Financial Statements

Ontex Healthcare UK Limited

For the Year Ended 31 December 2017

Registered number: 02274216

Company Information

Directors	Mr P J Nizette Marex BVBA
Company secretary	Mr S P J Vandenbogaerde
Registered number	02274216
Registered office	300 Pavilion Drive Northampton Northamptonshire NN4 7YE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditor Conwall Court 19 Cornwall Street Birmingham B3 2DT
Bankers	HSBC Bank Plc 4th Floor City Point 29 King Street Leeds LS1 2HL
Solicitors	Tollers LLP Exchange Court Cottingham Road Corby Northamptonshire NN17 1TY

Ontex Healthcare UK Limited

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Ontex Healthcare UK Limited

Strategic Report
For the Year Ended 31 December 2017

Principal activities

The principal activity of the company during the year was the supply of incontinence products, which predominantly relates to supplying incontinence products to the Healthcare market.

Business review and future developments

The company has seen an increase in turnover of £7,132,249, but a decrease in gross margin from 19.2% to 18.9% in what has been an uncertain year for the healthcare sector which constitutes our customer base. The increase in turnover was mainly due to a new contract won in Scotland and retention of the Welsh contract. We have also in 2018 retained the Irish contract.

The directors remain confident in the company's strength in its chosen markets and sees that there is continued growth opportunities in the future as the healthcare sector continues to develop.

Principal risks and uncertainties

The key challenges facing the business are:

- managing our supply chain to ensure that we continue to source high quality products at acceptable prices
- maintaining margins in a very competitive environment.

In managing all of the above, the skills, experience and commitment of our employees are vital to our continued success.

Financial key performance indicators

The directors consider turnover, gross profit margin, profit before taxation and cash generated to be key performance indicators. Turnover has increased by £7,132,249 (11.2%), gross profit margin has decreased by 0.3%, profit before taxation has increased by £181,846 (9.1%) and cash generated in the year was £508,796.

Other key performance indicators

The directors of the company do not feel that non financial key performance indicators will assist in the understanding of the business.

This report was approved by the board and signed on its behalf.

Xavier Lambrecht - for and on behalf of Marex BVBA, Corporate Director
Director

Date: 12 April 2018

Directors' Report
For the Year Ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Results

The profit for the financial year amounted to £1,762,630 (2016 - £1,590,141).

No dividends have been proposed in either year.

Future developments in the business are discussed in the Strategic Report.

Directors

The directors who served during the year were:

Mr P J Nizette
Marex BVBA

Directors' Report (continued)
For the Year Ended 31 December 2017

Principal financial risks and uncertainties

The company uses various financial instruments; these include cash, finance lease arrangements, borrowings from other group undertakings and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk:
The company's exposure to market risk for the changes in interest rates relates primarily to the company's finance leases. The company's policy is to manage its interest cost using fixed rate debt, which will fluctuate according to levels of working capital required.

Liquidity risk:
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company's policy has been to have cash available within the bank current account whilst at the same time having funding facilities available to maintain short term flexibility.

Currency risk:
The company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency.

Credit risk:
The company's principal financial assets are cash and trade debtors. Risks associated with cash are limited as the bank has high credit ratings assigned by international credit rating agencies. The principal credit risk lies with trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Directors' Report (continued)
For the Year Ended 31 December 2017

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Xavier Lambrecht - for and on behalf of Marex BVBA, Corporate Director
Director

Date: 12 April 2018

Independent Auditor's Report to the Members of Ontex Healthcare UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ontex Healthcare (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- 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 Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 company 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

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

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.

Independent Auditor's Report to the Members of Ontex Healthcare UK Limited (continued)

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.

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 2017 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 Directors' Responsibilities Statement set out on page 2, 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.

Independent Auditor's Report to the Members of Ontex Healthcare UK Limited (continued)

Responsibilities for the financial statements and the audit (continued)

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.

Simon Evans

Simon Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Birmingham

12 April 2018

Statement of Comprehensive Income
For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	**70,626,757**	63,494,508
Cost of sales		**(57,268,138)**	(51,291,729)
Gross profit		**13,358,619**	12,202,779
Distribution costs		**(7,202,727)**	(5,991,785)
Administrative expenses		**(3,983,787)**	(4,225,398)
Operating profit	5	**2,172,105**	1,985,596
Interest receivable and similar income	8	**17,602**	22,563
Interest payable and similar charges	9	**-**	(298)
Profit before taxation		**2,189,707**	2,007,861
Tax on profit	10	**(427,077)**	(417,720)
Total comprehensive income for the year		**1,762,630**	1,590,141

The notes on pages 11 to 23 form part of these financial statements.

Ontex Healthcare UK Limited
Registered number:02274216

Balance Sheet
As at 31 December 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	11		**111,841**		36,555
			111,841		36,555
Current assets					
Stocks	12	**1,106**		746	
Debtors: amounts falling due within one year	13	**15,367,980**		15,271,547	
Cash at bank and in hand	14	**710,321**		201,525	
		16,079,407		15,473,818	
Creditors: amounts falling due within one year	15	**(7,802,740)**		(8,887,754)	
Net current assets			**8,276,667**		6,586,064
Total assets less current liabilities			**8,388,508**		6,622,619
Provisions for liabilities - deferred taxation	16	**(3,259)**		-	
			(3,259)		-
Net assets			**8,385,249**		6,622,619
Capital and reserves					
Called up share capital	17		**24,600,000**		24,600,000
Profit and loss account	18		**(16,214,751)**		(17,977,381)
Total equity			**8,385,249**		6,622,619

The financial statements on pages 8 to 23 were approved by the Board of Directors and signed on its behalf by:

Xavier Lambrecht - for and on behalf of Marex BVBA, Corporate Director
Director

Date: 12 April 2018

The notes on pages 11 to 23 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	**24,600,000**	**(17,977,381)**	**6,622,619**
Comprehensive income for the year			
Profit for the financial year	**-**	**1,762,630**	**1,762,630**
Total comprehensive income for the year	**-**	**1,762,630**	**1,762,630**
At 31 December 2017	**24,600,000**	**(16,214,751)**	**8,385,249**

Statement of Changes in Equity
For the Year Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	**24,600,000**	**(19,567,522)**	**5,032,478**
Comprehensive income for the year			
Profit for the financial year	**-**	**1,590,141**	**1,590,141**
Total comprehensive income for the year	**-**	**1,590,141**	**1,590,141**
At 31 December 2016	**24,600,000**	**(17,977,381)**	**6,622,619**

The notes on pages 11 to 23 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 2017

1. General information

Ontex Healthcare UK Limited is a private company limited by shares. It was incorporated in England and its registered office is 300 Pavilion Drive, Northampton, Northamptonshire, NN4 7YE. The principal activity of the company during the year was the supply of incontinence products, which predominantly relates to supplying incontinence products to the Healthcare market.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold buildings	- 5 years
Plant & machinery	- 3 - 5 years
Motor vehicles	- 4 years
Fixtures & fittings	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.5 Operating leases: Lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the Statement of Comprehensive Income, to reduce the lease expense, on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.9 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The Company classifies all of its financial assets as loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities
The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

2.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Short term creditors are measured at the transaction price.

2. Accounting policies (continued)

2.11 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Profit and loss account" represents retained profits and losses.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

- The directors must judge whether all of the conditions required for revenues to be recognised in the Statement of Comprehensive Income of the financial year, as set out above, have been met.

Sources of estimation uncertainty

- Depreciation rates are based on estimates of the useful lives and residual values of the assets involved;
- Rebate provisions are based on the likely amounts payable based on agreed rates and percentages;
- Bad debt provisions are based on the likely recovery of debtor balances.

Notes to the Financial Statements

For the Year Ended 31 December 2017

4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	**53,139,825**	47,809,100
Rest of Europe	**17,486,932**	15,685,408
	70,626,757	63,494,508

The whole of turnover is attributable to the principal activity of the business.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	**38,816**	24,423
Exchange differences	**224,012**	293,005
Operating lease rentals - cancellable operating leases	**671,009**	428,319
Operating leases rentals: - non cancellable operating leases	**277,798**	276,544

During the year no directors received any emoluments (2016 - £nil).

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2017 £	2016 £
Fees for the audit of the Company	**21,593**	21,400
Fees for non audit services	**-**	8,950
	21,593	30,350

Notes to the Financial Statements
For the Year Ended 31 December 2017

7. Employees

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	**2,565,416**	2,257,172
Social security costs	**264,675**	257,016
Other pension costs	**71,830**	68,136
	2,901,921	2,582,324

The aggregate remuneration of employees considered to be key management personnel in the year was £244,242 (2016 - £231,402).

The average monthly number of employees, including the directors, during the year was as follows:

	2017	2016
	No.	No.
Selling and distribution	**62**	56
Administration	**9**	8
	71	64

8. Interest receivable and similar income

	2017	2016
	£	£
Other interest receivable	**17,602**	22,563
	17,602	22,563

9. Interest payable and similar charges

	2017	2016
	£	£
Bank interest payable	-	294
Loans from group undertakings	-	4
	-	298

Notes to the Financial Statements
For the Year Ended 31 December 2017

10. Tax on profit

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	**411,037**	431,066
Adjustments in respect of previous periods	**(1,735)**	(16,488)
Total current tax	**409,302**	414,578
Deferred tax		
Origination and reversal of timing differences - current year	**14,381**	3,142
Origination and reversal of timing differences - prior year	**3,394**	-
Total deferred tax	**17,775**	3,142
Tax on profit	**427,077**	417,720

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit before taxation	**2,189,707**	2,007,861
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	**421,519**	401,572
Effects of:		
Expenses not deductible for tax purposes	**5,875**	31,737
Adjustments to tax charge in respect of prior periods	**1,659**	(16,488)
Other timing differences leading to an increase in taxation	**-**	299
Tax rate changes	**(1,976)**	600
Total tax charge for the year	**427,077**	417,720

Notes to the Financial Statements
For the Year Ended 31 December 2017

11. Tangible assets

	Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 January 2017	55,820	25,640	9,292	1,002,575	1,093,327
Additions	-	-	-	114,102	114,102
At 31 December 2017	55,820	25,640	9,292	1,116,677	1,207,429
Depreciation					
At 1 January 2017	54,824	25,640	9,292	967,016	1,056,772
Charge for the year on owned assets	996	-	-	37,820	38,816
At 31 December 2017	55,820	25,640	9,292	1,004,836	1,095,588
Net book value					
At 31 December 2017	-	-	-	111,841	111,841
At 31 December 2016	996	-	-	35,559	36,555

12. Stocks

	2017 £	2016 £
Finished goods and goods for resale	1,106	746
	1,106	746

Stock is received from suppliers and sold to customers on an order by order basis, therefore only a limited amount of stock is held by the company at any point in time.

Notes to the Financial Statements
For the Year Ended 31 December 2017

13. Debtors: amounts falling due within one year

	2017	2016
	£	£
Trade debtors	**1,953,158**	2,772,930
Amounts owed by group undertakings	**13,303,368**	12,402,857
Prepayments and accrued income	**111,454**	81,244
Deferred taxation	-	14,516
	15,367,980	15,271,547

14. Cash at bank and in hand

	2017	2016
	£	£
Cash at bank and in hand	**710,321**	201,525
	710,321	201,525

15. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	**1,443,981**	1,244,057
Amounts owed to group undertakings	**5,068,254**	6,135,575
Corporation tax	**409,302**	301,066
Taxation and social security	**494,642**	524,135
Accruals and deferred income	**386,561**	682,921
	7,802,740	8,887,754

Notes to the Financial Statements

For the Year Ended 31 December 2017

16. Provisions for liabilities - deferred taxation

	2017 £	2016 £
At beginning of year	**14,516**	17,658
Charged to Statement of Comprehensive Income	**(17,775)**	(3,142)
At end of year	**(3,259)**	14,516

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	**(4,776)**	14,516
Short term timing differences	**1,517**	-
	(3,259)	14,516

17. Called up share capital

	2017 £	2016 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
24,450,000 (2016: 24,450,000) Ordinary shares of £1 each	**24,450,000**	24,450,000
150,000 (2016: 150,000) Redeemable ordinary shares of £1 each	**150,000**	150,000
	24,600,000	24,600,000

The redeemable ordinary shares may be redeemed at the company's option, at any time, upon the giving of one month's notice. Any redemption shall be made at par. The redeemable ordinary shares carry the same rights for dividend and voting as the ordinary shares. Holders of redeemable shares have the preferential right on a winding-up to receive an amount equal to capital paid up on those shares, in all other respects they rank pari pasu with the other ordinary shares.

18. Profit and loss account

The profit and loss account includes all current and prior year retained profits and losses.

Notes to the Financial Statements
For the Year Ended 31 December 2017

19. Contingent liabilities

The company, together with a number of other entities within the Ontex Group acts as a guarantor for the group's loan agreements which include a syndicated term loan of EUR 600m due in 2022, a multicurrency revolving credit facility of EUR 300m and a revolving credit facility of EUR 250m. Within the framework of these loan agreements, these entities are unconditionally, jointly and severally liable for the obligations in respect of the agreements.

20. Capital commitments

The company had no capital commitments at 31 December 2017 or 31 December 2016.

21. Pension commitments

Defined contribution pension schemes

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £71,830 (2016 - £68,136). There were contributions payable to the fund at 31 December 2017 amounting to £8,924 (2016 - £nil).

22. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£	£
Not later than 1 year	**176,744**	158,635
Later than 1 year and not later than 5 years	**488,147**	129,375
	664,891	288,010

23. Ultimate parent undertaking and controlling party

The directors consider that the ultimate parent undertaking and controlling party of this company was Ontex Group NV at the year end, which is incorporated in Belgium, with its shares listed on the Euronext Brussels stock exchange. The immediate parent company was Ontex BVBA, incorporated in Belgium.

Ontex Group NV is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2017.