B.M. Polyco Limited

Directors' Report, Strategic Report and Financial Statements

Registered number 01368213

31 March 2014

Contents

Strategic report

Principal Activities
The principal activities of the group in the year under review continue to be those of the marketing, distribution and manufacturing of domestic, industrial and medical hand protection and healthcare products together with the research and development of new products.

Business Review
The year ending 31st March 2014 proved to be a challenging one for the company with revenue performance not in line with the growth seen in previous years. Notwithstanding this, the Directors are encouraged by the continued improvement in profitability versus prior years as the company continued to expand its product range and penetration outside of its traditional UK and Irish markets. As a consequence of the improving profitability the business' cash flow performance also improved enabling borrowing to be further reduced.

The Professional Business once again grew in the last year, a good performance in the context of a competitive UK and Irish Market. The Directors can report that the re-focused sales strategy has enabled the division to continue to grow, particularly in new international markets.

In terms of key performance indicators, the Board of Directors are pleased to report that gross profit measured as a percentage of sales ended the year at 28.1%. This represents a 1 percentage point increase on the prior year. Similarly, operating profit measured as a percentage of sales also increased over the same period from 6.0% to 7.4%. Expectations are for these two key ratios to remain at similar levels for the forthcoming year.

Research and Development

The company is committed to a continuous process of product innovation and the directors are pleased to report that its programmes continue to bear fruit with numerous product launches expected in the coming months.

Business Risk

The Company's principle risks derive from fluctuations in exchange rates and underlying raw material prices, particularly natural rubber latex and nitrile. The Company has a policy of applying suitable foreign exchange hedging strategies and actively works with its suppliers to manage raw material price fluctuations. Wherever possible the Company also looks to obtain fixed price contracts from suppliers as a means of mitigating raw material fluctuations.

Future Developments

When combined with the impending rebranding of the Professional Business Unit's entire product offering as well as new product launches and investments internationally focused sales and marketing resource, the Directors are confident that the business is well positioned for further growth in the coming year in both the UK & Irish markets and internationally.

The focus of the Consumer Business continues to be one of maintenance of market share in its core household glove market whilst looking to growth from the healthcare sector through new product launches with an expanding customer base. As in prior years the Consumer Business supports its growth plans by marketing campaigns for its own glove and healthcare brands.

Other than the initiatives set out above, the Directors do not see any further significant future developments at this stage.

By order of the board

Neil Wilson
Director

03 July 2014

Directors' report

The directors present their annual report and the audited financial statements of the company and the group for the period ended 31 March 2014.

Dividends
The company made no dividend distributions during the period ended 31 March 2014 *(2013: £18,000).*

Directors
The directors who held office during the year were:

G J Shuttleworth (resigned 31 March 2013)
S E Bridge
M J Holdaway
T B Garvey
P L Colclough
N D Finney
G M Dodd
N A Wilson

Employee Consultation
The company continues to brief all staff on matters affecting them as employees and on matters affecting performance of the company.

The company's management structure is geared toward a policy of close budgeting and cost control. The directors can report continuing successful implementation of the policy

The company continues to operate focused recruitment and selection procedures and has active systems of on-going staff training and development.

Creditor Payment Policy
It is the company's policy to pay all of its trade creditors in accordance with its contractual and other legal obligations.

Charitable Contributions
The Group made charitable contributions during the year of £1,645 *(2013: £1,037).* The Group made no political donations *(2013: £nil)*

Auditors
In accordance with Section 487 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditors of the company has been accepted by the Board of Directors.

On behalf of the Board.

N A Wilson
Director

Crown Road
Enfield
Middlesex
EN1 1TX

03 July 2014

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KPMG LLP
58 Clarendon Road
Watford
WD17 1DE
United Kingdom

Independent auditor's report to the members of BM Polyco Limited

We have audited the financial statements of BM Polyco Limited for the year ended 31 March 2014, set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company affairs as at 31 March 2014 and its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of BM Polyco Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

M Matthewman

Mark Matthewman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

03 July 2014

Profit and Loss Account
for the year ended 31 March 2014

	Note	**2014** **£000**	2013 £000
Turnover		**50,904**	62,379
Less: Share of joint venture's turnover		**-**	(9,060)
	2	**50,904**	53,319
Cost of sales		**(36,582)**	(39,888)
Gross profit		**14,322**	13,431
Administrative expenses		**(10,528)**	(10,921)
Group operating profit		**3,794**	2,510
Share of operating profit in joint venture		**-**	715
Total operating profit	3	**3,794**	3,225
Loss on disposal of joint venture		**-**	(554)
Interest payable and similar charges – Company	6	**(642)**	(394)
Interest payable and similar charges – Joint venture	6	**-**	(32)
Profit on ordinary activities before taxation		**3,152**	2,245
Tax on profit on ordinary activities	7	**(686)**	(771)
Profit on ordinary activities after taxation	18	**2,466**	1,474

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 9 to 20 form part of these financial statements.

Balance Sheet
at 31 March 2014

	Note	**2014**		2013	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*8*				
Goodwill		**1,339**		1,538	
Other intangible assets		**10**		17	
		1,349		1,555	
Tangible assets	*9*		**1,478**		1,722
			2,827		3,277
Current assets					
Stocks	*10*	**7,671**		8,060	
Debtors (Amounts due after one year £14,904 (2013: £14,917)	*11*	**25,160**		26,803	
Cash at bank and in hand		**185**		715	
		33,016		35,578	
Creditors: amounts falling due within one year	*12*	**(17,554)**		(21,769)	
Net current assets			**15,462**		13,809
Total assets less current liabilities			**18,289**		17,086
Creditors: amounts falling due after more than one year	*13*		**(1,893)**		(3,158)
Provisions for liabilities	*16*		**(50)**		(48)
Net assets			**16,346**		13,880
Capital and reserves					
Called up share capital	*17*		**100**		2
Share premium account	*18*		**76**		174
Profit and loss account	*18*		**16,170**		13,704
Shareholders' funds	*19*		**16,346**		13,880

These financial statements were approved by the directors on 3 July 2014 and were signed on their behalf by:

The notes on pages 9 to 20 form part of these financial statements.

N A Wilson
Director

Company registered number: 01368213

Statement of Total Recognised Gains and Losses
for the year ended 31 March 2014

	2014 £000	2013 £000
Profit for the financial year		
Company	**2,466**	939
Share of joint venture	**-**	535
Total recognised gains relating to the financial year	**2,466**	1,474

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention and are in accordance with applicable accounting standards.

Under FRS 1 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Polyco (Group) Ltd, the Company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Polyco (Group) Ltd, within which this Company is included, can be obtained from the address given in note 22.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the marketing, distribution and manufacturing of domestic, industrial and medical products. Revenue is recognised when the risks and rewards of ownership have been transferred to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided so as to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Improvement to property	-	over the remaining term of the lease
Fixtures and fittings	-	at varying rates on cost
Motor vehicles	-	25% on reducing balance

Investments

In the Company's financial statements, investments in subsidiary undertakings and joint venture are stated at cost less provision for impairment.

Intangible assets

Intangible assets comprise of the licences acquired by the Company, recognised at cost to the group and amortised over their useful economic life.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation and business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The company amortises goodwill over a period of ten years.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.
Costs includes all direct expenditure and an appropriate proportion of overheads

Notes (continued)
1 Accounting policies (continued)

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences that have originated between the treatment of certain items for taxation and accounting purposes and have arisen but not reversed at the balance sheet date, except as otherwise required by FRS19 'Deferred tax'.

Research and development
Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance lease are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.
The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.
Amounts payable under operating leases are charged to the profit and loss account in the period in which they arise.

Operating leases
Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Interest bearing borrowings
Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

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

Pension costs and other post-retirement benefits
The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the profit and loss account in the period in which they relate.

2 Turnover

The turnover and profit before taxation are attributable to the principal activities of the Group.

An analysis of turnover by geographical market is given below:

	2014	2013
	£000	£000
UK	**43,167**	46,842
Europe	**7,292**	6,179
Rest of the world	**445**	298
	50,904	53,319

3 Operating profit

	2014	2013
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation:		
Owned assets	**329**	268
Assets on hire purchase contracts	**31**	53
Amortisation of licences	**7**	6
Amortisation of goodwill	**199**	203
(Profit) on disposal of tangible fixed assets	**(1)**	(2)
Operating leases – land and building	**800**	809
Operating leases – plant and machinery	**168**	254

Auditor's remuneration:

	2014	2013
	£000	£000
Audit of these financial statements	**42**	54
Other services relating to taxation	**91**	67
Other services	**7**	-

Notes *(continued)*-

4 Remuneration of directors

	2014 £000	2013 £000
Directors' emoluments	**978**	1,462
Directors' pension contributions to money purchase schemes	**70**	70

The number of directors to whom retirement benefits were accruing was as follows:

	2014	2013
Money purchase schemes	**7**	9

Information regarding the highest paid director is as follows:

	2014 £000	2013 £000
Emoluments	**191**	309
Pension contributions to money purchase schemes	**18**	17

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2014	Number of employees 2013
Sales and marketing	**52**	43
Production and warehousing	**39**	35
Administration	**41**	53
	132	131

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**4,463**	4,636
Social security costs	**478**	429
Pension costs	**234**	187
	5,175	5,252

Notes *(continued)*

6 Interest payable and similar charges

	2014 £000	2013 £000
Bank loan and facility interest - Company	**559**	320
Bank loan interest - Joint venture	**-**	21
Other interest and charges - Company	**83**	74
Other interest and charges - Joint venture	**-**	11
	642	426

7 Taxation

Analysis of charge in period

	2014 £000	2013 £000
UK corporation tax		
Current tax on income for the period	**775**	650
Adjustments in respect of previous periods	**(91)**	(29)
Share of joint venture's current tax	**-**	148
Total current tax	**684**	779
Deferred tax (see note 16)		
Origination and reversal of timing differences	**(1)**	7
Adjustments in respect of previous periods	**11**	(1)
Effect of tax rate changes	**(8)**	(4)
Total deferred tax	**2**	2
Tax on profit on ordinary activities	**686**	771

Notes *(continued)*

7 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2013: Higher)* than the standard rate of corporation tax in the UK (23%, *2013:24%*). The differences are explained below.

	2014	2013
	£000	£000
Current tax reconciliation		
Total profit on ordinary activities before tax	**3,152**	1,565
Add: Share of operating profit before tax of joint venture	**-**	683
Group profit on ordinary activities before tax	**3,152**	2,245
Current tax at 23% *(2013:24%)*	**725**	539
Effects of:		
Expenses not deductible for tax purposes	**14**	232
Capital allowances for period in excess of depreciation	**(3)**	(7)
Depreciation on assets ineligible for capital allowances	**26**	26
Ineligible amortisation	**46**	48
Other timing differences	**4**	-
Adjustments to tax charge in respect of previous periods	**(91)**	(29)
Group relief (claim)/surrender	**(183)**	-
Transfer Pricing Adjustment	**170**	-
Research and development claim	**(22)**	(40)
Total current tax charge (see above)	**686**	769

Factors affecting the tax charge in future periods

A reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes *(continued)*

8 Intangible assets

Company	**Goodwill £000**	**Licences £000**
Cost		
At beginning of year	1,988	37
Additions	-	-
At end of year	**1,988**	**37**
Amortisation		
At beginning of year	450	20
Charge in year	199	7
At end of year	**649**	**27**
Net book value	**1,339**	**10**
At 31 March 2014		
At 31 March 2013	1,538	17

All goodwill is amortised over a period of 10 years reflecting the period deemed for which the asset will generate value to the group. The goodwill has arisen due to the hive up of the trade and assets from Eurolink Healthcare Limited and the Bodyguards business into BM Polyco Limited.

Notes *(continued)*

9 Tangible fixed assets

	Improvements to property £000	Fixtures and fittings £000	Motor Vehicles £000	Total £000
Cost				
At beginning of year	1,835	2,591	8	4,434
Additions	-	105	12	117
Disposals	-	(57)	-	(57)
At end of year	**1,835**	**2,639**	**20**	**4,494**
Depreciation				
At beginning of year	755	1,951	7	2,712
Charge in year	122	235	3	360
Disposals	-	(57)	-	(57)
At end of year	**877**	**2,129**	**10**	**3,016**
Net book value				
At 31 March 2014	**959**	**510**	**10**	**1,478**
At 31 March 2013	1,081	640	1	1,722

Included within fixture and fittings are assets held under hire purchase contracts with a cost of £115,000 *(2013: £115,000)*, accumulated depreciation of 86,000. *(2013: £55,000)* and a net book value of £29,000 *(2013: £60,000)*. Depreciation of £31,000 *(2013: £42,000)* was charged on these assets during the year.

10 Stocks

	2014 £000	2013 £000
Work in progress	**22**	81
Finished goods and goods for resale	**7,649**	7,979
	7,671	8,060

Notes *(continued)*

11 Debtors

	2014	2013
	£000	£000
Amounts falling due within one year:		
Trade debtors	**9,459**	10,975
Other debtors	**198**	400
Prepayments	**599**	511
	10,256	11,886
Amounts falling due after more than one year:		
Amounts owed by parent undertaking	**14,592**	14,405
Prepayments	**312**	512
Aggregate amounts	**25,160**	26,803

12 Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Bank facility	**6,675**	9,091
Bank loan	**1,570**	1,584
Hire purchase contracts *(see note 14)*	**27**	30
Trade creditors	**4,992**	6,403
Corporation tax	**489**	323
Social security and other taxes	**552**	441
Accruals	**3,249**	3,897
	17,554	21,769

The bank facility is secured on the group and company's trade debtors and stocks.

Notes *(continued)*

13 Creditors: amounts falling due after more than one year

	Company	
	2014	2013
	£000	£000
Hire purchase contracts *(see note 14)*	**9**	33
Bank loan	**1,884**	3,125
	1,893	3,158

14 Obligations under hire purchase contracts and finance leases

	Hire purchase contracts	
	2014	2013
	£000	£000
Net obligations repayable		
Within one year	**27**	30
Between one and five years	**9**	33
	36	63

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other operating leases	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Operating leases which expire:				
Within one year	**-**	-	**37**	40
Between one and five years	**-**	-	**131**	135
In more than five years	**800**	800	**-**	-
	800	800	**168**	175

15 Secured debts

The following secured debts are included within creditors:

	2014	2013
	£000	£000
Bank facility	**6,675**	9,901
Bank loan	**3,454**	4,709
Hire purchase contracts	**36**	63
	10,165	14,673

The bank facility and loan are secured by a debenture over the Company's assets and attract interest at LIBOR plus 3.75% to 5.00%. The minimum period of the facilities is until October 2016.

Notes *(continued)*

16 Provisions for liabilities

	Deferred taxation £000
Balance at beginning of year	48
Effect of tax rate changes	(8)
Adjustment in respect of previous periods	11
Difference between accumulated depreciation and capital allowances	3
Other timing differences	(4)
At end of year	**50**

17 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid:		
9,998,285 Ordinary 'A' shares of 1p each	**100**	2
1,740 Ordinary 'B' shares of 1p each		-

On 6 March 2014, the number of Ordinary 'A' shares was increased by 9,814,470 to 9,998,285, by way of a conversion from share capital to share premium.

18 Reserves

	Share premium account £000	**Profit and loss account £000**
At beginning of year	**174**	**13,704**
Profit for the year	**-**	**2,466**
Less share premium conversion (see note 17)	**(98)**	**-**
At end of year	**76**	**16,170**

Notes *(continued)*

19 Reconciliation of movements in shareholders' funds

	2014	2013
	£000	£000
Profit for the financial year	**2,466**	1,474
Employee Benefit Trust	**-**	73
Dividends	**-**	(18)
Share Premium	**(98)**	101
Share Capital	**98**	-
Net additions to shareholders funds	**2,466**	1,630
Opening shareholders' funds	**13,880**	12,250
Closing shareholders' funds	**16,346**	13,880

20 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £234,000 *(2013: £187,000)*. There were no outstanding contributions at the end of the financial year *(2013: £nil)*.

21 Other financial commitments

At 31 March 2014 the Company had entered into agreements for the purchase of consignments of stock on a CIF basis totalling £358,000 *(2013: £315,000)*. As the stock had not been delivered to the company at the balance sheet date the purchase of the consignments has not been included in stock or creditors.

22 Ultimate controlling party

During the year the Company was under the control of Polyco (Group) Ltd by virtue of the fact that they owned 100% of the Ordinary 'A' issued share capital. The results of BM Polyco Ltd are consolidated in Polyco (Group) Ltd accounts. Copies of the group accounts are available from Polyco (Group) Ltd, Crown Road, Enfield, Middlesex, EN1 1TX.