B.M. Polyco Limited

Annual report and Financial Statements

Registered number 01368213

31 March 2016

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Strategic Report

Principal Activities

The principal activities of the company in the period under review are those of the marketing, distribution and manufacture of domestic, industrial and medical hand protection and healthcare products together with the research and development of new products. Following the merger with HPC Group which was completed in March 2016, the company will increasingly gain access to a wider range of products, including workwear, bags and aprons.

Business Review

The year ended 31 March 2016 demonstrated revenue growth compared to the previous year. The Directors are encouraged by the level of profitability as the company continues to expand its product range and penetration outside of its traditional UK and Irish markets against a backdrop of stable input prices.

Growth in the Professional Business in the year ended 31 March 2016 was marginally below levels seen in previous years as the environment in the UK and Irish Market remained challenging. Despite this, profitability remained robust as input prices were broadly flat versus the prior year. The Directors can report, in the context of a competitive market, that the focused sales strategy that commenced in the prior year and the corresponding renewed prioritisation on innovation and new product development positions the division well for growth in the coming years.

Growth in the Household Business in the year was above the levels seen in previous years. This was due, in part, to the agreement with our Malaysian manufacturing partner which allows a more direct from manufacture to approach, combined with the successful expansion of our healthcare sector through High Street retailers.

In terms of key performance indicators, the Board of Directors report that gross profit measured as a percentage of sales ended the year at 30.1%. This represents a small decrease on the prior year but was ahead of expectations given the product sales mix. Similarly, operating profit before goodwill amortisation measured as a percentage of sales also decreased over the same period from 8.0% to 7.7%, again ahead of the expectation that was set at the beginning of the year. The Directors will continue their focus on these two key ratios in the forthcoming year as a result of the UK vote to leave the European Union and its subsequent impact on the sterling exchange rate.

Research and Development

The company is committed to a continuous process of product innovation and launched 63 new products into the market place during the year. Performance from these new products has been encouraging and the pipeline for future product launches is also positive. When combined with the opportunities offered through the merger with the HPC Group the scope for innovation, research and development is as good as it's been for many years.

Business Risk

The company's principal 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

Following the merger of the business with the HPC Group, the business is undertaking a period of integration whilst ensuring that service levels from suppliers and to customers remain at their usual very high levels. Through this integration the Directors are confident of obtaining operational synergies which they intend to reinvest back into the business in order to significantly improve the range of products and services it offers to its customers.

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

Neil Wilson
Director

13 December 2016

Directors' report

The directors present their annual report and the audited financial statements of the company for the period ended 31 March 2016.

Dividends
The company made no dividend distributions during the period ended 31 March 2016 *(2015: £11,000,000).*

Directors
The directors who held office during the year were:

M J Holdaway	
T B Garvey	(resigned 15th March 2016)
P L Colclough	(resigned 15th March 2016)
N D Finney	(resigned 15th March 2016)
G M Dodd	(resigned 15th March 2016)
N A Wilson	
J Prichard	(appointed 15th March 2016)
D Greenwood	(appointed 15th March 2016)

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 company made charitable contributions during the year of £1,929 *(2015: £908).* The company made no political donations *(2015: £nil)*

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

On behalf of the Board

N A Wilson
Director

Crown Road
Enfield
Middlesex
EN1 1TX

13 December 2016

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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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, including FRS 102, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP
58 Clarendon Road
Watford
WD17 1DE
United Kingdom

Independent auditor's report to the members of B.M. Polyco Limited

We have audited the financial statements of B.M. Polyco Limited for the year ended 31 March 2016, set out on pages 6 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

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 auditor

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 2016 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 B.M. 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

13 December 2016

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	2	**51,311**	50,437
Cost of sales		**(35,878)**	(34,920)
Gross profit		**15,433**	15,517
Administrative expenses	3	**(11,688)**	(11,669)
Operating profit		**3,745**	3,848
Interest receivable and other income	6	**39**	947
Interest payable and similar charges	7	**(556)**	(602)
Profit on ordinary activities before taxation		**3,228**	4,193
Tax on profit on ordinary activities	8	**(523)**	(891)
Profit for the financial year		**2,705**	3,302
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,705**	3,302

No gains or losses were recognised other than as shown in the profit and loss account

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

The notes on pages 9 to 27 form part of these financial statements.

Balance Sheet
at 31 March 2016

	Note	2016		2015	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*				
Goodwill		**943**		1,141	
Other intangible assets		**16**		3	
			959		1,144
Tangible assets	*10*		**1,080**		1,207
			2,039		2,351
Current assets					
Stocks	*11*	**8,544**		8,321	
Debtors (Amounts due after one year £8,582,000 (2015: £3,953,000))	*12*	**19,573**		14,274	
Cash at bank and in hand		**451**		167	
		28,568		22,762	
Creditors: amounts falling due within one year	*13*	**(19,822)**		(16,409)	
Net current assets			**8,746**		6,353
Total assets less current liabilities			**10,785**		8,704
Creditors: amounts falling due after more than one year	*14*		**-**		(625)
Provisions for liabilities	*19*		**(74)**		(73)
Net assets			**10,711**		8,006
Capital and reserves					
Called up share capital	*20*		**100**		100
Share premium account			**76**		76
Profit and loss account			**10,535**		7,830
Shareholders' funds			**10,711**		8,006

These financial statements were approved by the directors on 13 December 2016 and were signed on their behalf by:

Neil Wilson
Director

Company registered number: 01368213

The notes on pages 9 to 27 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2016

	Called up Share Capital £000	Share Premium Account £000	Profit And loss Account £000	Total Equity £000
Balance at 1 April 2014	100	76	16,170	16,346
Effect of change in accounting policy	-	-	(642)	(642)
Balance at 1 April 2014 restated	100	76	15,528	15,704
Total comprehensive income for the period				
Profit	-	-	3,302	3,302
Dividend	-	-	(11,000)	(11,000)
Total comprehensive income for the period	-		(7,698)	(7,698)
Balance as at 31 March 2015	100	76	7,830	8,006
Balance at 1 April 2015	100	76	7,830	8,006
Total comprehensive income for the period				
Profit			2,705	2,705
Total comprehensive income for the period	-	-	2,705	2,705
Balance as at 31 March 2016	100	76	10,535	10,711

The notes on pages 9 to 27 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

B.M. Polyco Limited ("the Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *the Financial Accounting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000 if not otherwise specified

In transitioning to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and performance of the Company is provided in note 26.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. None of these exemptions were applicable to the Company.

The Company's parent undertaking, Polyco (Group) Limited includes the Company in its consolidated financial statements. The consolidated financial statements are prepared in accordance with FRS 102 and are available to the public and may be obtained from Polyco (Group) Limited, Crown Road, Enfield, Middlesex, EN1 1TX. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1 Measurement convention

The financial statements have been prepared under the historical cost accounting rules with exception of derivative financial instruments which are measured at fair value.

1.2 Going concern

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are continually assessed by the Directors.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company is in a strong net current assets and net assets position and has also continued the history of good profitability for the year ended 31 March 2016. The Directors have considered the above and are of the opinion that the going concern basis in preparing the financial statements is appropriate

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

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

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.5 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.13 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are 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

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose. The company amortises goodwill over a period of 10 years

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised would include the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Intangible assets and goodwill (continued)

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licenses	-	over 5 – 6 years

The basis for choosing these useful lives is based on the life of the license.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.8 Stocks

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

1.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.12 Turnover

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

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

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

All turnover relates to sale of goods. An analysis of turnover by geographical market is given below:

	2016 £000	2015 £000
UK	**43,469**	42,493
Europe	**7,128**	7,544
Rest of the world	**714**	400
	51,311	50,437

3 Expenses and auditor's remuneration

	2016 £000	2015 £000
Included in profit/loss are the following:		
Depreciation:		
Owned assets	**327**	316
Assets on hire purchase contracts	**12**	17
Amortisation of licences	**3**	7
Amortisation of goodwill	**198**	199
(Profit) on disposal of tangible fixed assets	**(6)**	-
Operating leases – land and building	**800**	800
Operating leases – plant and machinery	**165**	169

Auditor's remuneration:

	2016 £000	2015 £000
Audit of the financial statements	**48**	42
Other services relating to taxation	**7**	7
Other services	**4**	-

Notes *(continued)*-

4 Remuneration of directors

	2016 £000	2015 £000
Directors' emoluments	**905**	1,032
Directors' pension contributions to money purchase schemes	**64**	73

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

Money purchase schemes	**7**	7

Information regarding the highest paid director is as follows:

	2016 £000	2015 £000
Emoluments	**207**	219
Pension contributions to money purchase schemes	**19**	18

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	
	2016	2015
Sales and marketing	**53**	50
Production and warehousing	**45**	41
Administration	**37**	40
	135	131

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**4,617**	4,572
Social security costs	**550**	520
Pension costs	**485**	435
	5,652	5,527

Notes *(continued)*

6 Interest receivable and other income

	2016 £000	2015 £000
Gain on derivative financial instruments measured at fair value through profit or loss	**24**	947
Intercompany loans interest	**15**	-
	39	947

7 Interest payable and similar charges

	2016 £000	2015 £000
Bank loan and facility interest	**360**	494
Other interest and charges	**82**	76
Loss on derivative financial instruments measured at fair value through profit or loss	**114**	32
	556	602

8 Taxation

Analysis of charge in period

	2016 £000	2015 £000
UK corporation tax		
Current tax on income for the period	**548**	708
Adjustments in respect of previous periods	**(26)**	-
Total current tax	**522**	708
Deferred tax (see note 19)		
Origination and reversal of timing differences	**9**	183
Adjustments in respect of previous periods	**(1)**	-
Effect of tax rate changes	**(7)**	-
Total deferred tax	**1**	183
Tax on profit on ordinary activities	**523**	891

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than *(2015: higher)* than the standard rate of corporation tax in the UK (20%, *2015:20%*). The differences are explained below.

Notes *(continued)*

8 Taxation *(continued)*

	2016 £000	2015 £000
Current tax reconciliation		
Profit on ordinary activities before tax	3,228	4,193
Current tax at 20% *(2015:20%)*	647	838
Effects of:		
Expenses not deductible for tax purposes	18	4
Depreciation on assets ineligible for capital allowances	64	65
Impact of rate change	(9)	-
Adjustments to tax charge in respect of previous periods	(26)	-
Group relief (claim)/surrender	(213)	(56)
Transfer Pricing Adjustment	42	44
Research and development claim	-	(4)
Total current tax charge (see above)	523	891

Factors affecting the tax charge in future periods

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 March 2016 has been calculated based on these rates.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability.

Notes *(continued)*

9 Intangible assets

Company	Goodwill £000	Licences and Other Intangibles £000
Cost		
At beginning of year	1,988	37
Additions	-	16
At end of year	1,988	53
Amortisation		
At beginning of year	847	34
Charge in year	198	3
At end of year	1,045	37
Net book value		
At 31 March 2016	**943**	**16**
At 31 March 2015	1,141	3

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 B.M. Polyco Limited.

Notes *(continued)*

10 Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Motor Vehicles £000	Total £000
Cost				
At beginning of year	1,835	2,692	21	4,548
Additions	-	219	-	219
Disposals	-	(7)	(12)	(19)
At end of year	**1,835**	**2,904**	**9**	**4,748**
Depreciation				
At beginning of year	999	2,336	6	3,341
Charge in year	123	214	2	339
Disposals	-	(7)	(5)	(12)
At end of year	**1,122**	**2,543**	**3**	**3,668**
Net book value				
At 31 March 2016	**713**	**361**	**6**	**1,080**
At 31 March 2015	836	356	15	1,207

Included within fixture and fittings are no assets held under hire purchase contracts as they were all paid off during the year *(2015: cost of £115,000 and accumulated depreciation of £103,000)*. Depreciation of £12,000 *(2015: £17,000)* was charged on assets held under hire purchase contracts during the year.

11 Stocks

	2016 £000	2015 £000
Work in progress	**32**	39
Finished goods and goods for resale	**8,512**	8,282
	8,544	8,321

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £35,426,000 (2015: £34,275,000). The write-down of stocks to net realisable value amounted to £364,000 (2015: £382,000).

Notes *(continued)*

12 Debtors

	2016 £000	2015 £000
Amounts falling due within one year:		
Trade debtors	10,330	9,394
Amounts owed by parent undertaking	22	-
Other debtors	203	206
Other financial assets	86	200
Prepayments	350	521
	10,991	10,321
Amounts falling due after more than one year:		
Amounts owed by parent undertaking	8,582	3,842
Prepayments	-	111
Aggregate amounts	19,573	14,274

The Intercompany facilities are for a period of five years to 16 March 2021 and bear interest at a fixed rate of 4.25%.

13 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank facilities	9,479	4,892
Bank loan	2	1,573
Hire purchase contracts *(see note 15)*	-	9
Trade creditors	5,658	5,185
Other financial liabilities	-	24
Amounts owed to Group undertakings	9	-
Corporation tax	342	732
Social security and other taxes	780	505
Accruals	3,552	3,489
	19,822	16,409

The bank facilities are secured on the group and company's trade debtors and stocks.

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	2016	2015
	£000	*£000*
Hire purchase contracts *(see note 15)*	-	-
Bank loan	-	625
	-	625

As part of the reorganisation of the group the bank loan was renegotiated and repaid ahead of schedule

15 Obligations under hire purchase contracts and finance leases

	Hire purchase contracts	
	2016	2015
	£000	£000
Net obligations repayable		
Within one year	-	9
Between one and five years	-	-
	-	9

16 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		**Other operating leases**	
	2016	*2015*	***2016***	2015
	£000	£000	**£000**	£000
Less than one year	**800**	800	**177**	169
Between one and five years	**3,200**	3,200	**186**	100
More than five years	**667**	1,467	-	-
	4,667	5,467	**363**	269

During the year £965,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £969,000).

17 Secured debts

The following secured debts are included within creditors:

	2016	2015
	£000	£000
Bank facilities	9,479	4,892
Bank loan	2	2,198
Hire purchase contracts	-	9
	9,481	7,099

The bank facilities 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 facilities is until March 2021.

Notes *(continued)*

18 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016	2015
	£000	£000
Assets measured at fair value through profit or loss	86	200
Assets measured at amortised cost	19,588	13,609
Liabilities measured at fair value through profit or loss	-	(24)
Liabilities measured at amortised cost	(16,270)	(13,521)

(b) Financial instruments measured at fair value

Derivative financial instruments

The fair value of financial instruments listed on active markets is calculated with reference to the relevant market listing at the reporting date. If there is no active market, fair value is determined with reference to the prices provided by external operators and using valuation models mainly based on objective financial variables and taking account, where possible, of the prices noted in recent transactions and the listed prices of similar financial instruments.

19 Provisions for liabilities

	Deferred taxation £000
Balance at beginning of year	73
Effect of tax rate changes	(7)
Adjustment in respect of previous periods	(1)
Difference between accumulated depreciation and capital allowances	-
Origination and reversal of timing differences	9
At end of year	74

The elements of deferred taxation are as follows:

	2016 £000	2015 £000
Difference between accumulated depreciation and amortisation and capital allowances	43	51
Derivatives	31	22
Deferred tax liability	74	73

Notes *(continued)*

20 Called up share capital

	2016	2015
	£000	£000
Allotted, called up and fully paid:		
9,998,285 Ordinary 'A' shares of 1p each	100	100

21 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 £485,000 *(2015: £435,000)*. There were no outstanding contributions at the end of the financial year *(2015: £nil)*.

22 Other financial commitments

At 31 March 2016 the Company had entered into agreements for the purchase of consignments of stock on a CIF basis totalling £408,000 *(2015: £444,000)*. 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.

23 Related Parties

B.M. Polyco Limited, being a wholly owned subsidiary undertaking of Polyco (Group) Limited, which is a wholly owned subsidiary of Polyco Healthline limited, has taken advantage of the exemptions available to it under FRS 102, with respect to the disclosure of related party transactions.

24 Ultimate controlling party

The ultimate controlling party is Polyco Healthline Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by Polyco (Group) Limited, incorporated in the UK by virtue of the fact that they owned 100% of the Ordinary 'A' issued share capital. The consolidated financial statements of these groups are available to the public and may be obtained from Polyco (Group) Limited, Crown Road, Enfield, Middlesex, EN1 1TX.

25 Accounting estimates and judgements

Key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. 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 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 addressed below

Notes *(continued)*

25 Accounting estimates and judgements *(continued)*

(i) *Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors which is net of associated impairment provision.

(ii) *Impairment of stock*

In applying the Company's accounting policy for the valuation of stock, management are required to assess the expected selling price and costs to sell each item of stock and work in progress. Cost to sell includes material costs, the cost to acquire the materials, the cost of labour, and legal and professional fees incurred during manufacture prior to sale. Estimation of the selling price is subject to uncertainties, and include the prediction of future trends in the market value based on historic sales values for similar goods.

(iii) *Useful economic life of tangible fixed assets*

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated profit and loss account.

The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Historically changes in useful lives and residual values have not resulted in material changes to the Company's depreciation charge

(iv) *Fair value of derivative financial instruments*

The fair value of instruments that are not traded in an active market is determined based on the prices provided by external operators and using valuation models mainly based on objective financial variables and taking account, where possible, of the prices noted in recent transactions and the listed prices of similar financial instruments.

26 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

Notes *(continued)*

26 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

The impact from the transition to FRS 102 is as follows:

		1 April 2014			31 March 2015		
		UK GAAP	Effect of transition to FRS 102	FRS 102	UK GAAP	Effect of transition to FRS 102	FRS 102
	Note	£000	£000	£000	£000	£000	£000
Fixed assets							
Intangible assets							
Goodwill		1,339	-	1,339	1,141	-	1,141
Other Intangible Assets		10	-	10	3	-	3
		1349	-	1349	1,144	-	1,144
Tangible assets		1,478	-	1,478	1,207	-	1,207
		2,827	-	2,827	2,351	-	2,351
Current assets							
Stocks		7,671	-	7,671	8,321	-	8,321
Debtors	*a, e*	25,160	118	25,278	14,074	200	14,274
Cash at bank and in hand		185	-	185	167	-	167
		33,016	118	33,134	22,562	200	22,762
Creditors: amounts falling due within one year	*a, b, c*	(17,554)	(810)	(18,364)	(16,322)	(87)	(16,409)
Net current assets		15,462	(692)	14,770	6,240	113	6,353
Total assets less current liabilities		18,289	(692)	17,597	8,591	113	8,704
Creditors: amounts falling due after more than one year		(1,893)	-	(1,893)	(625)	-	(625)
Provision for Liabilities	*d, e*	(50)	50	-	(51)	(22)	(73)
Net assets		16,346	(642)	15,704	7,915	91	8,006
Capital and reserves							
Called up share capital		100	-	100	100	-	100
Share Premium account		76		76	76		76
Profit and loss account		16,170	(642)	15,528	7,739	91	7,830
Shareholders' funds		16,346	(642)	15,704	7,915	91	8,006

Notes *(continued)*

26 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of profit/loss for 2015

	Note	UK GAAP £000	2015 Effect of transition to FRS 102 £000	FRS 102 £000
Turnover		50,437	-	50,437
Cost of sales		(34,920)	-	(34,920)
Gross profit		15,517	-	15,517
Administrative expenses		(11,669)	-	(11,669)
Operating profit		3,848	-	3,848
Interest receivable and other income	*a*	-	947	947
Interest payable and similar charges	*b*	(570)	(32)	(602)
Profit on ordinary activities before taxation		3,278	915	4,193
Tax on profit on ordinary activities	*d*	(709)	(182)	(891)
Profit for the year		2,569	733	3,302

Notes to the reconciliation of profit/loss

a) Following the transition to FRS 102, currency forward contracts, previously shown off the Balance Sheet, are now shown at fair value through profit and loss. The fair value at year 31 March 2015 was a financial asset of £200,000. The fair value at 31 March 2014 was a financial liability of (£747,000). The movement of £947,000 has been taken to the Profit and Loss.

b) Following the transition to FRS 102, currency forward contracts interest rate swaps, previously shown off the Balance Sheet, are now shown at fair value through profit and loss. The fair value at year 31 March 2015 was a financial liability of (£24,000). The fair value at 31 March 2014 was a financial asset of £8,000. The movement of (£32,000) has been taken to the Profit and Loss.

c) Following the transition to FRS 102, this is the net holiday pay accrual of (£63,000) was booked as at 31 March 2014 and 31 March 2015.

d) For the year ended 31 March 2015, the deferred tax liability of (£22,000) has been calculated at 20% on the £200,000 financial asset relating to currency forward contracts, the (£63,000) holiday pay accrual and the (£24,000) financial liability relating to the currency forward contracts interest rate swaps. The deferred tax charge to the Profit and Loss has been calculated at 20% of the £915,000 net movement in the profit and Loss.

e) For the year ended 31 March 2014 the deferred tax of £160,000 has been calculated at 20% on the (£747,000) financial liability relating to currency forward contracts, the (£63,000) holiday pay accrual and the £8,000 currency financial liability relating to the forward contracts interest rate swaps.