension expense included in operating loss		**(4.7)**	(3.5)
Net cash generated from operating activities		**72.2**	11.5
Cash generated from operating activities before exceptional items		**150.8**	53.2
Cash outflow from acquisition related costs		**(3.0)**	(16.9)
Cash outflow from exceptional items - sales, distribution and admin costs		**(75.6)**	(24.8)
Net cash generated from operating activities		**72.2**	11.5
Cash flows from investing activities			
Acquisition of businesses (net of cash and overdrafts acquired)		**(52.6)**	(1,040.5)
Buy-out of minority interests		**(49.1)**	(2.2)
Deferred consideration paid on prior acquisitions	23	**(8.4)**	(3.6)
Proceeds from sale of property, plant and equipment		**0.5**	0.7
Purchase of property, plant and equipment		**(10.4)**	(9.2)
Additions to other intangible assets		**(9.5)**	(4.6)
Other cash flows from investing activities		**-**	1.6
Net cash used in investing activities		**(129.5)**	(1,057.8)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital*		**-**	529.0
Net proceeds from issue of preference share capital		**-**	156.2
Proceeds from recourse debt factoring		**33.3**	3.5
Payment of principal lease liabilities		**(33.2)**	-
Net proceeds from new loans		**89.0**	926.6
Net repayment of loans		**(9.0)**	(509.5)
Net repayment of finance leases		**-**	(0.1)
Net cash generated from financing activities		**80.1**	1,105.7
Net increase in cash and cash equivalents	27	**22.8**	59.4
Exchange loss on cash and cash equivalents		**(0.5)**	(0.7)
Net cash at beginning of the year/period		**58.7**	-
Net cash at end of the year/period		**81.0**	58.7
Cash and cash equivalents	16	**101.5**	109.6
Overdrafts	18	**(20.5)**	(50.9)
Net cash at end of the year/period		**81.0**	58.7

*Included within the net proceeds from issue of ordinary share capital is consideration of issuance of share capital of €nil (2017: €161.5 million; £140.0 million) which was settled by the parent company repaying debt directly on behalf of the Group. The associated repayment of debt of €nil; £nil (2017: €161.6 million; £140.0 million) is shown within the €nil (2017: €509.5 million) net repayment of loans line in the cash flow above.

The notes on pages 40 to 74 form an integral part of these consolidated financial statements.

Accounting policies

General information
Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited, “the company”) was incorporated on 18 November 2016 as a wholly owned subsidiary of funds managed by Advent International Corporation, a leading global Private Equity firm, for the purpose of facilitating the acquisition of the Brammer group on 6 February 2017 and the acquisition of the IPH group on 14 September 2017. The address of the registered office of Rubix Group Holdings Limited is St Ann’s House, 1 Old Market Place, Knutsford, WA16 6PD.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Basis of preparation
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) measured at fair value and assets held for sale measured at fair value less costs to sell. A summary of the more important Group accounting policies is set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain key accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are detailed in the financial risk management section III. Although these estimates are based on management’s best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

New standards, amendments to standards or interpretations
IFRS 16 ‘Leases’ has been early adopted by the Group for the year 1 January 2018 to 31 December 2018, the impact of which is disclosed under Note 2 of these Financial Statements. The 2017 comparatives have not been adjusted for the impact of IFRS 16.

The Group adopted IFRS 15 ‘Revenue from contracts with customers’ retrospectively from 1 January 2018. IFRS 15 requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. The vast majority of the Group’s revenue is generated from the delivery of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods. The Group’s other revenue generating activities primarily relating to workshop, modification and other associated services generally represents a single performance obligation. The adoption of the standard has therefore had no impact on existing revenue recognition policies.

IFRS 9 ‘Financial instruments’ has been adopted by the Group on the effective date of 1 January 2018. The adoption of IFRS 9 resulted in a change to the Group’s accounting estimates to reflect the new expected credit loss impairment model for financial assets, particularly in relation to the provision for trade receivables. Changes to the classification, impairment and measurement of financial assets and liabilities have been considered and it has been concluded these changes do not impact the group.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2018. No other accounting standards have been adopted early and none of the following standards and interpretations has had a material effect on the Group’s financial statements.

Accounting policies (continued)

New standards, amendments to standards or interpretations (continued)

Standard or interpretation	Content	Applicable for financial years beginning on or after
Amendment: IAS 40	Transfers of investment property	1 January 2018
Amendment: IFRS 2	Classification and measurement of share based payment transactions	1 January 2018
Amendment: IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018

Standards, amendments and interpretations that are not yet effective are as follows:

Standard or interpretation	Content	Applicable for financial years beginning on or after
IFRS 17	Insurance contracts	1 January 2021
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

Group accounting
Subsidiaries
Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which the Group has the ability to exercise control, and are no longer consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration paid or payable in respect of acquisitions comprises amounts paid on completion, deferred consideration and payments which are contingent on the continued employment of former owners of businesses acquired.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. Where necessary, the accounting policies of acquired subsidiaries are adjusted to bring them into line with those used by the Group. The excess of the consideration (excluding payments contingent on future employment) over the fair value of the identifiable net assets acquired is recorded as goodwill.

Payments that are contingent on future employment and transaction costs and expenses such as professional fees are charged to the income statement. Acquisition related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment of the asset transferred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Accounting policies (continued)

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the parent is GBP, however the presentational currency of the Group is Euros, and therefore the consolidated financial statements are presented in Euro.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying net investment hedges.

Group companies
Income statements, balance sheets and cash flows of foreign entities are translated into the Group's presentation currency as follows:

a) assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates for the period; and
c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to a translation reserve within shareholders' equity. Long term intercompany loans are considered as part of the net investment in foreign entities in situations when the settlement of the loan is not planned nor likely to occur in the foreseeable future.

When a foreign entity is sold, these exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The table below shows the actual primary Euro to Sterling exchange rates used in the period:

	2018	2017
Average rate	**£0.887**	£0.874
Year-end rate	**£0.899**	£0.888

Property, plant and equipment
All property, plant and equipment are stated at historical cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Freehold buildings	Individually estimated subject to a maximum of 50 years.
Leasehold properties	The term of the lease subject to a maximum of 50 years.
Equipment	3-10 years

Land is not depreciated.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Accounting policies (continued)

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition.

Goodwill is subject to impairment review, both annually and when there are indicators that the carrying value may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Acquired intangibles

Acquired intangibles principally comprise customer relationships and trade names recognised as separately identifiable assets on acquisitions and are valued at cost less accumulated amortisation. Customer relationships are considered to have estimated useful lives of between 12 and 17 years and are amortised accordingly on a straight line basis. Trade names are considered to have estimated useful lives of between 5 and 20 years and are amortised accordingly on a straight line basis.

Other intangibles - software development

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable software systems operated by the Group and will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of direct overheads.

Expenditure which enhances or extends the performance of identifiable software systems beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 7 years.

Impairment of long life assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed on an annual basis to determine whether events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated as either the higher of the asset's net selling price or value in use; the resultant impairment (the amount by which the carrying amount of the asset exceeds its recoverable amount) is recognised as a charge in the consolidated income statement.

Irrespective of whether there is any indication of impairment, goodwill and intangible assets that are not amortised (including development costs not yet amortised) are tested for impairment annually.

The value in use is calculated as the present value of estimated future cash flows expected to result from the use of assets and their eventual disposal proceeds. In order to calculate the present value of estimated future cash flows the Group uses a discount rate based on the Group's estimated weighted average cost of capital, together with any risk premium determined appropriate. Cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets. Estimated future cash flows are based on the most recent financial budgets/forecasts and also exclude any future inflows and outflows expected to arise from future restructuring or from improving or enhancing the asset's performance.

For the purpose of assessing impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows.

Leases

The Group has early adopted IFRS 16 'Leases', on 1 January 2018 ahead of its effective date, applying the modified retrospective approach. For details on the impact at transition please refer to notes 2 and 3.

Under IFRS16 the Group accounts for contracts, which convey the right to control the use of an identified asset for a period of time in exchange for consideration, as leases. At lease commencement date, the Group recognises a lease obligation liability and a right-of-use asset.

The lease obligation liability is measured at the present value of the remaining lease payments over the lease term, discounted using the incremental borrowing rate. The right-of-use asset is valued at the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date. The lease term is determined as the non-cancellable period of a lease taking into account any extension or termination options if they are reasonably certain to be exercised.

Accounting policies (continued)

Leases (continued)
Following initial recognition, the right of use asset is depreciated on a straight line basis to the end of the lease term. The carrying value of the lease obligation liability is reduced to reflect lease payments made and increased due to interest charges incurred reflecting the discount unwind over the life of the lease.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC are disclosed separately in note 2, if they are different from those under IFRS 16, and the impact changes is disclosed in note 3.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Inventories
Inventories are stated at the lower of cost, determined on a weighted average cost formula, and net realisable value. Cost of inventory includes the costs of purchase of finished goods and materials, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Other costs include direct inbound freight costs (i.e. transport, handling and other costs directly attributable to the procurement of finished goods and materials). Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Provisions are made for slow moving and obsolete items. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Trade receivables
Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the best estimate of the amount recoverable.

Trade receivables are derecognised when sold under a non-recourse factoring agreement and substantially all of the risks and rewards of ownership of the receivable have transferred.

Impairment

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables - see note 15.

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

The group assessed, at the end of each reporting period, whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

Trade payables
Trade payables are non-interest bearing and are stated at their nominal value. Trade payables are initially recognised at fair value and subsequently held at amortised cost.

Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at cost. For the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Deferred and contingent consideration
The amounts recognised as liabilities for deferred and contingent consideration are the directors' best estimates of the actual amounts which will be payable and exclude payments contingent on future employment. Deferred consideration is discounted at an appropriate risk-free rate.

Deferred consideration relates to acquisitions made after the application date of IFRS 3 (revised) 'Business combinations' and accordingly changes in estimates are reflected in the income statement, except for changes in estimates made during the measurement period resulting from new information obtained about facts and circumstances that existed as of the acquisition date. Changes resulting from events after the acquisition date such as meeting an earnings target are reflected in the income statement within acquisition related costs.

Accounting policies (continued)

Fair value measurement of contingent consideration
Where contingent consideration is forfeitable in some of the instances in which the vendors might leave the business, certain amounts payable under contingent consideration arrangements resulting from business combinations in these financial statements are treated as remuneration in accordance with IFRS 3 (revised). These are assessed at fair value and charged to the income statement during the period over which the Group receives the benefit of the vendors' employment services. The determination of this fair value is based on an estimate of the future performance of the business which is dependent on the acquired business's performance over a specific future timeframe and is therefore subject to estimation uncertainty. These amounts are disclosed within acquisition related costs in the income statement.

Employee benefits
Defined Contribution schemes
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior years. Contributions are charged to the income statement in the year in which they arise.

Defined Benefit schemes
A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The operating and financing costs of such plans are recognised separately in the income statement; service costs are spread systematically over the lives of employees and financing costs are recognised in the years in which they arise. The net interest charge on the defined benefit liability is included in finance expense.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent advisers using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of comprehensive income. Past service costs are recognised immediately in the income statement.

On 26 October 2018, the High Court issued a judgement relating to Guaranteed Minimum Pensions (GMPs) in the "Lloyds case". Although the ruling relates to the Lloyds Banking Group pension schemes, it likely creates a precedent for other UK defined benefit pension schemes. The ruling requires the equalisation of member benefits to address gender inequality in instances where GMP benefits are currently unequal. The Trustees adopted method C2 in order to determine the cost of equalising for GMPs, which was identified in the Lloyds judgement as the "minimum interference" method. Method C2 is based on a cumulative test of pension amounts paid allowing for interest on pension payments and the financial effect on the Scheme's liabilities as at 31 December 2018 were an increase of approximately 1.4% for liabilities in respect of members not covered by the PIC policy, and an increase of 2.0% for liabilities in respect of members covered by the PIC policy. The resulting additional liability of £2.2 million (€2.5 million) has been recognised as a Past Service Cost and has been shown within exceptional costs in the profit and loss account (note 8).

Other long-term employee benefits
The Group's net obligation in respect of long-term benefits other than pension plans, corresponds to the future benefits acquired by employees in exchange for services rendered in the current and prior periods. These benefits mainly include long-service awards.

Actuarial gains and losses as well as past service costs relating to long-term employee benefits other than pensions are recognised directly in income.

Termination Benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Profit sharing and bonus plans
Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Accounting policies (continued)

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost. The transaction costs incurred are amortised over the expected life of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Derivative financial instruments
The Group does not enter into speculative derivative contracts. The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. It principally employs forward foreign exchange contracts and interest rate caps to hedge the risks associated with interest rate and foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions.

Certain derivative financial instruments are designated as hedging instruments in line with the Group's risk management policies. Hedges are classified as follows:

- cash flow hedges when they hedge exposure to variability in cash flows that is attributable to a particular risk that is associated with a forecast transaction; or
- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

All derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently remeasured to their fair value at each balance sheet date. The fair value of forward exchange contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments and is the amount that the Group would receive or pay to terminate the swap at the balance sheet date.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Hedge accounting
All derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured to their fair value at each balance sheet date. We have continued to apply the hedge accounting requirements of IAS 39.

(a) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the years when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate caps hedging variable rate borrowings is recognised in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Accounting policies (continued)

Hedge accounting (continued)

(b) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or expenses or, in the case of the derivative instruments linked to the redeemable preference shares, within 'finance costs'.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and differences in critical terms between the interest rate swaps and loans. There was no ineffectiveness during 2018 or 2017 in relation to the interest rate swaps.

Current and deferred income tax

Current tax
The current income tax charge is calculated on the basis of the tax laws enacted or subsequently enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Deferred tax

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Current or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

No deferred tax asset or liability is recognised in respect of temporary differences associated with investments in subsidiaries, branches, associates and joint ventures, where the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Provisions
Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Restructuring provisions include lease termination penalties and employee termination payments. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the best estimate of the amount to be spent and are discounted where material.

Share capital and share premium
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Preference shares are classified as liabilities.

The Group's share capital and share premium is denominated in Sterling and is retranslated to Euro at the balance sheet date using the applicable exchange rate at the balance sheet date.

Accounting policies (continued)

Revenue recognition
Revenue from the sale of goods is attributable to contracts with third parties and over the counter sales via our branch network and is recognised when control over the goods has transferred to the buyer representing a single performance obligation which is satisfied upon delivery of the relevant goods. This occurs on either the dispatch of goods from a distribution centre or when goods are received by the customer, if over the counter sales, or delivered via a branch network.

Revenue is measured net of returns, refunds or other obligations due to customers for goods returned to the seller. Revenue consists of the invoiced value for the sale of goods net of value added tax and after the deduction of customer rebates and discounts allowed and after eliminating sales within the Group. Payment is due, on average, within 60 days of delivery.

Where performance obligations exist that are satisfied over time rather than on the dispatch of goods revenue is recognised as those performance obligations are satisfied and contract assets and liabilities recognised accordingly. Returns provisions and early settlement discounts are based on experience over an appropriate period whereas volume discounts are based on agreements with customers and expected volumes. There has been no significant change to the Group's accounts policy for revenue as a result of the adoption of IFRS 15 from 1 January 2018.

Customer rebates
The Group has various rebate arrangements with a number of customers, with these arrangements based on the volume of products purchased.

Customer rebates are accrued as earned and are recorded as a deduction against revenue. Management recognise accruals based on forecast performance with regards to contractual terms and regularly update forecasts based on actual sales to customers.

Supplier rebates
In line with industry practice, the Group has agreements ("Supplier rebates") with a number of its suppliers whereby volume-based rebates, marketing support and other discounts are received in connection with the purchase of goods for resale from those suppliers.

Rebates relating to the purchase of goods for resale are accrued as earned and are recorded initially as a deduction in inventory (calculated by reference to stock turn) with a subsequent reduction in cost of sales when the related product is sold. Management recognise accruals on forecast performance based on contracts and regularly update forecasts based on cost of goods sold and purchases.

Exceptional items
IAS 1 'Presentation of financial statements' requires material items of income and expense to be disclosed separately. Exceptional items are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the Group's financial performance.

Acquisition related costs
Acquisition related costs comprise external transaction costs pertaining to the Group's acquisition strategy and other acquisition costs. Also included is the remuneration element of consideration payable to vendors of businesses acquired contingent on their continued employment, together with any charge or credit arising from the periodic reassessment of the amounts of earn-outs estimated to be payable based on the post-acquisition performance of businesses acquired.

Interest expense
Interest costs comprise interest payable and commitment fees on third party debt facilities and overdrafts, dividends on redeemable preference shares, amortisation of loan arrangement fees, costs associated with the Group's debt factoring arrangements and IAS 19 pension interest costs.

Non-controlling interests
The Group has elected to measure non-controlling interests at fair value at the date of acquisition.

Financial risk management

I. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange price risk), credit risk, liquidity risk, cash flow and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates in accordance with Group policy.

a) Market risk

(i) Foreign exchange risk and hedging activities

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to Sterling. Foreign exchange risk arises primarily from recognised assets and liabilities and also net investments in foreign operations.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in currency units is shown in note 18.

The Group does not believe the foreign exchange risk exposure is significant on other financial instruments. The Group has significant investments in foreign operations, whose net assets are exposed to foreign exchange currency translation risk.

Subsidiary operations operate primarily in local currency or have minimal net exposure to foreign currencies.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group seeks to minimise cash deposits held at banks; surplus cash is used to repay external debt. The Group manages liquidity with a combination of short term cash forecasts that look three months forward on a rolling basis and identify short term cash surpluses and requirements. Long term cash requirements are identified with a five year financial planning model that uses scenario based planning to assess the impact of the Group's strategic plans on profitability and liquidity.

b) Credit risk

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectable were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor would enter bankruptcy or financial reorganisation; and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision where there was no expectation of recovering additional cash.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. The Group also utilises a non-recourse factoring facility across a number of its subsidiaries.

Management monitors rolling forecasts of the Group's liquidity position on the basis of expected and projected cash flow.

Financial risk management (continued)

I. Financial risk factors (continued)

d) Contractual obligations

The table below analyses the maturity profile of the Group's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date. Short-term creditors, including trade creditors and accruals, are excluded from the analysis as they are considered to form part of the Group's day-to-day operating cycle.

2018	**Less 1 year**	**1-5 years**	**More than 5 years**	**Unamortised assets**	**Total**
	€m	**€m**	**€m**	**€m**	**€m**
Debt obligations excluding overdrafts (note 18)	**45.3**	**4.0**	**1,044.8**	**(39.1)**	**1,055.0**
Redeemable preference share obligations (note 21)	**-**	**4.1**	**189.0**	**-**	**193.1**
Finance lease obligations (note 18)	**-**	**-**	**-**	**-**	**-**
	45.3	**8.1**	**1,233.8**	**(39.1)**	**1,248.1**

2017 (restated)	Less than 1 year	1-5 years	More than 5 years	Unamortised assets	Total
	€m	€m	€m	€m	€m
Debt obligations excluding overdrafts (note 18)	19.9	6.9	953.1	(29.8)	950.1
Redeemable preference share obligations (note 21)	-	4.3	173.3	-	177.6
Finance lease obligations (note 18)	0.4	0.9	-	-	1.3
	20.3	12.1	1,126.4	(29.8)	1,129.0

Debt obligations comprise the principal amount of borrowings where the borrowings are drawn down against a facility which is available for more than one year. Under the revolving credit facility each drawing is a separate utilisation and interest is payable at the maturity of each utilisation. No utilisation is made for a period greater than six months.

The redeemable preference shares include a call option, allowing the Group the option of early repayment. This call option has been recognised as a derivative financial asset (note 20) with a corresponding increase in the fair value of the preference share liability which will unwind, through interest, over the life of the preference shares. The redeemable preference share obligation above also includes €24.0 million (2017: €5.3 million) of accrued dividends.

Deferred tax, deferred consideration and post-employment benefit liabilities are not included in the table above. The company agreed a deficit funding plan with the trustees of the scheme to make equal monthly payments equivalent to £6.0 million (€6.7 million) (2017: £2.8 million; €3.1 million) per annum from 1 January 2019 to 31 December 2021, reducing to £4.0 million per annum from 1 January 2022 to 30 November 2024. The latest completed triennial actuarial valuation of the scheme was carried out as at 31 December 2017.

II. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group considers the gearing and capital structure of the business periodically and adjusts as appropriate. The Group monitors capital on the basis of headroom against its committed borrowing facilities, compliance with the covenants imposed by the committed borrowing facilities, and the Group's ability to raise further equity capital.

The Group was in full compliance with all of its financial covenants throughout the period.

Financial risk management (continued)

Financial borrowings
On 6 February 2017 on the acquisition of Brammer, the Group entered into a revolving credit facility of £93.25 million (€103.7 million), for a five year term and the previous revolving credit facility held by the Brammer group before the acquisition was repaid. At the time of its acquisition the Brammer group also held an uncommitted private placement shelf facility of $175.0 million (€138.3 million) which was fully repaid on 10 April 2017.

On 14 September 2017 the Group replaced its existing borrowing facilities with the following finance facilities to fund the acquisition of the IPH group:

- Fixed terms loans totalling €765 million with maturity dates of September 2024 which carry a variable interest rate of EURIBOR plus 4.5%;
- Fixed term loans totalling €187 million with maturity dates of September 2025 which carry a variable interest rate of EURIBOR plus 8.0%, with the minimum EURIBOR level set at 1%;
- A revolving credit facility of €135 million in place until 2023 which carries a variable interest rate of EURIBOR plus 3.25%; and
- Redeemable preference shares of £145.9 million (€162 million), repayable in 2027 which carry a variable dividend rate of LIBOR plus 10%, with the minimum LIBOR level set at 1%.

On 14 November 2018 the Group added to its existing borrowing facilities with the following finance facilities to fund acquisitions in 2019:

- New fixed terms loans totalling €90 million with maturity dates of September 2024 which carry a variable interest rate of EURIBOR plus 4.25%;
- An amendment to the existing fixed terms loans of €765 million to reduce their variable interest rate to EURIBOR plus 4.25% (previously EURIBOR plus 4.5%); and
- An amendment to the existing revolving credit facility of €135 million to reduce the variable interest rate to EURIBOR plus 2.75% (previously EURIBOR plus 3.25%).

As at 31 December 2018, the Group's headroom against its €135.0 million (2017: €135.0 million) committed revolving credit facility was as follows:

	31 December 2018	31 December 2017
	€m	€m
Committed Group facility	**135.0**	135.0
Current utilisation	**(2.1)**	(5.6)
Headroom on central RCF (note 19)	**132.9**	129.4

In addition to the central RCF facility shown above, the Group maintains additional local facilities with headroom of €44.7 million (2017: €22.3 million) at the year end.

III. Key accounting estimates, judgements and assumptions
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimations:
a) Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated on page 30. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 11).

Financial risk management (continued)

Estimations (continued)

b) Retirement benefit obligations
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net expense for pensions include the discount rates. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations.

On 26 October 2018, the UK High Court issued a judgement relating to Guaranteed Minimum Pensions (GMPs) in the "Lloyds case". Although the ruling relates to the Lloyds Banking Group pension schemes, it likely creates a precedent for other UK defined benefit pension schemes. The ruling requires the equalisation of member benefits to address gender inequality in instances where GMP benefits are currently unequal. Different methods can be used in order to value the financial effect on the Scheme's liabilities using different assumptions.

Note 30 details the actuarial assumptions used in determining the carrying amount at 31 December 2018.

c) Marketing support from suppliers
Accruals are recognised for cash contributions receivable from suppliers of certain strategic products, when cash receipts are not received in the period to which the contributions relate. The element of judgement surrounding the calculation of the accrual at each year end is relatively low as agreements with suppliers are supported by signed contracts, and confirmations of the achievement of relevant targets based on historic performance levels are obtained from the most significant suppliers in the first few months following the year end.

d) Valuation of inventory
The Group's inventory is stated at the lower of cost and net realisable value, with net realisable value being the estimated selling price in the ordinary course of business, less selling expenses. Provisions are made for slow moving and obsolete items by reference to Group provisioning rules on a line by line basis taking into account the level of stock holding and the recent sales history. There is a degree of judgement in determining the level of provision required.

e) Customer rebates
The Group has various rebate arrangements with a number of customers, with these arrangements based on the volume of products sold.

Accruals are recognised for cash remittances due to certain key account customers, when cash payments are not made in the period to which the remittances relate. The element of judgement surrounding the calculation of the accrual at each year end is relatively low as agreements with customers are supported by signed contracts and based on historical sales.

Judgements:
a) Classification of exceptional items
Certain items of income and expense are classified as exceptional items due to their nature or size and are presented separately on the face of the income statement in order to provide a better understanding of the Group's financial performance. Exceptional items, together with amortisation of acquired intangible assets and acquisition related costs, are excluded from underlying performance measures in order to present a more meaningful measure of the underlying performance of the business. There is a degree of judgement in determining whether costs meet the definition of exceptional items.

b) Valuation of acquired intangibles
IFRS 3 (revised) requires separately identifiable intangible assets to be recognised on acquisitions. The principal estimates used in valuing these intangible assets are generally based on the future cash flows forecast to be generated by these assets, and the selection of appropriate discount rates to apply to the cash flows.

c) Derecognition of trade receivables sold under non-recourse debt factoring agreements
Several of the Group's subsidiaries sell trade receivables under a debt factoring agreement which has been assessed as a non-recourse scheme and as such the sold receivables have been derecognised in the balance sheet. There is a degree of judgement in assessing whether the risks and rewards of the trade receivables have been transferred to the factoring partner.

d) Deferred tax
Deferred tax assets are recognised on losses and capital allowances carried forward only to the extent that it is probable they will be available for use against future profits and that there will be sufficient future taxable profit against which the temporary difference can be utilised. In arriving at a judgement in relation to the recognition of deferred tax assets, management considers the regulations applicable to taxation and whether there are likely to be sufficient future taxable profits.

Notes to the financial statements

1 Prior year adjustment	As previously reported	Adjustment to IPH goodwill (1)	Finalisation of IPH fair value adjustments (2)	Amortisation of intangible assets	Restated
	2017				2017
Assets	€m	€m	€m	€m	€m
Non-current assets					
Goodwill	1,167.6	(25.2)	(251.0)		891.4
Intangible assets	186.0		358.8	(11.5)	533.3
Other non-current assets	9.7				9.7
Property, plant and equipment	67.3		(2.5)		64.8
Deferred tax assets	27.0		1.9	-	28.9
	1,457.6	(25.2)	107.2	(11.5)	1,528.1
Current assets					
Inventories	308.9		(8.3)		300.6
Trade and other receivables	349.8		1.9		351.7
Assets held for sale	2.0				2.0
Cash and cash equivalents	109.6				109.6
Derivative financial instruments	11.7				11.7
Current tax assets	13.2		(9.7)		3.5
	795.2		(16.1)		779.1
Liabilities					
Current liabilities					
Financial liabilities – borrowings	(71.1)		(0.1)		(71.2)
Trade and other payables	(439.3)				(439.3)
Derivative financial instruments	(2.4)				(2.4)
Provisions	(5.7)				(5.7)
Deferred and contingent consideration	(57.3)		0.9		(56.4)
	(575.8)		0.8		(575.0)
Net current assets	219.4		(15.3)		204.1
Non-current liabilities					
Financial liabilities – borrowings	(931.1)				(931.1)
Trade and other payables	(0.8)				(0.8)
Deferred tax liabilities	(8.3)		(91.9)	2.9	(97.3)
Provisions	(1.6)				(1.6)
Deferred and contingent consideration	(4.3)				(4.3)
Retirement benefit obligations	(60.5)				(60.5)
Preference share liabilities	(177.6)				(177.6)
	(1,184.2)		(91.9)	2.9	(1,273.2)
Net assets	492.8	(25.2)	-	(8.6)	459.0
Shareholders' equity					
Share capital	-				-
Share premium	530.4				530.4
Cash flow hedging reserve	0.3				0.3
Translation reserve	11.8				11.8
Accumulated losses	(76.9)	(49.1)		(8.6)	(134.6)
Non-controlling interest	27.2	23.9			51.1
Total equity	492.8	(25.2)	-	(8.6)	459.0

(1) An issue was identified in the calculation of goodwill on the IPH acquisition at September 2017 where by the put option liability relating to the Minetti non-controlling interest buy-out was included within the opening balance sheet net assets for the purpose of calculating goodwill. The impact of correcting for this issue is to reduce goodwill by €49.1m and increase accumulated losses by €49.1m. In addition the Group has elected to change their accounting policy in respect of the measurement of non-controlling interests ("NCI"). NCI were previously measured at the proportionate share of the Group's net identifiable assets. A change in accounting policy has been applied retrospectively to measure goodwill at fair value. The result of this change in accounting policy is an increase in the NCI of €23.9m and a corresponding increase in goodwill. Under the new policy, the measurement of the NCI better reflects the cost of acquiring the NCI on exercise of the put option.

(2) Finalisation of the IPH fair value adjustments was completed during 2018 and is shown within note 10.

Notes to the financial statements

2 Adoption of IFRS 16 'Leases'

IFRS 16 'Leases', as issued by the IASB in January 2016, has been adopted by the Group on 1 January 2018 in advance of its effective date. The Group has applied IFRS 16 using the modified retrospective approach. This approach allows the recognition of the lease liability and asset as at 1 January 2018 with no restatement of prior period financial statements. The Group has also applied the practical expedient on transition to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. The Group has adopted the practical expedients relating to short term and low value assets which allow these to be expensed through the income statement.

The main impact is around property and car leases where the Group is the lessee. The adjustments as at 1 January 2018 to the Group's Balance sheet are the recognition of right-to-use assets and lease liabilities. These are shown in the table in note 3.

Policy applicable from 1 January 2018

Contracts which convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases by the Group. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is usually measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of a right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date at the applicable incremental borrowing rate. Generally, the Group uses a country specific incremental borrowing rate as the discount rate.

Policy applicable before 1 January 2018

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Notes to the financial statements (continued)

2 Leases (continued)

Right of use assets included in the statement of financial position at 31 December 2018

Net carrying amount	Property €m	Vehicles €m	Other €m	Total €m
1 January 2018	115.9	21.5	2.3	139.7
Foreign exchange	(1.3)	-	-	(1.3)
Additions	10.8	6.4	0.6	17.8
Depreciation charge for the year	(23.9)	(11.5)	(1.1)	(36.5)
31 December 2018	101.5	16.4	1.8	119.7

Lease liabilities included in the statement of financial position at 31 December 2018	2018 €m
Current	36.1
Non-current	88.2
Total lease liability	124.3

Undiscounted lease liabilities	2018 €m
Maturity analysis:	
Less than one year	36.8
One to five years	20.1
More than five years	93.0
Total undiscounted lease liabilities at 31 December 2018	149.9

Amounts recognised in profit or loss	2018 €m
Interest on lease liabilities	9.3
Depreciation on right of use assets	36.5
Total expense recognised in profit or loss	45.8

Amounts recognised in the statement of cash flows	2018 €m
Repayment of lease obligation liabilities	33.2
Interest payments on lease obligation liabilities	9.3
Total cash outflow for leases	42.5

Notes to the financial statements (continued)

3 Changes in accounting policies

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2018. The details of the changes in accounting policies are explained in note 2.

The adjustments as at 1 January 2018 to the Group's Balance Sheet are the recognition of right-to-use assets and lease liabilities. These are shown in the table below.

Balance Sheet as at 1 January 2018	Restated reported €m	IFRS16 Adjustment €m	Post IFRS16 Adjustment €m
Assets			
Right of use asset	-	139.7	139.7
Total assets	2,307.2	139.7	2,446.9
Liabilities			
Lease obligations	-	(139.7)	(139.7)
Total liabilities	(1,848.2)	(139.7)	(1,987.9)
Net assets (equity)	459.0	-	459.0

The lease liability of €139.7 million at the transition date has been calculated as the present value of the remaining lease payments over the lease term, discounted using the incremental borrowing rate. A right of use asset of €139.7 million has been recognised, valued at the same amount as the lease liability.

The impact of the adoption of IFRS16 on the Group's financial performance for 2018 has been to increase EBITDA by €42.3 million under IFRS 16 when compared to the previous standard. This is due to lease costs being removed from operating costs and instead are used to reduce the liability. Loss before tax is €3.5 million lower as the right-of-use assets incur a depreciation charge (2018: €36.5 million) and the unwinding of the discounted cash flows result in an interest charge (2018: €9.3 million).

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised at the date of initial application was 7.34%.

The Group expenses short-term leases and low-value assets as incurred which is in accordance with the recognition exemption in IFRS 16. Expenses for short-term leases and low-value assets were €1.3 million in 2018.

4 Revenue by country

	2018	2017
	€m	€m
France	**814.8**	253.4
Germany	**433.5**	242.2
UK	**265.8**	282.6
Spain	**155.7**	103.0
Benelux	**264.3**	131.6
Italy	**194.4**	80.6
Nordic	**43.7**	50.8
Other	**134.6**	97.5
Total	**2,306.8**	1,241.7

Notes to the financial statements (continued)

5 Finance expense and finance income

	2018	2017
Finance expense - cash items	**€m**	€m
Bank overdraft and short-term borrowings including debtors factoring costs	**5.7**	1.8
Loan interest	**54.6**	25.2
Private placement note interest payable	**-**	1.1
Other finance expense	**0.2**	-
Commitment fees	**0.4**	0.4
Interest on lease obligations (note 2)	**9.3**	-
Exceptional interest cost (note 8)	**-**	24.2
	70.2	52.7
Finance expense - non-cash items		
Redeemable preference share dividends	**18.7**	5.4
Interest on IAS 19 retirement benefit obligations	**1.3**	1.5
Amortisation of arrangement fees	**4.6**	1.1
Fair value changes on embedded derivatives linked to preference shares (note 20)	**2.6**	-
Exceptional interest cost (note 8)	**-**	7.5
	27.2	15.5
Finance expense	**97.4**	68.2
Finance income - cash items		
Bank and other short term deposits	**(0.1)**	(0.1)
Other finance income	**(0.8)**	-
	(0.9)	(0.1)
Finance income - non-cash items		
Fair value changes on embedded derivatives linked to preference shares	**-**	(1.0)
Exceptional interest gain on refinancing (note 8)	**(12.9)**	-
	(12.9)	(1.0)
Finance income	**(13.8)**	(1.1)
Net finance expenses	**83.6**	67.1

6 Loss before tax

The following items have been incurred in arriving at loss before tax:

	2018	2017 Restated
	€m	€m
Staff costs	**416.6**	237.2
Costs of inventories recognised as an expense and included in cost of sales	**1,588.6**	857.5
Depreciation of property, plant and equipment (note 13)		
- owned assets	**12.0**	7.6
- under finance leases (note 2)	**36.5**	0.1
Amortisation of other intangible assets (note 12)	**13.9**	4.8
Amortisation of acquired intangible assets (note 12)	**49.3**	21.6
Acquisition related costs (note 7)	**3.6**	23.9
Operating leases on property, plant and equipment	**1.3**	24.3
Repairs and maintenance expenditure on property, plant and equipment	**8.7**	1.2
Trade receivables impairment	**3.1**	2.0
Gain on disposal of property, plant and equipment and intangible assets	**(0.3)**	(0.4)
Exceptional costs (note 8)	**61.0**	73.6
Net exchange losses	**(0.6)**	(3.9)
Auditors' remuneration		
Fees payable for audit of parent company and consolidated financial statements	**0.3**	0.2
Auditing of subsidiary companies	**1.5**	1.5
Tax services	**-**	0.1
Other services	**-**	0.1

Notes to the financial statements (continued)

7 Acquisition related costs

	2018 €m	2017 €m
Professional fees relating to the acquisition of Brammer group	-	5.4
Professional fees relating to the acquisition of IPH group	-	17.1
Professional fees relating to other acquisitions	**3.6**	1.4
Total acquisition related costs	**3.6**	23.9

During the year the Group made nine acquisitions (note 10), incurring third party transaction costs of €3.6 million (2017: €1.4 million).

In the comparative year, the acquisition of the Brammer group in February 2017 crystallised professional fees of €5.4 million, primarily relating to investment banking costs and legal fees.

This was subsequently followed by the acquisition of the IPH group in September 2017 and resulted in professional fees of €17.1 million, including investment banking fees, legal fees, tax structuring fees and due diligence costs.

8 Exceptional items

	2018	2017
Exceptional items within sales, distribution and admin costs	**€m**	€m
Headcount costs, property costs and professional fees relating to restructuring and integration activities	**36.7**	29.7
Professional fees relating to integration activities	**28.0**	12.6
Exceptional foreign exchange gain	-	(4.7)
GMP Pension costs	**2.5**	-
Other exceptional costs	**6.7**	4.3
Total exceptional items within sales, distribution and admin costs	**73.9**	41.9
Exceptional items within finance costs		
Gain on refinancing	**(12.9)**	-
Early settlement charge on Brammer private placement loan notes	-	24.2
Write-off of loan arrangement fees	-	7.5
Total exceptional items within finance costs	**(12.9)**	31.7

Included within operating loss are other net exceptional charges of €73.9 million (2017: €41.9 million).

The merger of IPH and Brammer in late 2017 gave us an exciting platform on which to build a market leading distributor and during 2018 a key focus of the group has been on the integration of the two groups and generation of synergy benefits. Exceptional charges of €36.7 million have been incurred in the year on restructuring and integration activities including €22.6 million on headcount and redundancy costs, €3.8 million on onerous lease provisions and property costs, €1.9 million on stock write down following branch closures, €3.7 million on project office costs and €4.7 million on other restructuring charges.

To make the most of the benefits of bringing the two companies together a lot of work has been done in harmonising data and integrating the systems landscape whilst minimising the disruption to the business. Professional fees associated with this were €28.0 million, including €8.9 million on consultants linked to procurement synergies and pricing, €5.5 million on consultants linked to a strategy review, and a further €13.6 million encompassing systems design and migration, legal fees, sales process design and other consultancy costs.

Also included within exceptional charges is a €2.5 million charge relating to the equalisation of member benefits relating to Guaranteed Minimum Pensions (GMPs) in the UK defined benefit pension scheme (note 30).

Other exceptional charges incurred during 2018 of €6.7 million include €2.2 million on implementation of the employee share plan, €1.6 million of professional fees relating to the IPH acquisition in September 2017, €0.5 million on the extension of the debtors factoring program, and €2.4 million of other expenses.

Included within finance costs in 2018 is an exceptional gain of €12.9 million on the refinancing of a substantial part of the Group's debt in November 2018. This gain reflects the reduced interest rate achieved in the refinancing on the Group's €765 million fixed term loans under the requirement under IFRS 9 to discount the modified debt under the original effective interest rate.

Prior year exceptional charges included €29.7 million of costs relating to the Brammer turnaround program following the implementation in early 2017 of a significant cost reduction program in order to return the Group to profitable growth. This turnaround program included closing and consolidating branches and reducing headcount in both the branches and back office function.

Notes to the financial statements (continued)

8 Exceptional items (continued)

The 2017 exceptional charge of €29.7 million included €9.5 million of headcount and redundancy costs, €1.5 million of property costs and onerous lease charges, €5.1 million of costs relating to internal and external Project Management Office ("PMO") resource, €11.2 million of consultant fees, €0.9 million of asset impairment charge and €1.5 million of other exceptional costs.

In September 2017, following the acquisition of the IPH group, the newly formed IPH-Brammer group commenced a significant integration program in order to drive significant cost synergies and purchasing synergies in the combined group, this continued into 2018. Professional fees incurred in relation to the integration program were €12.6 million. During 2017 a foreign exchange gain of €4.7 million relating to the funds flow on the IPH acquisition was recognised as exceptional.

Other exceptional costs in 2017 included €2.3 million of consultant costs in IPH relating to ERP implementation and software projects, costs relating to the extension of the non-recourse factoring programme of €0.4 million, executive recruitment fees of €0.2 million, integration management office costs of €0.4 million, professional fees incurred in defending a French tax claim of €0.4 million, and other costs of €0.6 million.

Prior year finance costs included an exceptional charge of €24.2 million relating to the early settlement charge on the repayment of the private placement loan notes held by the Brammer Group at acquisition and €7.5 million relating to write-off of loan arrangement fees relating to the previous financing facilities.

9 Taxation

	2018	2017 (restated)
	€m	€m
Current tax		
Current year	**(16.7)**	(5.6)
Adjustment for current tax of prior periods	**(0.1)**	-
Current tax expense	**(16.8)**	(5.6)
Deferred tax		
Current year	**9.1**	22.2
Prior period	**3.7**	-
Rate change adjustment	**(3.6)**	(2.4)
Deferred tax income	**9.2**	19.8
Total taxation (expense)/income	**(7.6)**	14.2
Tax on items taken to equity		
Deferred tax on pension schemes' movements	**(1.7)**	(4.2)
Deferred tax relating to cash flow hedges	**0.2**	(0.1)

Factors affecting the tax charge for the period

The effective tax rate for the year of (9.2%) (2017: 12.6%) is lower than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	2018	2017
	€m	€m
Loss on ordinary activities before tax	**(82.2)**	(113.1)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	**15.6**	21.8
Charge related to company added value contribution	**(3.0)**	-
Adjustments for preference shares and equity issues not deductible	**(3.7)**	-
Expenses not deductible for tax purposes	**(4.3)**	(3.7)
Tax losses not recognised	**(13.6)**	(4.3)
Different tax rates on overseas earnings	**1.4**	2.8
Adjustment in respect of previous periods	**3.6**	-
Impact of change in tax rate	**(3.6)**	(2.4)
Total taxation (charge)/credit	**(7.6)**	14.2
Overall effective tax rate for the period	**(9.2%)**	12.6%

Notes to the financial statements (continued)

9 Taxation (continued)

The standard rate of corporation tax in the UK was 19% with effect from 1 April 2017. Accordingly, the company's profit chargeable to corporation tax for the year was taxed at the effective rate of 19.00% (2017: 19.25%).

HMRC have announced further reductions to the corporation tax rate to 17% from 1 April 2020. As a result deferred tax balances have been restated to be measured at the average rate they are expected to reverse.

10 Business combinations

The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

The consideration paid or payable in the respect of acquisitions comprises amounts paid on completion, deferred consideration and payments which are contingent on the continued employment for former owners of the businesses acquired. IFRS 3 requires that any payments that are contingent on future employment are charged to the income statement. All other consideration has been allocated against the identified net assets, with the excess over the net assets acquired recognised as goodwill. Acquisition expenses such as professional fees are charged to the income statement within amortisation of acquired intangibles and acquisition related costs in the income statement.

In accordance with IFRS 3, the process to identify the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets, is applied to each acquisition with assistance provided by external valuation specialists, where appropriate. Until this assessment is complete, the fair value allocation period remains open, up to a maximum of 12 months from the relevant acquisition date.

Fair value adjustments are made to the assets acquired and liabilities assumed to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date, and the adjustments made have impacted assets acquired to reflect more accurately the estimated realisable or settlement value and have impacted liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments are also made to reflect the associated tax effects.

Acquisitions made in 2018

During the year the Group made the following acquisitions, all of which were paid for in cash:

Country	Acquisition	Month acquired	Annualised revenues €m
France	CTR	Jan-18	3
France	Lypsis	Feb-18	25
France	MPI	Mar-18	2
France	FIC / Cle De 13	Mar-18	5
France	Outilacier	Apr-18	30
Netherlands	Noten BV	July-18	6
France	STC	Sept-18	8
Italy	Cento Transmissioni	Oct-18	3
UK	Matrix	Dec-18	22

Notes to the financial statements (continued)

10 Business combinations (continued)

Acquisitions made before April 2018

Assessment of the fair values for all of the acquisitions made up to April 2018 have been finalised and accordingly the fair values presented in the table are final.

CTR, Lypsis, MPI, FIC/Cle De 13, Outilacier	Book value	Fair value adjustment	Accounting policy adjustment	Fair value
	€m	€m	€m	€m
Acquired goodwill	3.0	(3.0)	-	-
Acquired intangibles – customer relationship asset	-	13.0	-	13.0
Property, plant and equipment (including computer software)	0.9	-	-	0.9
Other non-current assets	0.1	-	-	0.1
Investments	0.4	(0.4)	-	-
Inventories	8.0	-	(2.1)	5.9
Trade and other receivables	16.4	(0.2)	-	16.2
Cash	6.6	-	-	6.6
Net deferred tax asset/(liability)	0.4	(3.2)	0.1	(2.7)
Net debt and bank overdraft	(0.4)	-	-	(0.4)
Trade and other payables – amounts due in less than 1 year	(14.3)	0.2	-	(14.1)
Retirement benefit obligations	-	-	(0.2)	(0.2)
Total identifiable net liabilities	21.1	6.4	(2.2)	25.3
Goodwill				10.2
Total consideration				35.5
Cash flow				
Cash consideration				35.5
Cash and overdraft acquired with subsidiary				(6.2)
Total consideration satisfied by cash, net of cash acquired				29.3

Adjustments made to the fair value of assets acquired in the acquisitions in 2018 include alignment of stock provisioning policy and rebates in stock policy (€2.1 million) and the recognition of a €13.0 million customer relationship asset relating to the Outilacier acquisition.

Notes to the financial statements (continued)

10 Business combinations (continued)

Acquisitions made after April 2018

Assessment of the fair values for all of the acquisitions made since April 2018 remains ongoing and accordingly the fair values presented in the table below are provisional.

Noten BV, STC, Cento Transmissioni, Matrix	Book value	Provisional fair value adjustment	Accounting policy adjustment	Provisional fair value
	€m	€m	€m	€m
Acquired goodwill	0.7	(0.7)	-	-
Property, plant and equipment (including computer software)	1.3	-	-	1.3
Inventories	4.3	-	(0.5)	3.8
Trade and other receivables	10.7	-	-	10.7
Cash	1.2	-	-	1.2
Net deferred tax asset	-	-	0.1	0.1
Net debt and bank overdraft	(1.8)	-	-	(1.8)
Trade and other payables – amounts due in less than 1 year	(7.5)	-	-	(7.5)
Retirement benefit obligations	(0.5)	-	(0.2)	(0.7)
Total identifiable net liabilities	8.4	(0.7)	(0.6)	7.1
Goodwill				16.1
Total consideration (of which €0.5 million deferred consideration)				23.2
Cash flow				
Cash consideration				22.7
Cash and overdraft acquired with subsidiary				0.6
Total consideration satisfied by cash, net of overdraft acquired				23.3

Provisional adjustments made to the fair value of assets acquired in the acquisitions in 2018 include alignment of stock provisioning policy and rebates in stock policy (€0.5 million).

The goodwill arising on acquisition represents the premium paid to acquire those businesses and the future economic benefits arising from other assets acquired that are not individually identified and separately recognised on the acquisition: these largely relate to synergy and integration benefits.

Acquisition costs of €3.6 million have been charged to exceptional items in the consolidated income statement for the period (note 7) for costs incurred to execute the acquisitions.

None of the goodwill recognised in the period is expected to be deductible for income tax purposes.

Acquisitions made during the year ended 31 December 2018 contributed €57.0 million (2017: €1,241.7 million) to the Group's revenue and €3.7 million (2017: €41.6 million) to the Group's underlying operating profit.

Had all of the businesses acquired during the period been consolidated at the start of the period, the consolidated income statement for the year ended 31 December 2018 would show the following:

	2018	2017
	€m	€m
Revenue	**2,356.5**	2,256.6
Adjusted operating profit	**133.1**	101.4

Notes to the financial statements (continued)

10 Business combinations (continued)

Acquisitions made in 2017

Details on acquisitions made in the comparative period are fully disclosed in the Financial Statements for the period ended 31 December 2017.

The finalisation of the provisional fair values relating to the IPH acquisition in September 2017 is set out in the table below. There have been no measurement period adjustments related to other acquisitions made in the period ended 31 December 2017.

IPH Group	Provisional fair value	Measurement period adjustments	Fair value
	€m	€m	€m
Acquired intangibles - Trade names	-	123.3	123.3
Acquired intangibles - Customer relationships	-	235.5	235.5
Property, plant and equipment (including computer software)	51.7	(2.5)	49.2
Other non-current assets	9.9	-	9.9
Inventories	206.9	(8.3)	198.6
Trade and other receivables	217.2	1.9	219.1
Net deferred tax asset / (liability)	18.4	(90.0)	(71.6)
Net debt and debt like items	(352.0)	(0.1)	(352.1)
Corporation tax	16.5	(9.7)	6.8
Trade and other payables – amounts due in less than 1 year	(300.2)	50.0	(250.2)
Trade and other payables – amounts due in more than 1 year	(5.7)	-	(5.7)
Retirement benefit obligations	(22.3)	-	(22.3)
Total identifiable net assets or (liabilities)	(159.6)	300.1	140.5
Non-controlling interest	(25.2)	(23.9)	(49.1)
Goodwill	946.8	(276.2)	670.6
Total consideration	762.0	-	762.0

Cash flow	
Cash consideration	744.2
Overdraft acquired with subsidiary	20.5
Total consideration satisfied by cash	764.7
Non cash consideration	(2.7)
Total consideration	762.0

The measurement period adjustments recognised in relation to the IPH acquisition have resulted in a reduction of goodwill recognised from €946.8 million to €670.6 million. The adjustments made comprise:

a) the recognition of €358.8 million relating to the fair value of acquired intangibles (trade names and customer relationships);

b) a reduction of €2.5m in the fair value of property;

c) the finalisation of accounting policy adjustments relating to provisions against inventory and doubtful trade receivables resulting in a reduction in inventory of €8.3 million and an increase in net trade receivables of €1.9 million;

d) the recognition of an additional €9.7 million of liabilities relating to taxation liability;

e) the removal of the Minetti put option liability of €49.1 million from the opening balance sheet for the purpose of calculating goodwill and a further adjustment of €0.9 million to a deferred consideration creditor. In addition the Group has elected to change their accounting policy in respect of the measurement of non-controlling interest at fair value and the result of this change is an increase in the non-controlling interest of €23.9 million; and

f) the deferred tax impact of all the above, mainly relating to the recognition of acquired intangibles.

As a result of the above measurement period adjustments the income statement for the year ending 31 December 2017 has been restated as follows:

a) the amortisation of acquired intangibles increased by €11.5 million; and
b) an associated deferred tax charge of €2.9 million.

Notes to the financial statements (continued)

11 Goodwill

	2018	Restated 2017
	€m	€m
Cost and net book value		
At start of the year / period	**891.4**	-
Acquisition of businesses	**26.3**	1,168.9
Measurement period adjustments	**-**	(276.2)
Exchange adjustments	**(1.8)**	(1.3)
At 31 December	**915.9**	891.4

Goodwill arising represents the excess of the consideration over the value of the assets acquired.

Goodwill is subject to review for potential impairment. In accordance with IAS 36 'Impairment of Assets' impairment testing has been carried out by comparing goodwill plus associated operating assets with the expected value in use, calculated as the net present value of discounted future cash flows expected to be derived from the assets.

Goodwill relating to acquisitions is allocated to the Group's cash generating units defined as the geographical split of countries in which the Group operates.

A summary of the Rubix Group goodwill allocation is shown below.

	2018	Restated 2017
	€m	€m
UK	**72.3**	63.5
France	**396.6**	383.4
Germany	**143.5**	143.5
Spain	**65.7**	65.7
Italy	**55.8**	55.1
Benelux	**141.9**	139.5
Eastern Europe	**40.1**	40.7
	915.9	891.4

The expected value in use has been calculated using assumptions arising from management's data and metrics used on an ongoing basis. These assumptions reflect management's past experience arising from the application of the Group strategy.

Key assumptions are:

- The cash generating operating units ("CGUs") are defined according to the country of operation and related goodwill has been allocated on this basis.
- The recoverable amount for each CGU is determined from value-in-use calculations based on Board approved budgets, and five-year forecasts thereon. The budgets and forecasts include assumptions relating to achievement of synergy benefits in those territories where there is a geographical overlap with the IPH businesses. The UK budget and forecast assumes the turnaround of Brammer UK continues, including achievement of an improved gross margin trend. Pre-tax cash flows projected forward assume a growth rate into perpetuity not in excess of expected GDP growth rates in each country. These growth rates vary from 1.7% to 3.0%.
- The Group's methodology is to use a projection period of five years being the maximum period over which detailed cash flows for each CGU are prepared. For periods after this five year period, the methodology applies a long term growth rate to derive a terminal value.
- The key assumptions in these calculations relate to future revenue growth rates, gross margin percentage and the discount rates applied.
- A nominal pre-tax weighted average cost of capital ("WACC") of 9.8% (2017: 10.6%) has been used to discount future cash flows. Although based on a company specific WACC, it has been adjusted to reflect higher long term financing costs than the company currently experiences. The WACC has been adjusted for tax and inflation rates in each of the countries that the company currently operates.

Notes to the financial statements (continued)

11 Goodwill (continued)

	Pre-tax discount rate 2018	**Terminal growth rate 2018**	Pre-tax discount rate 2017	Terminal growth rate 2017
UK	**8.4%**	**2.6%**	10.0%	2.9%
France	**10.0%**	**2.5%**	12.0%	2.7%
Germany	**8.6%**	**2.8%**	11.4%	2.3%
Spain	**10.7%**	**3.0%**	10.7%	2.7%
Italy	**12.1%**	**1.7%**	11.1%	1.6%
Benelux	**8.4%**	**2.9%**	10.7% - 12.1%	2.7%
Eastern Europe	**8.9%**	**3.0%**	8.9% - 10.0%	3.0%

Sensitivity tests have been performed. No realistic sensitivity in trading profit generates an impairment in any CGU; however, the headroom within the UK would reduce significantly if the expected turnaround is not achieved. Management remain committed to the turnaround of the UK business; however, management acknowledge that if a change in the key assumptions occurred, this would represent a triggering event indicating an impairment review may be necessary. In accordance with IAS 36 ‘Impairment of Assets’, a full impairment review would then be undertaken on the relevant assets within the CGU.

Notes to the financial statements (continued)

12 Intangible assets

	Trade names €m	Customer relationships €m	Acquired intangibles €m	Software €m	Total €m
Cost					
At 1 January 2018	**169.9**	**357.7**	**527.6**	**31.6**	**559.2**
Exchange adjustments	**0.1**	**-**	**0.1**	**(0.9)**	**(0.8)**
Acquisition of businesses	**-**	**13.0**	**13.0**	**-**	**13.0**
Impairment	**-**	**-**	**-**	**(0.7)**	**(0.7)**
Additions	**-**	**-**	**-**	**9.5**	**9.5**
Disposals	**-**	**-**	**-**	**(9.0)**	**(9.0)**
At 31 December 2018	**170.0**	**370.7**	**540.7**	**30.5**	**571.2**
Accumulated amortisation					
Restated at 1 January 2018	**(8.7)**	**(12.8)**	**(21.5)**	**(4.4)**	**(25.9)**
Exchange adjustments	**-**	**-**	**-**	**0.7**	**0.7**
Charge for the year	**(24.3)**	**(25.0)**	**(49.3)**	**(13.9)**	**(63.2)**
Impairment	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Disposals	**-**	**-**	**-**	**9.0**	**9.0**
At 31 December 2018	**(33.0)**	**(37.8)**	**(70.8)**	**(8.7)**	**(79.5)**
Net book value					
At 31 December 2018	**137.0**	**332.9**	**469.9**	**21.8**	**491.7**
Cost					
At start of the period	-	-	-	-	-
Acquisition of businesses (restated)	171.9	358.7	530.6	28.1	558.7
Exchange adjustments (restated)	(2.0)	(1.0)	(3.0)	(1.2)	(4.2)
Additions	-	-	-	4.6	4.6
Disposals	-	-	-	0.1	0.1
At 31 December 2017	169.9	357.7	527.6	31.6	559.2
Accumulated amortisation					
At start of the period	-	-	-	-	
Exchange adjustments	0.1	-	0.1	1.2	1.3
Charge for the period (restated)	(8.8)	(12.8)	(21.6)	(4.8)	(26.4)
Impairment	-	-	-	(0.6)	(0.6)
Disposals	-	-	-	(0.2)	(0.2)
At 31 December	(8.7)	(12.8)	(21.5)	(4.4)	(25.9)
Net book value					
At 31 December 2017 (restated)	161.2	344.9	506.1	27.2	533.3

Acquired intangibles

The carrying value of acquired intangibles at 31 December 2018 comprises €137.0 million of trade names and €332.9 million of customer relationships relating to the acquisition of the Brammer group in February 2017 and the IPH Group in September 2017.

Amortisation charge of intangible assets for the year is included within sales, distribution and administration expenses, while amortisation of acquired intangibles during the year is disclosed separately within the consolidated income statement.

Software

The amortisation of software development expenditure capitalised has been charged in sales, distribution and administration costs.

Notes to the financial statements (continued)

13 Property, plant and equipment

	Land & Buildings €m	Equipment €m	Total €m
Cost			
At 1 January 2018	24.3	41.5	65.8
Acquisition of businesses	0.8	1.4	2.2
Exchange adjustments	(0.1)	(0.8)	(0.9)
Additions	1.1	9.3	10.4
Disposals	(1.1)	(7.4)	(8.5)
At 31 December 2018	**25.0**	**44.0**	**69.0**
Accumulated depreciation			
At 1 January 2018	(0.1)	(0.9)	(1.0)
Exchange adjustments	-	0.6	0.6
Charge for the year	(1.7)	(10.3)	(12.0)
Disposals	1.0	7.3	8.3
At 31 December 2018	**(0.8)**	**(3.3)**	**(4.1)**
Net book value			
At 31 December 2018	**24.2**	**40.7**	**64.9**
Cost			
As start of the period	-	-	-
Acquisition of businesses	26.7	42.2	68.9
Measurement period adjustment (restated)	(2.5)	-	(2.5)
Exchange adjustments	(0.8)	(1.1)	(1.9)
Additions	2.2	7.0	9.2
Disposals	(1.3)	(6.6)	(7.9)
At 31 December 2017 (restated)	24.3	41.5	65.8
Accumulated depreciation			
At the start of the period	-	-	-
Exchange adjustments	0.3	(0.3)	-
Charge for the period	(1.2)	(6.5)	(7.7)
Impairment (included within exceptional costs)	-	(0.9)	(0.9)
Disposals	0.8	6.8	7.6
At 31 December 2017	(0.1)	(0.9)	(1.0)
Net book value			
At 31 December 2017 (restated)	24.2	40.6	64.8

The Group leases various land, buildings and equipment under non-cancellable finance lease arrangements.

	2018 **€m**	2017 €m
At 31 December		
Assets held under finance leases under IAS 17 (land and buildings and equipment included above)		
Net book value on acquisition	-	0.7
Depreciation	-	(0.1)
	-	0.6

Depreciation of €12.0 million has been charged in sales, distribution and administration costs within the consolidated statement of comprehensive income.

Notes to the financial statements (continued)

14 Inventories

	2018	2017 (restated)
	€m	€m
Gross inventories	**410.9**	401.4
Inventory provision	**(94.2)**	(100.8)
	316.7	300.6

Inventories recognised as expense during the year ended 31 December 2018 amounted to €1,588.6 million (period ended 2017: €857.5 million).

15 Trade and other receivables

	2018	2017 (restated)
	€m	€m
Trade receivables	**224.6**	300.2
Provision for impairment of trade receivables	**(13.5)**	(16.0)
Net trade receivables	**211.1**	284.2
Other receivables	**0.6**	0.4
Prepayments and accrued income	**54.2**	67.1
	265.9	351.7

The movement in the provision for impairment of receivables is analysed as follows:

	2018	2017 (restated)
	€m	€m
Opening Balance	**16.0**	-
Exchange adjustments	**(0.2)**	0.1
Income statement charge included in distribution costs	**3.1**	2.0
Acquisition of businesses	**0.2**	14.9
Recovered	**-**	(0.7)
Written off (uncollectable)	**(5.6)**	(0.3)
At 31 December	**13.5**	16.0

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Accordingly, management consider that there is no further credit risk above the current provision for impairment.

Certain subsidiaries of the Group transferred receivable balances amounting to €256.1 million (2017: €184.5 million) to banks, under bills of exchange without recourse, in exchange for cash at the period end.

Classifications of trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 45 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and so it measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the simplified approach under IFRS 9 for the impairment of receivables. Debtors have been grouped primarily based on aging, and specific allowances are made to reflect any additional risk identified. The provision amounts shown for 2017 are calculated in accordance with IAS 29 and have not been restated for the requirements of IFRS 9 because the value of the difference involved was not significant.

Notes to the financial statements (continued)

16 Cash and cash equivalents

	2018 €m	2017 €m
Cash at bank and in hand	**101.5**	109.6

Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value and have an original maturity of three months or less at acquisition.

Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	2018 €m	2017 €m
Cash and cash equivalents	**101.5**	109.6
Overdrafts	**(20.5)**	(50.9)
Net cash at the year / period end	**81.0**	58.7

17 Trade and other payables

	2018 €m	2017 €m
Amounts due within one year		
Trade payables	**278.3**	272.1
Other taxes and social security	**42.4**	31.8
Other creditors and accruals	**85.2**	135.4
	405.9	439.3
Amounts due in more than one year		
Other creditors	**-**	0.8

Notes to the financial statements (continued)

18 Borrowings

	2018	2017 (restated)
	€m	€m
Current		
Bank overdrafts	**20.5**	50.9
Unsecured bank and other borrowings	**1.4**	9.3
Recourse debt factoring	**43.9**	10.6
Finance lease commitments due within one year	**-**	0.4
	65.8	71.2
Non-current		
Unsecured bank loans repayable		
Between one and two years	**1.0**	1.7
Between two and five years	**3.0**	5.2
Over five years*	**1,005.7**	923.3
	1,009.7	930.2
Finance lease commitments (under IAS 17)		
Between one and two years	**-**	0.5
Between two and five years	**-**	0.4
	-	0.9
Redeemable preference shares		
Between one and two years	**1.6**	0.9
Between two and five years	**2.5**	3.4
Over five years	**189.0**	173.3
	193.1	177.6

*Bank loan over five years shown net of unamortised arrangement fees of €26.2 million (2017: €29.8 million) and unamortised IFRS 9 gain on refinancing of €12.9 million (2017: nil).

Bank loans are denominated primarily in Euros which bear interest based on EURIBOR. The effective interest rate on bank borrowings for the year ended 31 December 2018 was 5.9% (2017: 5.5%).

At the year end, the Group had recourse debt factoring of €43.9 million (2017: €10.6 million).

The Group was compliant with all applicable covenants during the year/period.

A schedule of borrowings by underlying currency at the year-end is detailed below;

	GBP €m	Euros €m	Other €m	Total €m
2018				
Current				
Bank overdrafts	-	20.4	0.1	**20.5**
Unsecured bank and other borrowings	-	1.4	-	**1.4**
Recourse debt factoring	14.2	29.6	0.1	**43.9**
	14.2	**51.4**	**0.2**	**65.8**
Non-current				
Unsecured bank loans repayable	-	1,009.7	-	**1,009.7**
Redeemable preference shares	193.1	-	-	**193.1**
	193.1	**1,009.7**	**-**	**1,202.8**

Notes to the financial statements (continued)

18 Borrowings (continued)

2017	GBP €m	Euros €m	Other €m	Total €m
Current				
Bank overdrafts	13.3	36.3	1.3	50.9
Unsecured bank and other borrowings	0.2	7.9	1.2	9.3
Recourse debt factoring	-	10.6	-	10.6
Finance lease commitments due within one year	-	0.4	-	0.4
	13.5	55.2	2.5	71.2
Non-current				
Unsecured bank loans repayable	-	930.2	-	930.2
Redeemable preference shares	177.6	-	-	177.6
Finance lease commitments due in greater than one year	-	0.9	-	0.9
	177.6	931.1	-	1,108.7

19 Financial liabilities

Fair values of financial liabilities

As at December 2018, the Group has predominantly Euro denominated borrowings, however the Group's redeemable preference shares are denominated in Sterling. The par value of these Sterling financial liabilities at 31 December 2018 was £145.9 million (2017: £145.9 million), equating to €162.2 million (2017: €164.3 million) at the prevailing exchange rates.

The redeemable preference shares include a call option, allowing the Group the option of early repayment. This call option has been recognised as a derivative financial asset (note 20) with a corresponding increase in the fair value of the preference share liability which will unwind, through interest, over the life of the preference shares. The LIBOR floor within the preference shares gives rise to a derivative financial liability (note 20). The net impact of the two derivative financial instruments increases the carrying value of the preference share liability by €6.9 million at the year-end (2017: €8.0 million). The total carrying amount of the preference shares at period end includes a further €24.0 million (2017: €5.3 million) in relation to accrued dividends.

Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected cash flows at prevailing interest rates and by applying period end exchange rates. The carrying amounts of short-term borrowings approximate to book value and there are no significant differences between the book value and fair value of non-current borrowings.

The table below analyses the maturity profile of the Group's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date.

Short-term payables, including trade payables and accruals, are excluded from the analysis as they are considered to form part of the Group's day-to-day operating cycle. The amounts disclosed in the table below are the contractual undiscounted cash flows including an estimation of the future interest cost.

Notes to the financial statements (continued)

19 Financial liabilities (continued)

Maturity of financial liabilities

The maturity profile of the carrying value of the Group's non-current liabilities was as follows:

	Debt	Finance lease	Redeemable preference shares	Deferred consideration	Total
	€m	€m	€m	€m	€m
At 31 December 2018					
In more than one year but not more than two years	1.0	-	1.6	0.9	3.5
In more than two years but not more than five years	3.0	-	2.5	0.2	5.7
In more than five years	1,005.7	-	189.0	-	1,194.7
	1,009.7	**-**	**193.1**	**1.1**	**1,203.9**
At 31 December 2017					
In more than one year but not more than two years	1.7	0.5	0.9	3.6	6.7
In more than two years but not more than five years	5.2	0.4	3.4	0.7	9.7
In more than five years	923.3	-	173.3	-	1,096.6
	930.2	0.9	177.6	4.3	1,113.0

The Group's financial liabilities under the €855 million fixed term loan were at variable interest rates of 4.25% over EURIBOR with maturity dates of September 2024, whilst the €187 million fixed term loan was at variable interest rates of 8.0% over EURIBOR with maturity dates of September 2025. The Group's revolving credit facility of €135 million carries a variable interest rate of 2.75% over EURIBOR and is in place until 2023. The Group has hedged a proportion of this debt with interest rate cap contracts (note 20) for which the notional amount is €818.6 million.

The unutilised portion of these central committed lines amounted to €132.9 million which was available to the Group up to September 2023 and carries interest based on EURIBOR.

The Group's financial liabilities under the redeemable preference shares of €193.1 million are repayable in 2027, and carry a variable dividend rate of 10% over LIBOR, with the minimum LIBOR level set at 1%.

Minimum lease payment

The minimum lease payments under finance leases under IAS 17 fall due as follows:

	2018	2017
	€m	€m
Not later than one year	-	0.4
Later than one year but not more than five years	-	0.9
More than five years	-	-
Book value of finance lease liabilities	-	1.3

Notes to the financial statements (continued)

19 Financial liabilities (continued)

	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
	€m	€m	€m	€m
31 December 2018				
Assets as per balance sheet				
Derivative financial instruments	-	7.4	-	7.4
Trade and other receivables excluding prepayments	211.7	-	-	211.7
Cash and cash equivalents	101.5	-	-	101.5
Total	**313.2**	**7.4**	**-**	**320.6**
31 December 2017				
Assets as per balance sheet				
Derivative financial instruments	-	10.6	1.1	11.7
Trade and other receivables excluding prepayments	284.6	-	-	284.6
Cash and cash equivalents	109.6	-	-	109.6
Total	394.2	10.6	1.1	405.9

	Financial liabilities at amortised cost	Liabilities at fair value through profit and loss	Derivatives used for hedging	Total
	€m	€m	€m	€m
31 December 2018				
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	1,075.5	-	-	1,075.5
Redeemable preference share liabilities	193.1	-	-	193.1
Finance lease liabilities	-	-	-	-
Derivative financial instruments	-	1.0	1.2	2.2
Trade and other payables excluding non-financial liabilities	405.9	-	-	405.9
Total	**1,674.5**	**1.0**	**1.2**	**1,676.7**
31 December 2017				
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	1,001.0	-	-	1,001.0
Redeemable preference share liabilities	177.6	-	-	177.6
Finance lease liabilities	1.3	-	-	1.3
Derivative financial instruments	-	1.5	0.9	2.4
Trade and other payables excluding non-financial liabilities	439.3	-	-	439.3
Total	1,619.2	1.5	0.9	1,621.6

Notes to the financial statements (continued)

20 Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. The Group has the following derivative financial instruments:

	2018	2017
	€m	€m
Current assets		
Redeemable preference shares call option – held for trading	**7.4**	10.6
Interest rate cap contracts – cash flow hedges	**-**	1.1
Total current derivative financial instrument assets	**7.4**	11.7
Current liabilities		
Redeemable preference shares LIBOR floor – held for trading	**(1.0)**	(1.5)
Interest rate cap contracts – cash flow hedges	**(1.2)**	(0.9)
Total current derivative financial instrument liabilities	**(2.2)**	(2.4)

Reconciliation of movements in derivative financial instruments:

	2018	2017
	€m	€m
Current assets		
Opening net book value	**11.7**	-
Exchange adjustments	**(0.2)**	-
Additions in the period	**-**	10.4
Changes in fair value during the period through profit and loss (within interest charge)	**(3.0)**	0.8
Changes in fair value through reserves	**(1.1)**	0.5
Closing value of current as	**7.4**	11.7
Current liabilities		
Opening net book value	**(2.4)**	-
Exchange adjustments	**0.1**	-
Additions in the period	**-**	(2.5)
Changes in fair value during the period through profit and loss (within interest charge)	**0.4**	0.2
Changes in fair value through reserves	**(0.3)**	(0.1)
Total current derivative financial instrument liabilities	**(2.2)**	(2.4)

Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period or where they are held for trading.

The fair values reflected above have been determined by reference to available market information at the balance sheet date.

The financial risks to which the Group is exposed are those of market risk, credit risk, liquidity risk and capital management risk. An explanation of each of these risks and how the Group manages them is set out in the financial risk section on pages 36 to 39.

Recognised fair value measurements

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using the valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the embedded derivatives linked to the Group's redeemable preference shares.

There were no transfers between levels during the period.

Notes to the financial statements (continued)

20 Derivative financial instruments (continued)

Level 2 hedging derivatives comprise the fair value of interest rate swaps used for hedging the group's interest rate risk. The fair values are estimated by discounting the expected future contractual cash flows using prevailing interest rates and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet rate. These financial instruments are included on the balance sheet at fair value, derived from observable market prices (Level 2 as defined by IFRS13 'Fair value measurement'). There were no changes in valuation techniques during the period.

Level 3 hedging derivatives comprise the embedded derivatives linked to the Group's redeemable preference shares, namely the prepayment Call option and the Libor floor. The fair values are estimated by taking into account the expected timings for a sale of the Group by its shareholder, interest rates, credit spread and interest rate volatility. The valuation of the derivative financial assets and liabilities linked to the redeemable preference shares were performed by third party experts.

The Group's policy does not permit use of derivatives for trading purposes. However, some derivatives do not quality for hedge accounting, or are specifically not designated as a hedge where gains and losses on the hedging instrument and the hedged item naturally offset in the Group income statement. Changes in the fair value of any derivative instruments that do not quality for hedge accounting are recognised immediately in the Group income statement.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- trade and other receivables;
- cash and cash equivalents; and
- trade and other payables.

21 Redeemable preference share liabilities

The redeemable preference shares represent 14,590,684,932 fully paid 10% cumulative redeemable preference shares with a par value of £145.9 million, equating to €162.2 million (2017: €164.3 million).

The shares are entitled to dividends at the rate of 9% plus the higher of LIBOR or 1% per annum. If the company elects to accrue, rather than pay, the dividend amount due, the dividend rate increases to 10% plus the higher of LIBOR or 1% per annum.

At any time on or after the 14 September 2027, the holder of the preference shares can serve written notice to initiate repayment of the preference shares at £1 per share.

The redeemable preference shares include a call option, allowing the Group the option of early repayment. This call option has been recognised as a derivative financial asset (note 20) with a corresponding increase in the fair value of the preference share liability which will unwind, through interest, over the life of the preference shares. The LIBOR floor attached to the redeemable preference shares has been recognised as a derivative financial liability (note 20). The net impact of the two derivative financial instruments increases the carrying value of the preference share liability by €6.9 million (2017: €8.0 million) at the year end.

The total carrying amount of the preference shares at period end includes a further €24.0 million (2017: €5.3 million) in relation to accrued dividends. The impact of the embedded derivatives and the accrued dividends increases the carrying value of the preference shares to €193.1 million (2017: €177.6 million) at 31 December 2018.

As the shares are mandatorily redeemable on a specified date, they are recognised as liabilities.

Notes to the financial statements (continued)

22 Provisions

	Restructuring	Property	Total
	€m	€m	€m
At 1 January 2018	3.4	3.9	**7.3**
Acquisitions of businesses	-	-	**-**
Exchange adjustments	-	(0.1)	**(0.1)**
Charged to the income statement in the year	1.7	0.1	**1.8**
Utilised in the year	(3.4)	-	**(3.4)**
At 31 December 2018	**1.7**	**3.9**	**5.6**
Amounts falling due:			
Within one year	1.7	3.9	**5.6**
After more than one year	-	-	**-**
At 31 December 2018	**1.7**	**3.9**	**5.6**

Restructuring provisions relate to the cost expected to be incurred by the Group in respect of restructuring activities undertaken by the Group in the period. All restructuring provisions are expected to be settled within one year.

Property provisions are made for onerous leases, with these costs being determined by the annual lease cost and the expected remaining lease term.

23 Deferred and contingent consideration

	2018	Restated 2017
	Total	Total
	€m	€m
At start of the year	**60.7**	-
Acquisitions	**0.5**	64.2
Remuneration element of contingent consideration	**-**	0.1
Paid	**(57.5)**	(3.6)
At 31 December	**3.7**	60.7
Amounts falling due:		
Within one year	**2.6**	56.4
In more than one year but no more than two years	**0.9**	3.6
In more than two year but no more than five years	**0.2**	0.7
	3.7	60.7

The amounts recognised on acquisition are management’s best estimates of the amounts which will be payable. Both the amounts and the timing of future payments are uncertain as they are dependent upon the future performance of the businesses acquired.

Notes to the financial statements (continued)

24 Deferred tax

	Accelerated capital allowances €m	Pension liability €m	Share options €m	Tax losses €m	Intangibles €m	Other €m	**Total €m**
Assets							
At 1 January 2018	3.2	10.7	-	16.9	-	22.0	**52.8**
Exchange adjustment	0.2	(0.1)	-	(0.1)	-	0.1	**0.1**
Adjustments arising from change to tax rate	-	(1.1)	-	(1.2)	-	(1.3)	**(3.6)**
Acquisitions of businesses	-	-	-	0.3	-	0.3	**0.6**
Taken to equity	-	(1.7)	-	-	-	0.2	**(1.5)**
Income statement credit/(charge)	(0.8)	1.1	-	3.4	-	(4.2)	**(0.5)**
At December 2018	**2.6**	**8.9**	**-**	**19.3**	**-**	**17.1**	**47.9**
Assets							
Acquisitions of businesses	3.3	15.6	1.4	4.2	-	18.6	43.1
Exchange adjustment	-	(0.5)	(0.5)	-	-	(0.5)	(1.5)
Adjustments arising from change to tax rate	(0.1)	0.6	-	(1.9)	-	(1.0)	(2.4)
Taken to equity	-	(4.2)	-	-	-	(0.1)	(4.3)
Income statement credit/(charge)	-	(0.8)	(0.9)	14.6	-	5.0	17.9
At December 2017(restated)	3.2	10.7	-	16.9	-	22.0	52.8
Liabilities							
At 1 January 2018	-	-	-	-	(121.2)	-	**(121.2)**
Exchange adjustment	-	-	-	-	-	-	**-**
Acquisitions of businesses	-	-	-	-	(3.3)	-	**(3.3)**
Adjustments arising from change to tax rate	-	-	-	-	-	-	**-**
Income statement charge	-	-	-	-	13.3	-	**13.3**
At December 2018	**-**	**-**	**-**	**-**	**(111.2)**	**-**	**(111.2)**
Liabilities							
Acquisitions of businesses	-	-	-	-	(125.9)	-	(125.9)
Exchange adjustment	-	-	-	-	0.4	-	0.4
Income statement charge	-	-	-	-	4.3	-	4.3
At December 2017 (restated)	-	-	-	-	(121.2)	-	(121.2)

Net total	**2018 €m**	2017 (restated) €m
At 1 January	**(68.4)**	-
Exchange adjustment	**0.1**	(1.1)
Deferred tax on acquisition of businesses	**(2.7)**	(82.8)
Taken to equity	**(1.5)**	(4.3)
Income statement charge including adjustments arising from change to tax rate	**9.2**	19.8
At 31 December	**(63.3)**	(68.4)

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate applicable to the relevant jurisdiction.

Deferred tax assets have been recognised in full on taxable losses and provisions where realisation of the tax benefit from these items is probable.

The deferred tax on losses not recognised amounts to €69.3 million (2017: €14.4 million).

Notes to the financial statements (continued)

24 Deferred tax (continued)

The deferred tax is disclosed on the balance sheet as €7.1 million (2017: €28.9 million) assets and €70.4 million (2017: €97.3 million) liabilities. The difference compared to the presentation above is due to deferred tax assets and liabilities within a territory being netted within the balance sheet presentation, whereas the note above shows the assets and liabilities by type.

	Per analysis above	Country netting	Per balance sheet
	€m	€m	€m
Assets	47.9	(40.8)	7.1
Liabilities	(111.2)	40.8	(70.4)
Net	(63.3)	-	(63.3)

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and associates as there will be no additional liability arising on repatriation to the UK. The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS) during the year are shown above. Deferred tax falling due after more than one year amounts to €57.3 million.

25 Share capital

	2018 Number	**2018 €m**	2017 Number	2017 €m
Ordinary shares of 1p each, allotted and fully paid:				
At 1 January	**106**	**-**	-	-
Issued in the year / period	**-**	**-**	106	-
At 31 December	**106**	**-**	106	-

The Company has no limit on authorised share capital. There were no issues of share capital during the year. During 2017, 106 ordinary shares were issued to AI Robin & CY SCA, the immediate parent company.

26 Cash generated from operations

	2018	2017 (restated*)
	€m	€m
Loss for the period	**(89.8)**	(98.9)
Taxation	**7.6**	(14.2)
Depreciation/amortisation of property, plant and equipment and other intangible assets	**62.4**	12.6
Exceptional and acquisition related costs in profit and loss account	**77.5**	65.8
Cash outflow from exceptional and acquisition related costs	**(78.6)**	(41.7)
Amortisation of acquired intangibles	**49.3**	21.6
Gain on disposal of property, plant and equipment and intangible assets	**(0.3)**	(0.4)
Impairment of assets	**-**	0.6
Financing expense – net	**83.6**	67.1
Changes in working capital (excluding the effect of exchange movements and fair value adjustments)		
(Increase) / decrease in inventory	**(8.4)**	3.5
Decrease in trade and other receivables	**111.2**	22.1
Decrease in trade and other payables	**(55.7)**	25.0
Cash generated from operations	**158.8**	63.1

*The presentation of 2017 numbers has been amended to include an additional line for cash outflow from exceptional and acquisition related costs previously included in the movement in trade and other payables

Notes to the financial statements (continued)

27 Net debt reconciliation

	2018	2017
	€m	€m
Cash and cash equivalents	**101.5**	109.6
Overdrafts	**(20.5)**	(50.9)
Borrowings – repayable within one year (excluding overdrafts)	**(45.3)**	(20.3)
Borrowings – repayable after one year	**(1,009.7)**	(931.1)
Preference shares repayable after one year	**(193.1)**	(177.6)
Net debt at 31 December	**(1,167.1)**	(1,070.3)

	Cash/Bank Overdraft	Finance leases due within 1 year	Borrowings due within 1 year	Finance lease due after 1 year	Borrowings due after 1 year	Preference shares due after 1 year	Total
	€m	€m	€m	€m	€m	€m	€m
On acquisition*	-	(0.1)	(527.2)	(1.3)	-	-	(528.6)
Cash flows	59.4	0.1	509.5	-	(930.2)	(156.2)	(517.4)
Foreign exchange	(0.7)	-	(2.2)	-	-	(8.1)	(11.0)
Other non-cash movements	-	(0.4)	-	0.4	-	(13.3)	(13.3)
Net debt at 31 December 2017	58.7	(0.4)	(19.9)	(0.9)	(930.2)	(177.6)	(1,070.3)
Cash flows	17.2	0.3	(24.3)	-	(89.0)	-	**(95.8)**
Acquisitions	5.6	-	-	-	-	-	**5.6**
Foreign exchange	(0.5)	-	-	-	-	2.3	**1.8**
Other non-cash movements	-	0.1	(1.1)	0.9	9.5	(17.8)	**(8.4)**
Net debt at 31 December 2018	**81.0**	**-**	**(45.3)**	**-**	**(1,009.7)**	**(193.1)**	**(1,167.1)**

*Excludes cash and bank overdrafts

Notes to the financial statements (continued)

28 Employees and key management

	2018	2017
Employee and related costs for the Group during the period	**€m**	€m
Wages and salaries	**323.7**	190.8
Social security costs	**81.9**	43.9
Other pension costs (note 30)	**11.0**	2.5
	416.6	237.2

Average number of employees, including executive directors	**Number**	Number
UK	**1,360**	1,464
Germany	**1,244**	1,278
France	**2,696**	2,586
Spain	**565**	595
Benelux	**770**	774
Italy	**478**	470
Other	**1,038**	1,163
	8,151	8,330

The average number of employees by function for the year / period is detailed below:

Function	**Number**	**Number**
Management	**575**	575
Sales and distribution	**6,661**	6,796
Administration	**915**	959
	8,151	8,330

	2018	2017
	€m	€m
Key management compensation		
Short term employee benefits	**7.2**	4.4
Post-employment benefits	**0.1**	-
Compensation for loss of office	**2.1**	-
	9.4	4.4

The key management figures shown above include all members of the Rubix Group executive team and regional Managing Directors.

Directors' remuneration	**2018**	2017
	€m	€m
Emoluments	**4.5**	2.3
Company contributions to money purchase pension schemes	**-**	-
Compensation for loss of office	**1.6**	-
	6.1	2.3

Remuneration of the highest paid director	**2018**	2017
	€m	€m
Emoluments	**2.6**	0.9
Company contributions to money purchase pension schemes	**-**	-
	2.6	0.9

None of the directors are members of a defined benefit or defined contribution pension scheme for which contributions are paid by any group company.

Notes to the financial statements (continued)

29 Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows;

	2018	2017
	€m	€m
Commitments for which contracts have been placed	-	0.3

30 Retirement benefit obligations

UK Schemes

The UK Group operates the Brammer Services Limited Retirement Benefit Scheme, which until 28 February 2006, provided benefits on a final salary and defined contribution basis. With effect from 1 March 2006, the defined benefit section of the scheme was closed to future accrual. Existing members of the defined benefit section were offered membership of the defined contribution section of the scheme. The defined benefit scheme is funded by the Group and contributions are paid as determined by the actuary following discussions with the trustees and the company.

The scheme operates under UK trust law and the trust is a separate legal entity from the company. The scheme from 28 April 2017 was governed by a sole independent trustee. The trustee is required by law to act in the best interests of scheme members. The scheme exposes the company to actuarial risks including longevity risk, interest rate risk and market (investment) risk.

During 2018, the Trustee conducted an investment advisor review and, as part of this, made the decision to appoint a fiduciary manager. As part of the transition to the fiduciary portfolio, the Scheme invested in a leveraged liability driven investment portfolio which is made up of underlying investments in UK government bonds, cash and derivatives. The assets within this portfolio are expected to react to changes in interest rates and inflation in a similar way to the Scheme's long-term liabilities. The transition to the fiduciary portfolio (including the Liability Driven Investment ("LDI") portfolio) was completed in early 2018 following the completion of a bulk Retirement Transfer Option. In addition, the Scheme holds a buy-in policy with Pensions Insurance Corporation which matches the interest rate, inflation and longevity risk perfectly for a subset of the Scheme's pensioner membership. A value has been placed on the insurance policy which is equivalent to the liability matched by the policy (approximately €18.0 million).

The latest completed triennial actuarial valuation of the scheme was carried out as at 31 December 2017, using the market-related basis whereby assets are taken into account at their market value, by an independent actuary employed by Barnett Waddingham LLP. The valuation showed that the market value of the scheme's assets (including the value of the buy-in policy) was £117.1 million as at 31 December 2017, which represented 80% of the value of the benefits that had accrued to members at that date. Following completion of the triennial actuarial valuation, the company agreed a deficit funding plan with the trustees of the Scheme to make payments of £6.0 million per annum in the years to 2019 to 2021 inclusive reducing to £4.0 million per annum for the years 2022 to 2024 inclusive. Based on this deficit funding plan, employer contributions for 2019 would be €6.7 million (£6.0 million). The assumptions, which were agreed between the company and trustees, that have the most significant effect on the results of the triennial valuation are those related to the rates of return on investments and the rates of increase in future price inflation and pensions.

The next actuarial valuation of the Scheme is due as at 31 December 2020.

The weighted average duration of the defined benefit obligation at 31 December 2018 is approximately 22 years.

On 26 October 2018, the High Court issued a judgement relating to Guaranteed Minimum Pensions (GMPs) in the "Lloyds case". Although the ruling relates to the Lloyds Banking Group pension schemes, it likely creates a precedent for other UK defined benefit pension schemes. The ruling requires the equalisation of member benefits to address gender inequality in instances where GMP benefits are currently unequal. The Trustees adopted method C2 in order to determine the cost of equalising for GMPs, which was identified in the Lloyds judgement as the "minimum interference" method. Method C2 is based on a cumulative test of pension amounts paid allowing for interest on pension payments and the financial effect on the Scheme's liabilities as at 31 December 2018 were an increase of approximately 1.4% for liabilities in respect of members not covered by the PIC policy, and an increase of 2.0% for liabilities in respect of members covered by the PIC policy. The resulting additional liability of £2.2 million (€2.5 million) has been recognised as a Past Service Cost and has been shown within exceptional costs in the profit and loss account (note 8).

Notes to the financial statements (continued)

30 Retirement benefit obligations (continued)

A defined contribution scheme, the “Brammer Services Defined Contribution Pension Scheme”, was launched on 1 January 2002 for new UK employees joining the Group and membership of that scheme was offered to existing members of the defined benefit scheme with effect from 1 March 2006, the date at which the defined benefit scheme was closed to future accrual. The charge in the period for this scheme was €2.1 million (2017: €1.0 million).

Dutch Schemes

The pension scheme operated by the Group in the Netherlands is a defined benefit scheme that provides benefits related to service and salary. The original plan based on final pay was closed to new members on 1 January 2003. New employees joining the scheme after that date participate in a defined benefit scheme based on average pay. With effect from 1 January 2015 the participants in the original final pay scheme were transferred to a new scheme based on average pay, and with effect from 1 January 2017 the defined benefit scheme was closed to future accrual with all participants now included within a defined contribution scheme.

The latest actuarial valuation of the scheme was carried out as at 31 December 2015, using the projected unit credit method, by an independent actuary based on data provided by the plan administrators, Nationale Nederlanden. The principal assumptions used are listed in the table below. The assets of the scheme are held within the insurance company and are separate from the Group’s finances. The company has no future obligation to fund any historic pension entitlements accrued under this scheme and as such no net liability remains.

French Scheme

The Group’s French subsidiaries hold a retirement indemnity liability calculated by reference to the relevant collective agreement. The IAS 19 valuation of the liability across the French subsidiaries is €16.2 million (2017: €17.0 million).

Italian Scheme

A number of the Group’s Italian subsidiaries carry a liability relating to employee severance indemnity whereby upon end of employment (either by termination, resignation or retirement), the employee is entitled to receive an amount calculated by multiplying, for each year of service, 7.41% of their remuneration. The liability has been valued under IAS 19, and the liability at 31 December 2017 is €6.1 million (2017: €4.8 million).

Swiss Scheme

The Swiss subsidiary has a small defined benefit pension scheme with 21 participants which is partially insured. The IAS 19 valuation of the liability is €0.9 million (2017: €1.2 million).

Other Schemes

The Group has a small legacy German defined benefit pension scheme with 12 participants. The IAS 19 valuation of the liability is €0.6 million (2017: €0.3 million). The Group has a further €0.3 million liability relating to other small schemes (2017: nil).

The Group operates a number of defined contribution schemes overseas and contributes to the state pension scheme arrangements in a number of European countries. Costs incurred in the year and charges to the income statement in respect of these schemes were €7.0 million (2017: €1.5 million).

Notes to the financial statements (continued)

30 Retirement benefit obligations (continued)

IAS 19 retirement benefits

The valuations used for IAS 19 disclosures have been based on the most recent actuarial valuations updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme. Assets are stated at their market value at 31 December 2018.

At 31 December 2018

	UK	Netherlands	France	Italy	Switzerland
Inflation rate	**3.20%**	**n/a**	**3.00%**	**1.50%**	**1.00%**
Rate of increase in salaries	**n/a**	**1.90%**	**3.00%**	**1.50%**	**1.00%**
Rate of increase of pensions in payment	**2.95%**	**1.90%**	**3.00%**	**1.50%**	**1.00%**
Rate of increase for deferred pensioners	**3.20%**	**1.90%**	**3.00%**	**1.50%**	**1.00%**
Discount rate	**2.90%**	**1.90%**	**1.50%**	**1.30%**	**0.95%**
Life expectancy at age 65 for:					
Current pensioners - males	**22.1**				
Current pensioners - females	**24.1**				
Future pensioners - males	**23.4**				
Future pensioners - females	**25.4**				

At 31 December 2017

	UK	Netherlands	France	Italy	Switzerland
Inflation rate	3.20%	1.80%	2.00%	1.50%	1.00%
Rate of increase in salaries	n/a	2.00%	3.00%	1.50%	1.00%
Rate of increase of pensions in payment	2.95%	2.00%	3.00%	1.50%	1.00%
Rate of increase for deferred pensioners	2.20%	2.00%	3.00%	1.50%	1.00%
Discount rate	2.60%	2.00%	1.50%	1.30%	0.70%
Life expectancy at age 65 for:					
Current pensioners - males	22.2				
Current pensioners - females	24.1				
Future pensioners - males	23.5				
Future pensioners - females	25.5				

Notes to the financial statements (continued)

30 Retirement benefit obligations (continued)

	Fair value at 31 December 2018 €m	Fair value at 31 December 2017 €m
UK scheme		
Equities	**66.1**	27.7
Corporate bonds	**-**	26.5
Diversified Growth Fund	**-**	45.1
Liability Driven Investment (“LDI”)	**32.3**	32.7
Insurance policy	**18.0**	22.5
Cash	**20.3**	0.5
Total fair value of assets	**136.7**	155.0
Present value of pension liabilities	**(167.2)**	(192.2)
Deficit	**(30.5)**	(37.2)
Related deferred tax asset	**5.3**	6.3
Net pension liability	**(25.2)**	(30.9)
Netherlands schemes		
Fixed interest gilts	**14.3**	12.4
Total fair value of assets	**14.3**	12.4
Present value of pension liabilities	**(14.3)**	(12.4)
Deficit	**-**	-
Related deferred tax asset	**-**	-
Net pension liability	**-**	-
French schemes		
Cash	**-**	0.2
Total fair value of assets	**-**	0.2
Present value of pension liabilities	**(16.2)**	(17.2)
Deficit	**(16.2)**	(17.0)
Related deferred tax asset	**3.6**	3.8
Net pension liability	**(12.6)**	(13.2)
Italian scheme		
Fixed interest gilts	**-**	-
Total fair value of assets	**-**	-
Present value of pension liabilities	**(6.1)**	(4.8)
Deficit	**(6.1)**	(4.8)
Related deferred tax asset	**-**	-
Net pension liability	**(6.1)**	(4.8)
Swiss and others		
Insurance policy	**2.2**	3.0
Total fair value of assets	**2.2**	3.0
Present value of pension liabilities	**(4.0)**	(4.5)
Deficit	**(1.8)**	(1.5)
Related deferred tax asset	**-**	-
Net pension liability	**(1.8)**	(1.5)

Notes to the financial statements (continued)

30 Retirement benefit obligations (continued)

Pension and other post retirement obligations

The amounts recognised in the balance sheet are determined as follows:

	2018 €m	2017 €m
Present value of funded obligations	**(207.8)**	(231.1)
Fair value of plan assets	**153.2**	170.6
Net liability recognised in the balance sheet	**(54.6)**	(60.5)

The amounts recognised in the income statement are as follows:

	2018 €m	2017 €m
Current service cost	**1.2**	0.7
Past service costs – plan amendments (included within exceptional costs (note 8))	**2.5**	-
Scheme administration expenses	**0.7**	0.6
Operating costs	**4.4**	1.3
Net interest on defined benefit liability	**1.3**	1.5
Total pension expense	**5.7**	2.8

Analysis of the movement in the balance sheet liability

	2018 €m	2017 €m
Opening net liability	**(60.5)**	-
Acquisitions of businesses	**(0.7)**	(83.5)
Exchange adjustments	**0.3**	2.1
Current service cost	**(1.2)**	(0.7)
Scheme administration expenses	**(0.7)**	(0.6)
Past service costs – plan amendments (included within exceptional costs (note 8))	**(2.5)**	-
Reclassification from other creditors	**(1.1)**	-
Net interest on defined benefit liability	**(1.3)**	(1.5)
Employer contributions	**3.9**	3.6
Liabilities extinguished on settlement and plan terminations	**2.7**	0.5
Actuarial gains recognised as a reserves movement	**6.5**	19.6
Closing liability	**(54.6)**	(60.5)

	2018 €m	2017 €m
Opening defined benefit obligation	**(231.1)**	-
Acquisitions of businesses	**(0.7)**	(256.5)
Exchange adjustments	**1.9**	8.2
Current service cost	**(1.2)**	(0.7)
Past service costs – plan amendments (included within exceptional costs (note 8))	**(2.5)**	-
Interest expense	**(5.2)**	(4.9)
Reclassification from other creditors	**(1.1)**	-
Actuarial gains arising from changes in demographic assumptions	**1.1**	5.3
Actuarial gains arising from changes in financial assumptions	**8.9**	3.1
Experience gains	**5.4**	2.4
Actual benefit payments	**14.0**	11.5
Liabilities extinguished on settlement	**2.7**	0.5
Closing defined benefit obligation	**(207.8)**	(231.1)

Notes to the financial statements (continued)

30 Retirement benefit obligations (continued)

Reconciliation of fair value plan assets

	2018	2017
	€m	€m
Opening value of plan assets	**170.6**	-
Acquisitions of businesses	**-**	173.0
Exchange adjustments	**(1.6)**	(6.1)
Scheme administration expenses	**(0.7)**	(0.6)
Interest income	**3.9**	3.4
Return on assets excluding interest income	**(8.9)**	8.8
Employer contributions	**3.9**	3.6
Actual benefit payments	**(14.0)**	(11.5)
Closing fair value of plan assets	**153.2**	170.6

At the last valuation date, the present value of the UK defined benefit obligation was comprised of no active members, 1,254 deferred members and 424 relating to members in retirement.

Sensitivities

The sensitivities regarding the principal assumptions used to measure the UK scheme defined benefit obligation are as follows:

Assumption	Change in assumption	Impact on scheme deficit €m
Discount rate	Increase by 0.25%	**(8.2)**
Discount rate	Decrease by 0.25%	**8.5**
RPI inflation and related assumptions	Increase by 0.25%	**5.5**
RPI inflation and related assumptions	Decrease by 0.25%	**(5.2)**
Mortality	1 year increase in life expectancy	**6.4**

The sensitivity analysis above is based on reasonably possible changes in the respective assumptions occurring at the balance sheet rate, while holding all other assumptions constant. There has been no change in the methodology in preparing the pensions valuation report.

31 Related party transactions

Within the definition of IAS 24 'Related party disclosure', the Board and key management personnel are related parties. A summary of remuneration provided to key management personnel is provided in note 28.

During the period, the Group made purchases totalling €2.0 million and sales totalling €0.1 million (2017: €0.7 million purchases) with companies owned in which the previous Polish Managing Director has a shareholding, and purchases of €1.3 million and sales of €0.4 with companies in which the Romanian Managing Director has a shareholding.

The Group also made purchases of €0.1 million (2017: €0.1 million) from AEC Europe SRL, a company owned by the Managing Director of Minetti and €0.04 million (2017: €0.2 million) from Morgan Hill limited, an IT consulting company which is owned by the Group's former Chief Information Officer.

The Group made purchases totalling €1.7 million (2017: €0.3 million) from Advent International Corporation, an entity within the Advent International group of companies. The Group also made purchases totalling €1.7 million (2017: €1.7 million) from Ammeraal Beltech, a group previously owned by a fund managed by Advent International.

On 10 April 2018 the Group purchased the minority interest relating to Minetti S.p.A for €49.1 million from the Minetti family including the Managing Director of Minetti.

All transactions are considered to be at "arm's length".

Notes to the financial statements (continued)

32 Subsequent event note

Duncan Magrath has announced his intention to resign as a Director of Rubix Group Holdings Limited effective from 30 April 2019.

Andrew Silverbeck will become Chief Financial Officer with effect from 30 April 2019.

Acquisitions post balance sheet date include the following entities:

Country	Acquisition	Month acquired	Percentage shareholding	Annualised revenue €m
France	APE	January	100%	3
France	Delta P	January	100%	4
Germany and Switzerland	Schaefer	January	100%	36
Italy	Michele Giordani	January	100%	1
France	Duplessis	February	100%	20

33 Ultimate holding company

The immediate parent is AI Robin & CY SCA, and the ultimate holding company is AI Robin (Cayman) Limited.

The ultimate controlling party is Advent Funds GPE VIII.

Rubix Group Holdings Limited
(formerly IPH-Brammer Holdings Limited)

Separate financial statements (in accordance with UK accounting standards) for the year ended 31 December 2018

Independent auditors' report to the members of Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited)

Report on the audit of the company financial statements

Opinion

In our opinion, Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited)'s company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2018; the Statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited) (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of Rubix Group Holdings Limited (formerly IPH-Brammer Holdings Limited) for the year ended 31 December 2018.

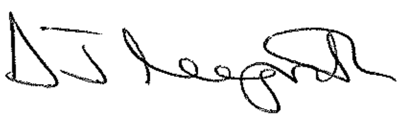
H. Mac

Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 April 2019

Balance sheet
At 31 December 2018

	Notes	2018 £m	2017 £m
Assets			
Non-current assets			
Investments - shares in Group undertakings	1	617.0	616.9
		617.0	616.9
Current assets			
Derivative financial instruments	2	6.7	9.4
Cash and cash equivalents		-	-
		6.7	9.4
Liabilities			
Current liabilities			
Derivative financial instruments	2	(0.9)	(1.3)
Net current assets		5.8	8.1
Total assets less current liabilities		622.8	625.0
Non-current liabilities			
Preference shares - amounts due after more than one year	3	(173.6)	(157.8)
		(173.6)	(157.8)
Net assets		449.2	467.2
Total shareholders' funds			
Called up share capital	4	-	-
Share premium		471.0	471.0
Accumulated losses			
At the start of the year / period		(3.8)	-
Financial loss for the year / period attributable to the owners		(18.0)	(3.8)
		(21.8)	(3.8)
		449.2	467.2

The financial statements on pages 78 to 83 were approved by the Board on 29 April 2019 and were signed on its behalf by



Duncan Magrath
Director
29 April 2019

Rubix Group Holdings Limited
Company number 10485684

Statement of changes in equity

For the year ended 31 December 2018

	Called up share capital	Share premium	Accumulated losses	Total
	£m	£m	£m	£m
Loss for the period	-	-	(3.8)	(3.8)
Other comprehensive income/(expense)	-	-	-	-
Total comprehensive income/(expense)	-	-	(3.8)	(3.8)
Transactions with owners				
Investment from shareholder	-	471.0	-	471.0
Total transactions with owners recognised directly in equity	-	471.0	-	471.0
Movement in the period	-	471.0	(3.8)	467.2
Balance as at 31 December 2017	-	471.0	(3.8)	467.2
Balance at 1 January 2018, as previously reported	**-**	**471.0**	**(3.8)**	**467.2**
Impact of change in accounting policy	-	-	-	-
Adjusted balances at 1 January 2018	**-**	**471.0**	**(3.8)**	**467.2**
Loss for the year	-	-	**(18.0)**	**(18.0)**
Other comprehensive income/(expense)	-	-	**-**	**-**
Total comprehensive income/(expense)	-	-	**(18.0)**	**(18.0)**
Transactions with owners				
Investment from shareholder	-	-	**-**	**-**
Total transactions with owners recognised directly in equity	-	-	**-**	**-**
Movement in the year	-	-	**(18.0)**	**(18.0)**
Balance as at 31 December 2018	**-**	**471.0**	**(21.8)**	**449.2**

The notes on pages 82 to 83 are an integral part of the financial statements.

Accounting policies

General information
The separate financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), on the going concern basis and under the historical cost convention modified for fair values, and in accordance with the Companies Act 2006 and with applicable accounting standards. The accounting policies have been applied consistently.

These financial statements and accompanying notes have been prepared in accordance with FRS 101 for all periods presented.

A separate profit and loss account dealing with the results of the company has not been presented as permitted by section 408(3) of the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

The following paragraphs of IAS 1 'Presentation of financial statements':

- 10(d) (statement of cash flows)
- 16 (statement of compliance with all IFRS)
- 111 (cash flow statement information)
- 134-136 (capital management disclosures)

IFRS 7 'Financial instruments: Disclosures'

IAS 7 'Statement of cash flows'

IAS 8 'Accounting policies, Changings in Accounting Estimates and Errors'

IAS 24 (paragraph 17) 'Related party disclosures' (key management compensation)

IAS 24 'Related party disclosures' – the requirement to disclose related party transactions between two or more members of a Group.

As the Group financial statements include the equivalent disclosures, the company has taken the exemptions available under FRS 101 in respect of the following disclosures:

- certain disclosures required by IFRS 13 'Fair Value Measurement' and disclosures required by IFRS 7 'Financial Instrument Disclosures'.

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling on the balance sheet date and exchange differences are taken to the profit and loss account.

Investments
Investments in subsidiary undertakings and fixed asset investments are shown at cost subject to provision for impairment in valuation.

Borrowings
Borrowings are recognised as the proceeds received, net of transaction costs incurred, which are then amortised over the expected life of the facility.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Derivative financial instruments and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as either:

- hedges of the fair value of recognised assets of liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows or recognised assets and liabilities and highly probably forecast transactions (cash flow hedges).

The company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The company also documents its assessment, both on hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the fair values or cash flows of hedged items.

Accounting policies (continued)

Derivative financial instruments and hedging activities (continued)

The fair values of various financial instruments are disclosed in note 2. There were no movements in the hedging reserve in shareholders' equity in the period. The full fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged items is less than 12 months. Trading derivatives are classified as current assets or liabilities.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Derivatives that do not quality for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or expenses or, in the case of the derivative instruments linked to the redeemable preference shares, within 'finance costs'.

Provisions

Provisions in respect of liabilities are made in accordance with FRS 101 and are discounted where the effect is material. Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Current and deferred tax

Current tax

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. Deferred tax assets and liabilities are not discounted.

Interest

All borrowing and finance costs are recognised within the income statement within finance costs in the period in which they occur. Dividends due on redeemable preference shares are classified as interest cost.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities.

Notes to the financial statements

1 Investments – shares in Group undertakings

	2018 £m	2017 £m
Subsidiaries		
At the start of the period	**616.9**	-
Investment in new subsidiaries	**0.1**	616.9
At 31 December	**617.0**	616.9

Details of all the company's subsidiaries which are either wholly owned by the company or its subsidiaries are shown on pages 84 to 89. In the opinion of the directors, the value of the company's investments in its subsidiaries is not less than the amount at which it is stated on the balance sheet.

2 Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. The company has the following derivative financial instruments:

	2018 £m	2017 £m
Current Assets		
Redeemable preference shares call option – held for trading	**6.7**	9.4
Total current derivative financial instrument assets	**6.7**	9.4
Current liabilities		
Redeemable preference shares LIBOR floor – held for trading	**(0.9)**	(1.3)
Total current derivative financial instrument liabilities	**(0.9)**	(1.3)

Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period or where they are classified as 'held for trading'. For information about the methods and assumptions used in determining the fair value of derivatives, see page 61.

3 Preference shares – amounts falling due after more than one year

	2018 £m	2017 £m
Redeemable preference shares		
Between one and two years	**0.8**	0.8
Between two and five years	**3.0**	3.0
Over five years	**169.8**	154.0
	173.6	157.8

The redeemable preference shares represent 14,590,684,932 fully paid 10% cumulative redeemable preference shares with a par value of £145.9 million.

The shares are entitled to dividends at the rate of 9% plus the higher of LIBOR or 1% per annum. If the company elects to accrue, rather than pay, the dividend amount due, the dividend rate increases to 10% plus the higher of LIBOR or 1% per annum.

At any time on or after the 14 September 2027, the holder of the preference shares can serve written notice to initiate repayment of the preference shares at £1 per share.

The redeemable preference shares include a call option, allowing the Group the option of early repayment. This call option has been recognised as a derivative financial asset (note 2) with a corresponding increase in the fair value of the preference share liability which will unwind, through interest, over the life of the preference shares. The LIBOR floor attached to the redeemable preference shares has been recognised as a derivative financial liability (note 2). The net impact of the two derivative financial instruments increases the carrying value of the preference share liability by £6.4 million at the year end.

Notes to the financial statements (continued)

3 Preference shares – amounts falling due after more than one year (continued)

The total carrying amount of the preference shares at period end includes a further £21.3 million in relation to accrued dividends. The impact of the embedded derivatives and the accrued dividends increases the carrying value of the preference shares to £173.6 million at 31 December 2018.

As the shares are mandatorily redeemable on a specified date, they are recognised as liabilities.

4 Called up share capital

	2018 Number	**2018 £m**	2017 Number	2017 £m
Ordinary shares of 1p each, allotted and fully paid:				
At start of the year	**106**	**-**	-	-
Issued in the period	**-**	**-**	106	-
At 31 December	**106**	**-**	106	-

The company has no limit on authorised share capital.

No ordinary shares were issued during the year (2017: 106 ordinary shares) to AI Robin & CY SCA the immediate parent company.

5 Directors' emoluments

The emoluments of the directors are paid by other subsidiaries which make no recharge to the company. As the directors are the directors of a number of fellow subsidiaries, it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of these directors.

The company has no other employees.

6 Auditors' remuneration

No fees were payable to the company's auditors for the audit of the financial statements in the period. Non-audit fees payable to the company's auditors in the period were £nil.

7 Contingent liabilities

The company's principal subsidiaries are party to a bank guarantee whereby they agree to discharge on demand, in part or in total, bank borrowings under a specific facility of other companies within Rubix Group.

8 Related party transactions

The company is exempt under the terms of IAS 24 from disclosing related party transactions with entities that are part of the Group as these transactions are fully eliminated on consolidation.

There were no other related party transactions in the period.

9 Subsequent event note

There have been no subsequent events.

10 Ultimate parent undertaking

The immediate parent is AI Robin & CY SCA, and the ultimate holding company is AI Robin (Cayman) Limited.

The ultimate controlling party is Advent Funds GPE VIII.

Subsidiary companies

The subsidiary companies included within the financial statements are disclosed below. Except where otherwise stated the percentage controlled is 100%.

Active and held directly by Rubix Group Holdings Limited	Country of incorporation or registration	Registered address
RUBIX GROUP MIDCO LIMITED (Formerly IPH-Brammer Midco Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK

Active and held indirectly by Rubix Group Holdings Limited	Country of incorporation or registration	Registered address
BRAMMER OSTERREICH INDUSTRIE SERVICE GmbH	AUSTRIA (AUT)	Marktstrasse 5, 2331 Vösendorf, AUSTRIA
SCMR ANJAC SARL	ALGERIA (AL)	Lot n°5 Zone Industrielle de Réghaia, Algeria
AANDRIJVINGEN PDC NV	BELGIUM (BE)	Gentseweg 622, Sint-Eloois-Vijve – 8793 WAREGEM, Belgium
BRAMMER NV	BELGIUM (BE)	Luithagen Haven 2A, Antwerpen, B-2030, Belgium
D'HONT NV	BELGIUM (BE)	Gentseweg 622, Sint-Eloois-Vijve – 8793 WAREGEM, Belgium
BRAMMER CZECH a.s.	CZECH REPUBLIC (CZ)	K Bílemu vrchu 2912/3, 193 00 Praha 9 - Horní Počernice, Czech Republic
KOMA COMMERCIAL s.r.o.	CZECH REPUBLIC (CZ)	Ruská 514/41, Vitkovice, 703 00 OSTRAVA, Czech Republic
BRAMMER A/S	DENMARK (DEN)	Cedervej 2, 8462 Harlev J, Denmark
BRAMMER HOLDINGS N°3 LIMITED	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
BRAMMER UK LIMITED	ENGLAND (ENG)	Claverton Court, Claverton Road, Wythenshawe, Manchester, M23 9NE, UK
BRAMMER VENDING LIMITED	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
DRECHSLER KFZ TEILEHANDEL LTD	ENGLAND (ENG)	69 Great Hampton Street, Birmingham, West Midland, B18 6EW, UK
MATRIX TOOLING SERVICES LIMITED	ENGLAND (ENG)	Claverton Court, Claverton Road, Wythenshawe, Manchester, M23 9NE, UK
RUBIX EUROPE LIMITED (formerly Brammer Europe Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
RUBIX GROUP FINCO LIMITED (formerly IPH-Brammer Finco Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
RUBIX GROUP INTERNATIONAL LIMITED (formerly IPH-Brammer Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
RUBIX GROUP MIDCO LIMITED (formerly IPH-Brammer Midco 2 Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
RUBIX GROUP MIDCO 2 LIMITED (formerly IPH-Brammer Midco 2 Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
RUBIX GROUP MIDCO 3 LIMITED (formerly IPH-Brammer Midco 3 Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
RUBIX GROUP MIDCO 4 (formerly IPH-Brammer Midco 4 Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
RUBIX INTERNATIONAL LIMITED (formerly IPH-Brammer Industrial Services Limited)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
BRAMMER OY	FINLAND (FIN)	Juhanilantie 4A, 01740 Vantaa, Finland
AFDC 20 SARL	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
AFDC 21 SARL	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
ALTHOFFER SAS	FRANCE (FR)	Rue des vieux moulins prolongée, ZA de Choisy- 88200 REMIREMONT, France
BEARING EXPRESS SARL	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
BANDES TRANSPORTEUSES MARIE ANTOINE - B.T.M.A. SAS	FRANCE (FR)	Zone Artisanale de Pén Mane - 56520 GUIDEL, France
BRAMMER FRANCE (ex AFDC 23) SAS	FRANCE (FR)	5 rue Pauling Techniparc, 91240 Saint Michel sur Orge, France
CENTRE ROULEMENT DAUPHINE (CRD) SAS	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
CLE DE 13 PRODUCTIQUE SAS	FRANCE (FR)	2 rue Jean Nicot, ZI de Saint-Jean de la Ruelle - 45140 SAINT-JEAN-DE-LA-RUELLE, France

Subsidiary companies (continued)

Active and held indirectly by Rubix Group Holdings Limited	Country of incorporation or registration	Registered address
CTR. CARDANS-TRANSMISSIONS-ROULEMENTS SAS	FRANCE (FR)	3 A Tabernotes Sud, Zone Artisanale des Tabernotes - 33370 YVRAC, France
DEFA SAS	FRANCE (FR)	ZI du Val d'Argent 11 rue Guy Moquet – 95100 ARGENTEUIL, France
DELOGE NEGOCE TECHNIQUE SAS	FRANCE (FR)	Parc d'Activités de l'Aérodrome Est, 1 rue d'Hurtebise - 59125 TRITH SAINT LEGER, France
FELDMANN SAS	FRANCE (FR)	317 rue des Famards Crt 2 - BP 90209 - 59812 LESQUIN cedex, France
FIC SAS	FRANCE (FR)	2 rue Jean Nicot, ZI de Saint-Jean de la Ruelle - 45140 SAINT-JEAN-DE-LA-RUELLE, France
FICA SAS	FRANCE (FR)	4 rue jean Moulin ZI Bayon, 42150 La Ricamarie, France
FOURNITURES INDUSTRIELLES REUNIONNAISES (SAFIR) SARL	FRANCE (FR)	Usine de Savannah rue Jules Thirel – 97460 SAINT PAUL DE LA REUNION, France
LINEAIRE EXPRESS (formerly IPH Lineaire) SARL	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
LEPERCQ SAS	FRANCE (FR)	21 rue Lavoisier – 69680 CHASSIEU, France
LYPSIS SAS	FRANCE (FR)	11 rue de la Prairie - 01100 GROISSIAT, France
MTC MECANORD SAS	FRANCE (FR)	65 rue Jean Jaurès – 59510 HEM, France
NICOLAS BOBINAGE SAS	FRANCE (FR)	Zone d'Activités de la Villeneuve Braouic, 3 avenue Arthur Krebs - 29300 QUIMPERLE, France
N4 ONLINE SARL	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
ORADIS SAS	FRANCE (FR)	31 rue de la Baume - 75008 PARIS, France
OREFI PARTICIPATION SAS	FRANCE (FR)	31 rue de la Baume - 75008 PARIS, France
OREXAD SAS	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
OREXAD DEVELOPPEMENT SARL	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
OUTIMECA SAS	FRANCE (FR)	9 rue de la Chambrouillère - 53960 Bonnchamp-Les-Laval, France
OUTILACIER SAS	FRANCE (FR)	3 rue Sigmund Freud - 69120 VAUX-EN-VELIN, France
PROMAFOR SAS	FRANCE (FR)	La Bocquette Quai du Rhône – 01700 MIRIBEL, France
RCDE-France (Réseau Central Distribution Entreprises) SAS	FRANCE (FR)	331 chemin des Agriés – 31860 LABARTHE-SUR-LEZE, France
RECI REALISATIONS ETUDES CONCEPTIONS INFORMATIQUES SNC	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
RS SOUDAGE SAS	FRANCE (FR)	19 avenue des cerisiers ZI du Bois Vert – 31120 PORTET SUR GARONNE, France
RUBIX DEVELOPPEMENT (formerly IPH Developpement) SARL	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
RUBIX ENGINEERING (formerly IPH Brands) SAS	FRANCE (FR)	31 rue de la Baume – 75008 PARIS, France
RUBIX FORMATION (formerly IPH Formation) SAS	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
RUBIX FRANCE (formerly IPH France) SAS	FRANCE (FR)	31 rue de la Baume 75008 PARIS, France
RUBIX FR GROUP (formerly IPH) SAS	FRANCE (FR)	31 rue de la Baume – 75008 PARIS, France
RUBIX FR HOLDING (formerly Brammer France) SAS	FRANCE (FR)	5 rue Pauling Techniparc, 91240 Saint Michel sur Orge, France
RUBIX FRANCE INDUSTRIAL SAS	FRANCE (FR)	31 rue de la Baume – 75008 PARIS, France
SCI DES VIEUX MOULINS (Societe Civile)	FRANCE (FR)	Rue des vieux moulins prolongée – 88200 REMIREMONT, France
SOCIETE GENERALE MECANIQUE APPLIQUEE SOGEMA SAS	FRANCE (FR)	Rue de la Papinerie, ZI ROUBAIX est – 59390 LYS-LES-LANNOY, France
SOCIETE NT TRANSMISSIONS SAS	FRANCE (FR)	ZI place Gutenberg – 59175 TEMPLEMARS, France
SOGEMA SERVICES SAS	FRANCE (FR)	Rue de la Papinerie, ZI ROUBAIX est – 59390 LYS-LES-LANNOY, France
SOVEMA SAS	FRANCE (FR)	61 avenue Tony Garnier – 69007 LYON, France
STC SAS	FRANCE (FR)	1 rue du Mans - 49300 CHOLET, France
SCI FILESTRE (Societe Civile)	FRANCE (FR)	3 rue de La Haye, 67300 Schiltigheim, France

Subsidiary companies (continued)

Active and held indirectly by Rubix Group Holdings Limited	Country of incorporation or registration	Registered address
TOP FI SARL	FRANCE (FR)	ZAC de la Garenne, Avenue Georges Saint Sauveur - 18120 MEREAU, France
AKN WALZLAGER GmbH	GERMANY (GER)	Max-Hellermann-Str. 11, 07629 Hermsdorf, Germany
BRAMMER GmbH	GERMANY (GER)	Ohiostraße 11, 76149 Karlsruhe, Germany
KISTENPFENNIG AG	GERMANY (GER)	Hauptstrasse 17-19, 55120 MAINZ, Germany
KUKI-LOG GmbH	GERMANY (GER)	HauptraBe 17-19 (Gebaüde 6346), 55120 MAINZ, Germany
MARTIN DEPNER TECHNISCHER GROBHANDEL GmbH	GERMANY (GER)	Dasselsbrucher Str. 50, 29227 Celle, Germany
RUBIX HOLDING DEUTSCHLAND GmbH (formerly Zitec Gruppe GmbH)	GERMANY (GER)	Scheiblerstraße 3, 94447 Plattling, Germany
S@FE AG	GERMANY (GER)	WöhlerstraBe 2-6, 55120 MAINZ, Germany
WT WERKZEUGTECHNIK GmbH (formerly Ungdom Vermogensverwaltungsgesellschaft GmbH)	GERMANY (GER)	Scheiblerstraße 3, 94447 Plattling, Germany
ZITEC FERTIGUNSTECHNIK GmbH	GERMANY (GER)	Scheiblerstraße 3, 94447 Plattling, Germany
ZITEC INDUSTRIETECHNIK GmbH	GERMANY (GER)	Scheiblerstraße 3, 94447 Plattling, Germany
ZITEC INSTANDALTUNGSERVICE GmbH	GERMANY (GER)	Scheiblerstraße 3, 94447 Plattling, Germany
BRAMMER MAGYARORSZAG KFT	HUNGARY (HUN)	Tópark utca 9. 2045 Törökbálint, Hungary
BRAMMER ISLAND EHF	ICELAND (ICE)	Hlidarsmari 12, 200 Kopavogur, Iceland
BRAMMER INDUSTRIAL IRELAND LIMITED	IRELAND (IRE)	IDA Poppintree Industrial Estate, Finglas, Dublin 11, Ireland
MINETTI S.p.A	ITALY (IT)	Via delle Canovine.14, CAP 24126 BERGAMO (BG), ITALY
BRAMMER FINANCE LIMITED	JERSEY (JER)	44 Esplanade, St Helier, Jersey, JE4 9WG
BRAMMER SA	LUXEMBURG (LU)	1 rue Drosbach, L-3372 Leudelange, Luxembourg
KISTENPFENNIG S.à.r.l.	LUXEMBURG (LU)	50A rue des Bruyères, 1274 HOWALD, Luxemburg
BRAMMER NEDERLAND B.V.	NETHERLANDS (NL)	Pieter Goedkoopweg 2 / 2031 EL / HAARLEM, NETHERLANDS
BT BRAMMER BV (formerly Biesheuvel Groep BV)	NETHERLANDS (NL)	Science Park Eindhoven 5047, 5692 EB SON EN BREUGEL, NETHERLANDS
K.N.S. AANDRIJFTECHNIEK B.V.	NETHERLANDS (NL)	Pieter Goedkoopweg 2 / 2031 EL / HAARLEM, NETHERLANDS
KOBO NEDERLAND BV	NETHERLANDS (NL)	Rigaweg 24, 9723 TH GRONINGEN, NETHERLANDS
MOTION CONTROL AUTOMATION BV	NETHERLANDS (NL)	Markenweg 5, 7051 HS VARSSEVELD, NETHERLANDS
NOTEN B.V.	NETHERLANDS (NL)	Blauwwater 17, 5951 DB Belfed, NETHERLANDS
OREFI INTERNATIONAL BV	NETHERLANDS (NL)	Science Park Eindhoven 5047, 5692 EB SON EN BREUGEL, NETHERLANDS
PETERS ELEKTROMOTOREN BV	NETHERLANDS (NL)	Science Park Eindhoven 5047, 5692 EB SON EN BREUGEL, NETHERLANDS
ROTRANS BELTING BV	NETHERLANDS (NL)	Houttuinen-Zuid 19, 7325 RJ APELDOOM, NETHERLANDS
SAFE & SURE NEDERLAND BV	NETHERLANDS (NL)	Ecustraat 7, 4879 NP - ETTEN LEUR, NETHERLANDS
SMEZO HANDELSONDERNEMING BV	NETHERLANDS (NL)	Wijngaardsweg 36, 6412 PJ HEERLEN, Netherlands
STAMHUIS LINEAIRTECHNIEK BV	NETHERLANDS (NL)	Weteringstraat 9, 7391 TX TWELLO, NETHERLANDS
TOOLING CENTER BENELUX BV	NETHERLANDS (NL)	Science Park Eindhoven 5047, 5692 EB SON EN BREUGEL, NETHERLANDS
RUBIX NETHERLANDS HOLDINGS B.V. (Incorporated on 22 March 2019)	NETHERLANDS (NL)	Science Park Eindhoven 5047, 5692 EB SON EN BREUGEL, NETHERLANDS
BRAMMER AS	NORWAY (NW)	Nordre Bruraas 18, 5131 Nyborg, Norway
BRAMMER HOLDING AS	NORWAY (NW)	Nordre Bruraas 18, 5131 Nyborg, Norway
ROBOD SA	POLAND (POL)	223/225 Trakt sw. Wojciecha, 80-017 GDANSK, POLAND
BRAMMER S.A.	POLAND (POL)	ul. Handlowa 2a, 36-100 Kolbuszowa, POLAND

Subsidiary companies (continued)

Active and held indirectly by Rubix Group Holdings Limited	Country of incorporation or registration	Registered address
KMF Sp. z.o.o.	POLAND (POL)	ul. Handlowa 3, 36-100 Kolbuszowa, POLAND
RUBIX APPLICATION CENTRE Sp z oo (formerly Brammer Innovation Centre SP z.o.o)	POLAND (POL)	ul. NADWISLANSKA 1, lok. 10, 30-527, KRAKÓW, POLAND
LYPSIS LDA	PORTUGAL (POR)	Estrada de Leiria, N°. 227 - MARINHA GRANDE, Portugal
BRAMMER ROMANIA SRL	ROMANIA (ROM)	400641 str. B-dul Muncii nr 257, Cluj Napoca, Romania
KISTENPFENNIG Srl	ROMANIA (ROM)	Parcul Indutrial Dibo, Str. Piatra Craiului, Hala 4 Compartiment 2-4, 107086 NEGOIESTI, Romania
NOVO TECH SA	ROMANIA (ROM)	21 Livertatii Street – 407035 - APAHIDA (CLUJ County), Romania
NOVO TRADE SRL	ROMANIA (ROM)	21 Livertatii Street – 407035 - APAHIDA (CLUJ County), Romania
BRAMMER CONSULTING SERVICES LLC	SAUDI ARABIA (SAR)	Palm Centre, Office Number 2-19, Jubail Industrial City – Fanateer, Jubail, Eastern Province, Kingdom of Saudi Arabia
BRAMMER SLOVAKIA S.R.O.	SLOVAKIA (SLO)	Bánovská cesta 13, 010 01 Žilina, Slovakia
BRAMMER IBERIA S.A	SPAIN (SP)	Poligono Industrial Erletxe, Plataforma D-152 Pabellón 1Galdácano 48960, SPAIN
BUENAVENTURA GINER S.A.	SPAIN (SP)	Avenida can Sucarrats, numero 101, Poligono Industrial Cova Solera - 08191 Rubi (Barcelona), Spain
JULSA, S.A.U.	SPAIN (SP)	Calle Alcalde Pedro Escarbassiere, numeros 5-7, Poligono Industrial Vicalvaro, MADRID (28052), Spain
MRO INTERGRACION, S.L.U	SPAIN (SP)	Quel (La Rioja) Spain, Polígono Moreta, Sector 1, calle Sevilla s/n, SPAIN
SUMINISTROS INDUSTRIALES SYRESA, S.L.	SPAIN (SP)	c/ Pirita, 61, 47012 VALLADOLID, Spain
BRAMMER SWEDEN AB	SWEDEN (SW)	Kastellgatan 5, S-254-66 Helsinborg, Sweden
BRAMMER SWITZERLAND SA	SWITZERLAND (SWI)	Rue St-Pierre 18, c/o Progressia Société Fiduciaire et de Gestion SA, 1700 Fribourg, Switzerland
MONTALPINA AG	SWITZERLAND (SWI)	Kreuzstrasse 51, 6010 KRIENS, Switzerland

Dormant and held indirectly by Rubix Group Holdings Limited	Country of incorporation or registration	Registered address
Brammer Leasing Limited	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Castlerail Limited	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Mecro Limited	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Abec Fasteners Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Abec Transmission Products Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Apex Bearings & Power Transmissions Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
BCEA Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Bearing Sales Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Bearing Stockists Limited (Commenced solvent members voluntary liquidation on 13.12.2018)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Bearing Service Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Brammer Dynamics Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Brammer Hire Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Brammer Services Limited (Commenced solvent members voluntary liquidation on 13.12.2018)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK

Subsidiary companies (continued)

Dormant and held indirectly by Rubix Group Holdings Limited	Country of incorporation or registration	Registered address
BSL Brammer Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Brammer Technical Sales Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Brammer Transmissions Limited (Commenced solvent members voluntary liquidation on 13.12.2018)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
BSL Distribution Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
B.S.L Engineering Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
BSL Group Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
BSL Maintenance Man Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Camwin Investments Limited (Commenced solvent members voluntary liquidation on 13.12.2018)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
CBS Rotary Power Motion Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Data Preference (UK) Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Electron Drives Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
E.J. Jack Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Energy Services & Electronics Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Euro Electronic Rent Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Gemsis Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Jet Roulements Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Lion Oil Tool (Rental) Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Mercia Engineering Supplies Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Minett Fluid Power Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Monarch Bearings International Limited (Commenced solvent members voluntary liquidation on 21.08.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Iphb Nameco 1 Limited (formerly IPH-Brammer Holdings Limited, formerly Rubix Group Holdings Limited) (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Iphb Nameco 2 Limited (formerly IPH-Brammer Limited, formerly Rubix Group International Limited) (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Iphb Nameco 3 Limited (formerly IPH-Brammer Industrial Services Limited, formerly Rubix International Limited) (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Iphb Nameco 4 Limited (formerly Brammer Europe Limited, formerly Rubix Europe Limited) (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Rubix International Holdings Limited (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Rubix International Group Limited (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Rubix Europe Group Limited (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Rubix Network Limited (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK

Subsidiary companies (continued)

Dormant and held indirectly by Rubix Group Holdings Limited	**Country of incorporation or registration**	**Registered address**
Rubix Network Group Limited (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Rubix Network Holdings Limited (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
Rubix Global Limited (Dissolved on 15.01.2019)	ENGLAND (ENG)	St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD, UK
United Electronic Holdings Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
Premier Bearing Co Limited (Commenced solvent members voluntary liquidation on 24.09.2018)	ENGLAND (ENG)	Kpmg Llp, 8 Princes Parade, Liverpool, Merseyside, L3 1QH, UK
CUMBRIA BEARINGS & TRANSMISSIONS LIMITED (Commenced solvent members voluntary liquidation on 13.12.2018)	SCOTLAND (SCO)	Kpmg Llp Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG, SCOTLAND