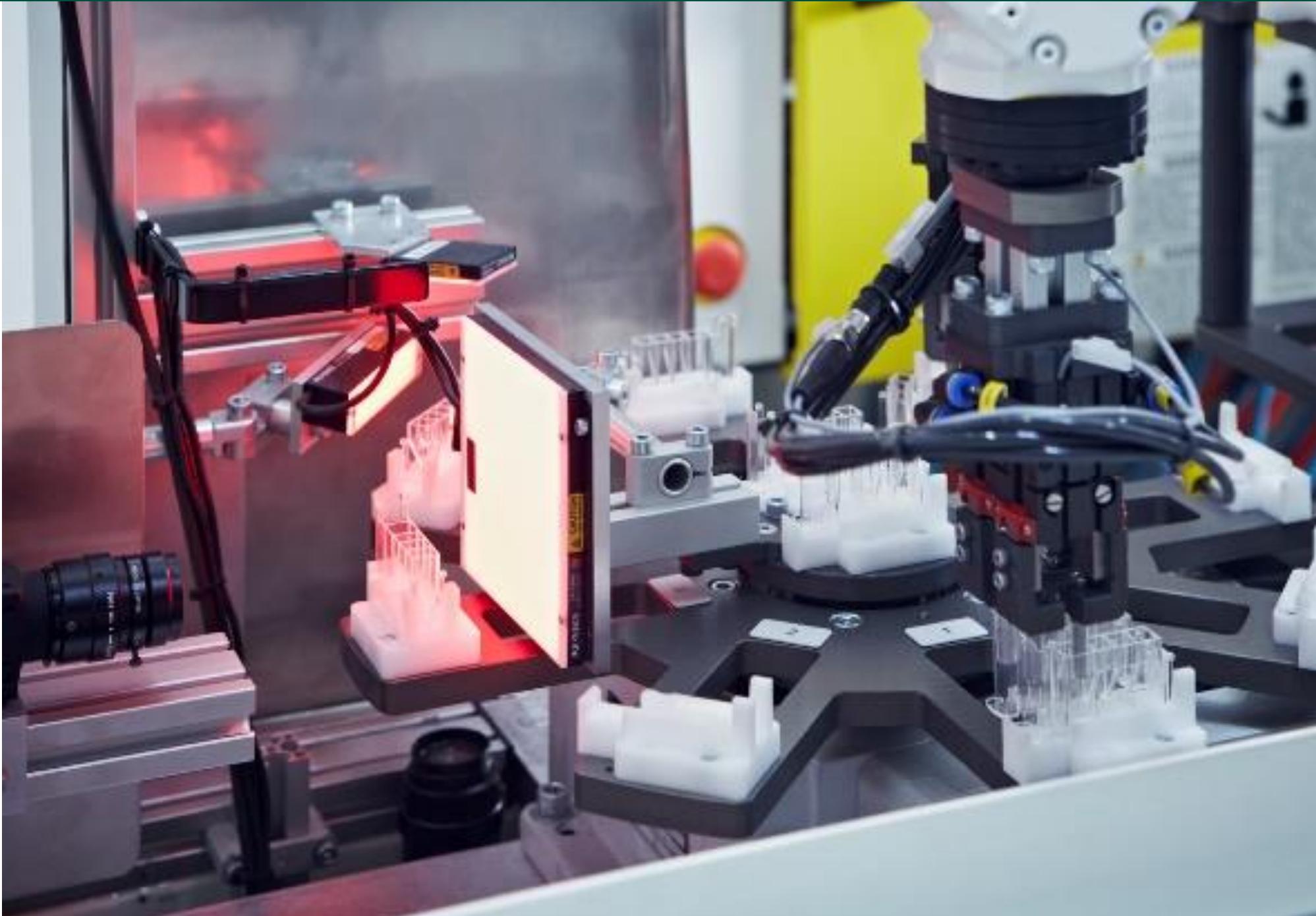


carclo

# General Meeting

5 September  
2019



# Causes of loss of capital

## General Meeting requirement

- General Meeting to be called if net assets are less than half called-up share capital

## Carclo plc – the Company

- Assets consist broadly of investments in subsidiaries and intercompany debtors
- Liabilities consist broadly of bank debt, intercompany creditors and the pension deficit

## Reduction in net assets resulted from:

- Increase in pension deficit
- Write-down of Company's investment in Wipac

<b>Company balance sheet</b>		31 March 2018
		£'000
<b>Fixed assets</b>		
Tangible assets	374	
Investments in subsidiary undertakings	100,854	
	101,228	
<b>Current assets</b>		
Intercompany debtors	89,158	
Deferred tax	5,519	
Other debtors	473	
Cash at bank and in hand	1,813	
	96,963	
<b>Current liabilities</b>		
Intercompany creditors	(97,405)	
Other creditors	(719)	
Bank overdraft	(11,308)	
	(109,432)	
<b>Net current liabilities</b>		(12,469)
<b>Liabilities due after more than one year</b>		
Bank	(29,253)	
Pension liability	(29,798)	
	(59,051)	
<b>Total net assets</b>		29,708
<b>Capital and reserves</b>		
Called up share capital	3,664	
Share premium account	7,359	
Profit and loss account	18,685	
<b>Shareholders' funds</b>		29,708

# Causes of loss of capital

Pension deficit increased due to:

- Decrease in discount rate
- Increase in mortality assumptions
- GMP equalisation
- Other experience losses
- Sensitivity to changes in assumptions
  - 0.25% decrease in discount rate increases liabilities by 3.5% or c£7m
  - 1 year increase in life expectancy increases liabilities by 3.6% or c£7m

Investment in Wipac

- Carclo plc intercompany debtors at 31 March 2018 included £12.6m due from Wipac Ltd

<b>Company balance sheet</b>		31 March 2018
		£'000
<b>Fixed assets</b>		
Tangible assets		374
Investments in subsidiary undertakings		100,854
		<u>101,228</u>
<b>Current assets</b>		
Intercompany debtors		89,158
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Share premium account		7,359
Profit and loss account		18,685
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No action required since no further implications of net assets being lower than half share capital

Increases in net assets will potentially be generated from:

- Future trading profits of operating subsidiaries being remitted via dividends
- Reduction of pension deficit through investment growth, cash contributions, changes in assumptions and experience gains
- New share capital

*Forward looking statements - Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events to differ materially from any expected future events or results referred to in these forward looking statements.*