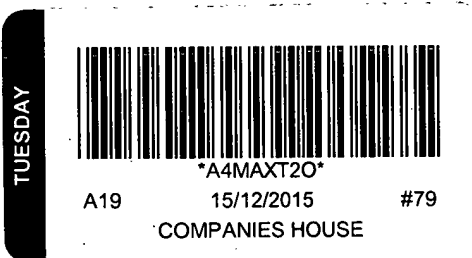


SURVITEC SERVICE & DISTRIBUTION LIMITED

(Registered No. 553893)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015



# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

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# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **STRATEGIC REPORT**

The directors present their strategic report on the Company for the year ended 31<sup>st</sup> March 2015.

### **REVIEW OF THE BUSINESS**

The Company continued to trade in the supply of safety at sea equipment, protective clothing, fibre products and commercial fishing gear.

The trading results of the Company for the year have been satisfactory with turnover for the year of £37,385,000 (2014: £39,494,000) and an operating loss for the year of £958,000 (2014: operating profit of £2,830,000). The Company's key measurement of effectiveness of its operations is calculating operating profit margin before depreciation, exceptional items and other one off costs (Adjusted EBITDA). Exceptional items are charges of a one-off non-recurring nature and are analysed in note 5. Other one off costs relates to warranty provisions and provisional fair value adjustments of the identifiable assets and liabilities acquired by Survitec Acquisition Company Limited (refer note 19).

As a result of the acquisition of the Group by Survitec Acquisition Company Limited, a fair value exercise was carried out for the purposes of establishing an acquisition balance that will be included in the financial statements of Onex Corporation. This fair value exercise identified a number of adjustments/provisions that were required and these have been reflected in the financial statements. As these adjustment/provisions arose out of the specific fair value exercise they are deemed to be of a "one-off" nature.

Adjusted EBITDA for the year is calculated as follows:

|                                | <b><u>2015</u></b><br><b><u>£'000</u></b> | <b><u>2014</u></b><br><b><u>£'000</u></b> |
|--------------------------------|---|---|
| Operating (loss)/profit        | (958)                                     | 2,830                                     |
| Add back:                      |   |   |
| Exceptional items (per note 5) | 1,513                                     | -   |
| Other one off costs            | 1,508                                     | -   |
| Depreciation                   | 571                                       | 534                                       |
| Goodwill amortisation          | <u>283</u>                                | <u>284</u>                                |
| Adjusted EBITDA                | <u>2,917</u>                              | <u>3,364</u>                              |
| Adjusted EBITDA margin         | 7.8%                                      | 9.0%                                      |

Looking forward to the current year there are strong turnover growth and cost reduction opportunities for the Company to pursue and the current year order book is strong.

The balance sheet on page 12 shows that net assets have decreased from £7,129,000 at 31<sup>st</sup> March 2014 to £6,055,000 at 31<sup>st</sup> March 2015.

# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **STRATEGIC REPORT**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company operates in a competitive market. This is a continuing risk to the Company and could result in the loss of sales to its competitors. The Company manages this risk by providing a high standard of service to its customers, responding quickly to customers' requirements and maintaining strong relationships with them.

Approved by the Board and signed  
on its behalf by:

A handwritten signature in black ink, appearing to be 'C R Bates', written over a horizontal line.

**C R Bates**  
**Director**

20<sup>th</sup> July 2015

# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and audited financial statements of the Company for the year ended 31<sup>st</sup> March 2015.

### **FUTURE DEVELOPMENTS**

The future developments of the Company are noted in the Strategic Report.

### **DIVIDENDS**

The directors did not recommend a payment of a dividend for the year ended 31<sup>st</sup> March 2015 (2014: £Nil).

### **FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks such as foreign exchange risk, credit risk and liquidity risk.

#### **FOREIGN EXCHANGE RISK**

The Company, whilst based in the UK, resides in geographically diverse locations, with 32% of its sales being made outside the UK. It is therefore exposed to movements in exchange rates. The Company seeks to minimise the impact of the movement in exchange rates on its local operations by the use of multi-sourcing of its key materials and the use of foreign exchange contracts.

#### **CREDIT RISK**

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the Board.

#### **LIQUIDITY RISK**

The Company has access to sufficient available funds from Group undertakings for operations and planned expansion, should such funds be necessary.

#### **GOING CONCERN**

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to meet its obligations as they fall due and to continue in operational existence for at least 12 months from the date of signing the financial statements. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **DIRECTORS**

The directors holding office during the year, and up to the date of signing the financial statements, were:

B M Stringer  
S B Withey (resigned 31<sup>st</sup> March 2015)  
C G Taylor  
C R Bates

#### **DIRECTORS' INDEMNITIES**

The Group has made a qualifying third party indemnity provision for the benefit of its directors during the year and it remained in force at the date of this report.

#### **EMPLOYEE INVOLVEMENT**

During the year average employee numbers have increased to 281 (2014: 276).

Employees are kept informed of any relevant information through regular management and employee review meetings. Regular consultation is encouraged between management and employees at each of the Company's operating locations.

#### **DISABLED EMPLOYEES**

The Company's policy in relation to the employment of disabled persons is, where practicable, to continue to employ employees who become temporarily or permanently disabled. Full regard is given to their training needs, career development and promotional potential. Full and fair consideration is also given to the employment of applicants who are disabled persons, taking into account their aptitudes and abilities.

#### **POLITICAL DONATIONS**

No political donations were made during the year (2014: Nil).

#### **RESEARCH AND DEVELOPMENT**

The Company is currently undertaking research and development in respect of improvements to the production process and the development of new products. This is expensed as incurred and amounted to £209,443 in the year (2014: £229,560).

# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **DIRECTORS' REPORT (continued)**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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.

## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **INDEPENDENT AUDITORS**

Each person who is a director at the date of approval of this report confirms 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 he/she needs to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The Company has elected to dispense with the holding of annual general meetings, the laying of accounts before the Company in general meetings and the annual appointment of auditors. PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

Approved by the Board and signed  
on its behalf by:



**C R Bates**  
**Director**

20<sup>th</sup> July 2015



## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SURVITEC SERVICE & DISTRIBUTION LIMITED**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Survitec Service & Distribution Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Profit and Loss Account for the year then ended;
- the Reconciliation of Movements in Shareholders' Funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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

## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SURVITEC SERVICE & DISTRIBUTION LIMITED (continued)**

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

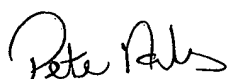
## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SURVITEC SERVICE & DISTRIBUTION LIMITED (continued)**

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements for the year ended 31st March 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Peter Adams (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Hull

27 August 2015

**SURVITEC SERVICE & DISTRIBUTION LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**

|   | <b><u>Note</u></b> | <b><u>2015</u></b>  | <b><u>2014</u></b>  |
|---|--------------------|---------------------|---------------------|
|   |                    | <b><u>Total</u></b> | <b><u>Total</u></b> |
|   |                    | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| <b>TURNOVER</b>   | 2                  | 37,385              | 39,494              |
| Change in stocks of work in progress and finished goods     |                    | (824)               | (39)                |
| Raw materials and consumables                               |                    | (19,684)            | (21,722)            |
| Other external charges                                      |                    | (7,273)             | (6,228)             |
| Staff costs   | 3                  | (8,195)             | (7,857)             |
| Depreciation  | 8                  | (571)               | (534)               |
| Goodwill amortisation                                       | 7                  | (283)               | (284)               |
| <b>OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS</b>            |                    | 555                 | 2,830               |
| Exceptional items   | 5                  | (1,513)             | -                   |
| <b>OPERATING (LOSS)/PROFIT</b>                              |                    | (958)               | 2,830               |
| Interest payable  | 4                  | (116)               | (9)                 |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | 5                  | (1,074)             | 2,821               |
| Taxation on (loss)/profit on ordinary activities            | 6                  | -                   | 250                 |
| <b>(LOSS)/PROFIT FOR THE YEAR</b>                           | 16                 | (1,074)             | 3,071               |

All results derive from continuing operations.

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents.

The Company has no recognised gains or losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

The notes on pages 15 to 27 form part of these financial statements.

**SURVITEC SERVICE & DISTRIBUTION LIMITED**

**BALANCE SHEET**

**AT 31<sup>ST</sup> MARCH 2015**

|   | <b><u>Note</u></b> | <b><u>2015</u></b><br><b><u>£'000</u></b> | <b><u>2014</u></b><br><b><u>£'000</u></b> |
|---|--------------------|---|---|
| <b>FIXED ASSETS</b>                                   |                    |   |   |
| Intangible assets                                     | 7                  | 2,949                                     | 4,745                                     |
| Tangible assets                                       | 8                  | 2,437                                     | 2,160                                     |
|   |                    | 5,386                                     | 6,905                                     |
| <b>CURRENT ASSETS</b>                                 |                    |   |   |
| Stocks  | 9                  | 4,262                                     | 5,095                                     |
| Debtors falling due within one year                   | 10                 | 9,835                                     | 13,057                                    |
| Cash at bank and in hand                              | 11                 | 1,205                                     | 2,190                                     |
|   |                    | 15,258                                    | 20,342                                    |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b> | 12                 | (13,114)                                  | (18,873)                                  |
| <b>NET CURRENT ASSETS</b>                             |                    | 2,188                                     | 1,469                                     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |                    | 7,574                                     | 8,374                                     |
| Provisions for liabilities and charges                | 13                 | (1,519)                                   | (1,245)                                   |
| <b>NET ASSETS</b>                                     |                    | 6,055                                     | 7,129                                     |
| <b>CAPITAL AND RESERVES</b>                           |                    |   |   |
| Called up share capital                               | 15                 | 250                                       | 250                                       |
| Profit and loss account                               | 16                 | 5,805                                     | 6,879                                     |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                      |                    | 6,055                                     | 7,129                                     |

The notes on pages 15 to 27 form part of these financial statements.

The financial statements of Survitec Service & Distribution Limited, registered number 553893, were approved by the Board of Directors and authorised for issue on 20<sup>th</sup> July 2015.

They were signed on its behalf by:

  
**C R Bates**  
**Director**

**SURVITEC SERVICE & DISTRIBUTION LIMITED**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**

|   | <b><u>2015</u></b><br><b><u>£'000</u></b> | <b><u>2014</u></b><br><b><u>£'000</u></b> |
|---|---|---|
| (Loss)/profit for the financial year      | (1,074)                                   | 3,071                                     |
| NET MOVEMENT IN SHAREHOLDERS' FUNDS       | (1,074)                                   | 3,071                                     |
| OPENING SHAREHOLDERS' FUNDS               | 7,129                                     | 4,308                                     |
| <b><u>CLOSING SHAREHOLDERS' FUNDS</u></b> | <b><u>6,055</u></b>                       | <b><u>7,129</u></b>                       |

# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. STATEMENT OF ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and comparative period.

#### **BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

#### **GOING CONCERN**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing of these financial statements. Accordingly they continue to adopt the going concern basis in preparing the report and financial statements.

#### **INTANGIBLE ASSETS – GOODWILL**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

#### **FOREIGN CURRENCY AND HEDGING**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing as at that date or at the hedged rate where hedging contracts are in place.

## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **1. STATEMENT OF ACCOUNTING POLICIES (continued)**

##### **TURNOVER**

Turnover represents amounts receivable for the sale of goods and the rendering of services, net of value added tax and other similar sales based taxes, rebates and discounts.

Turnover is recognised as follows:

(a) Rental income

Rafts hired out under rental contracts where the Company retains substantially all of the risks and rewards of ownership are accounted for as operating leases. The rafts are depreciated on a straight-line basis over their estimated useful lives (typically ten years). Turnover from these rental contracts is recognised on a straight-line basis over the life of the contract.

(b) Sale of goods

Turnover is recognised on product sales when substantially all the risks and rewards of ownership of the goods have passed to the customer and the collection of the related receivable can be reasonably assessed. This is usually on despatch but is dependent upon the contractual terms that have been agreed with the customer.

(c) Services

Turnover is recognised when the service has been completed. Service turnover includes income for service and maintenance of either company owned or customer owned assets (typically rafts, working at height safety equipment, heavy duty boots and life jackets).

##### **RELATED PARTY TRANSACTIONS**

As the Company is a wholly owned subsidiary of Survitec Group (Finance 1) Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Survitec Group (Finance 1) Limited, within which this Company is included, can be obtained from the address given in note 20.

##### **TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less the estimated residual value of each asset by equal instalments over their estimated useful economic lives as follows:



# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. STATEMENT OF ACCOUNTING POLICIES (continued)**

#### **TANGIBLE FIXED ASSETS (continued)**

|                                 |                     |
|---------------------------------|---------------------|
| Leasehold property improvements | over life of lease  |
| Plant and machinery             | 10 to 40% per annum |
| Motor vehicles                  | 25% per annum       |

#### **LEASED ASSETS**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease even if the payments are not made on such a basis.

#### **STOCK**

Stock is stated at the lower of cost and net realisable value. Cost is determined on the "first in, first out" basis. Cost includes materials, direct labour and an attributable portion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

#### **TAXATION**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **1. STATEMENT OF ACCOUNTING POLICIES (continued)**

##### **PENSION COSTS**

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

##### **RESEARCH AND DEVELOPMENT**

Research and development expenditure is charged to the profit and loss account as incurred.

#### **2. SEGMENTAL ANALYSIS**

No analysis of turnover by class of business is presented as the directors consider such disclosure to be seriously prejudicial to the Company's interests.

Turnover by geographical destination is as follows:

|                                 | <b><u>2015</u></b><br><b><u>£'000</u></b> | <b><u>2014</u></b><br><b><u>£'000</u></b> |
|---------------------------------|---|---|
| <b>GEOGRAPHICAL DESTINATION</b> |   |   |
| United Kingdom                  | 25,256                                    | 28,735                                    |
| Overseas                        | 12,129                                    | 10,759                                    |
|                                 | 37,385                                    | 39,494                                    |

#### **3. EMPLOYEES AND DIRECTORS**

|   |   |   |
|---|---|---|
| The average monthly number of employees (including directors) during the year was as follows: | <b><u>2015</u></b><br><b><u>No.</u></b> | <b><u>2014</u></b><br><b><u>No.</u></b> |
| Management and administration   | 106                                     | 84                                      |
| Sales and distribution  | 175                                     | 192                                     |
|   | 281                                     | 276                                     |
|   |   |   |
| Their aggregate remuneration comprised:   | <b><u>£'000</u></b>                     | <b><u>£'000</u></b>                     |
| Wages and salaries  | 7,268                                   | 7,025                                   |
| Social security costs   | 720                                     | 677                                     |
| Pension costs   | 196                                     | 147                                     |
| Other payroll costs   | 11                                      | 8                                       |
|   | 8,195                                   | 7,857                                   |

# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **4. INTEREST PAYABLE**

|   | <u><b>2015</b></u>  | <u><b>2014</b></u>  |
|---|---------------------|---------------------|
|   | <u><b>£'000</b></u> | <u><b>£'000</b></u> |
| On bank loans and overdrafts                | 4                   | -                   |
| Interest payable to Group undertakings      | 112                 | 9                   |
| <b>Interest payable and similar charges</b> | <b>116</b>          | <b>9</b>            |

### **5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

|  | <u><b>2015</b></u>  | <u><b>2014</b></u>  |
|--|---------------------|---------------------|
|  | <u><b>£'000</b></u> | <u><b>£'000</b></u> |
| (Loss)/profit on ordinary activities before taxation is stated after charging/(crediting): |                     |                     |
| Research and development expenditure   | 209                 | 230                 |
| Amortisation of intangible assets  | 283                 | 284                 |
| Exceptional items (see below)  | 1,513               | -                   |
| Depreciation of tangible fixed assets  | 571                 | 534                 |
| Rentals payable under operating leases:  |                     |                     |
| - plant and machinery  | 47                  | 49                  |
| - other  | 300                 | 373                 |
| Warranty and other one-off costs   | 1,508               | -                   |
| Auditors' remuneration for audit of the financial statements                               | 40                  | 34                  |
| Profit on sale of fixed assets   | (22)                | (20)                |

The exceptional item relates to provision for goodwill impairment relating to an under-performing service station which was closed during the year.

# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **6. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

|  | <b><u>2015</u></b><br><b><u>£'000</u></b> | <b><u>2014</u></b><br><b><u>£'000</u></b> |
|--|---|---|
| UK Corporation Tax at 21% (2014: 23%)  | -   | -   |
| Adjustment in respect of prior periods | -   | 250                                       |
| <b>Total current tax</b>               | <b>-</b>                                  | <b>250</b>                                |

There is no deferred tax charge or credit arising in the year (2014: £Nil).

The current tax credit for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%).

The differences are explained below:

|  | <b><u>2015</u></b><br><b><u>£'000</u></b> | <b><u>2014</u></b><br><b><u>£'000</u></b> |
|--|---|---|
| (Loss)/profit on ordinary activities before taxation | (1,074)                                   | 2,821                                     |
| Current tax at 21% (2014: 23%)                       | (226)                                     | 649                                       |
| Effects of:  |   |   |
| Expenses not deductible for tax purposes             | 566                                       | 69  |
| Other timing differences                             | 171                                       | (154)                                     |
| Group relief surrendered                             | (511)                                     | (564)                                     |
| Adjustments in respect of prior periods              | -   | 250                                       |
| <b>Current tax credit for the year</b>               | <b>-</b>                                  | <b>250</b>                                |

**SURVITEC SERVICE & DISTRIBUTION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7. INTANGIBLE ASSETS**

|   | <b><u>Goodwill</u></b><br><b><u>£'000</u></b> |
|---|---|
| <b>COST</b>   |   |
| At 1 <sup>st</sup> April 2014 and 31 <sup>st</sup> March 2015 | 5,689   |
| <b>ACCUMULATED AMORTISATION</b>                               |   |
| At 1 <sup>st</sup> April 2014                                 | 944   |
| Charge for the year   | 283   |
| Impairment  | 1,513   |
| At 31 <sup>st</sup> March 2015                                | 2,740   |
| <b>NET BOOK VALUE</b>   |   |
| At 31 <sup>st</sup> March 2015                                | 2,949   |
| At 31 <sup>st</sup> March 2014                                | 4,745   |

# SURVITEC SERVICE & DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. TANGIBLE ASSETS

|                                     | <u>LEASEHOLD<br/>PROPERTY<br/>IMPROVEMENTS</u><br>£'000 | <u>PLANT AND<br/>MACHINERY</u><br>£'000 | <u>TOTAL</u><br>£'000 |
|-------------------------------------|---|---|-----------------------|
| <b>COST</b>                         |   |   |                       |
| At 1 <sup>st</sup> April 2014       | 369   | 6,186                                   | 6,555                 |
| Additions                           | 68  | 799                                     | 867                   |
| Disposals                           | -   | (253)                                   | (253)                 |
| At 31 <sup>st</sup> March 2015      | 437   | 6,732                                   | 7,169                 |
| <b>ACCUMULATED<br/>DEPRECIATION</b> |   |   |                       |
| At 1 <sup>st</sup> April 2014       | 66  | 4,329                                   | 4,395                 |
| Charge for the year                 | 16  | 555                                     | 571                   |
| Disposals                           | -   | (234)                                   | (234)                 |
| At 31 <sup>st</sup> March 2015      | 82  | 4,650                                   | 4,732                 |
| <b>NET BOOK VALUE</b>               |   |   |                       |
| At 31 <sup>st</sup> March 2015      | 355   | 2,082                                   | 2,437                 |
| At 31 <sup>st</sup> March 2014      | 303   | 1,857                                   | 2,160                 |

Plant and machinery includes motor vehicles.

### 9. STOCK

|                               | <u>2015</u><br>£'000 | <u>2014</u><br>£'000 |
|-------------------------------|----------------------|----------------------|
| Raw materials and consumables | 341                  | 350                  |
| Work in progress              | 91                   | 138                  |
| Finished goods                | 3,830                | 4,607                |
|                               | 4,262                | 5,095                |

There is no material difference between the balance sheet value of stock and their replacement cost.

# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **10. DEBTORS**

|                                      | <b><u>2015</u></b>  | <b><u>2014</u></b>  |
|--------------------------------------|---------------------|---------------------|
|                                      | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| Amounts falling due within one year: |                     |                     |
| Trade debtors                        | 5,586               | 6,655               |
| Amounts owed by Group undertakings   | 3,368               | 5,756               |
| Other debtors                        | 178                 | 109                 |
| Prepayments and accrued income       | 703                 | 537                 |
|                                      | <b>9,835</b>        | <b>13,057</b>       |

Amounts owed by Group undertakings are interest free, unsecured and receivable on demand.

### **11. CASH AT BANK AND IN HAND**

|                          | <b><u>2015</u></b>  | <b><u>2014</u></b>  |
|--------------------------|---------------------|---------------------|
|                          | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| Cash at bank and in hand | 1,205               | 2,190               |

### **12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | <b><u>2015</u></b>  | <b><u>2014</u></b>  |
|------------------------------------|---------------------|---------------------|
|                                    | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| Bank overdraft                     | 338                 | 1,561               |
| Trade creditors                    | 2,854               | 3,576               |
| Amounts owed to Group undertakings | 7,511               | 11,722              |
| Other taxes and social security    | 271                 | 224                 |
| Other creditors                    | 540                 | 619                 |
| Accruals and deferred income       | 1,600               | 1,171               |
|                                    | <b>13,114</b>       | <b>18,873</b>       |

Amounts owed to Group undertakings include a balance of £3,460,020 carrying interest at Bank of England base rate +5.5% (2014: £473,167 carrying interest at EURIBOR +2%), which is unsecured and repayable on demand. Remaining balances are interest free, unsecured and repayable on demand.

# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **13. PROVISIONS FOR LIABILITIES AND CHARGES**

|  | <u><b>Warranty</b></u><br><u><b>£'000</b></u> | <u><b>Dilapidations</b></u><br><u><b>£'000</b></u> | <u><b>Total</b></u><br><u><b>£'000</b></u> |
|--|---|--|--|
| At 1 <sup>st</sup> April 2014          | 15  | 1,230  | 1,245                                      |
| Charged to the profit and loss account | 744   | -  | 744  |
| Utilised during the year               | -   | (470)  | (470)                                      |
| At 31 <sup>st</sup> March 2015         | 759   | 760  | 1,519                                      |

Warranty costs are provided for on the basis of known claims and on estimates, based upon past experience, of possible future claims which could arise over the life of the products sold. Dilapidations relate to the cost of putting property back in its original condition at the end of its lease term.

It is expected that the warranty provision will be utilised within the next 4 years. The dilapidation provision is expected to be utilised over the lease terms of the related properties, which terminate (or break) between 2015 and 2018.

### **14. DEFERRED TAXATION**

Deferred taxation not provided in the financial statements:

|  | <u><b>2015</b></u><br><u><b>£'000</b></u> | <u><b>2014</b></u><br><u><b>£'000</b></u> |
|--|---|---|
| Depreciation in excess of capital allowances | 581                                       | 366                                       |
| Short term timing differences                | 13  | 11  |
|  | 594                                       | 377                                       |

The deferred tax assets in the table above have not been recognised due to the uncertainty over their recovery. The deferred tax assets will be recognised when it is considered more likely than not that there would be sufficient taxable profits from which the timing differences can be deducted.

### **15. SHARE CAPITAL**

#### **ALLOTTED, ISSUED AND FULLY PAID**

| <u><b>No.</b></u>   | <u><b>£'000</b></u> |
|---|---------------------|
| 250,000   | 250                 |
| As at 31 <sup>st</sup> March 2014 and 31 <sup>st</sup> March 2015 |                     |



# **SURVITEC SERVICE & DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **16. RESERVES**

|                                | <b><u>PROFIT AND LOSS</u></b> |
|--------------------------------|-------------------------------|
|                                | <b><u>ACCOUNT</u></b>         |
|                                | <b><u>£'000</u></b>           |
| At 1 <sup>st</sup> April 2014  | 6,879                         |
| Loss for the financial year    | (1,074)                       |
| At 31 <sup>st</sup> March 2015 | 5,805                         |

### **17. LEASE COMMITMENTS**

|   | <b><u>2015</u></b>      | <b><u>2015</u></b>      | <b><u>2014</u></b>      | <b><u>2014</u></b>      |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | <b><u>LAND AND</u></b>  | <b><u>PLANT AND</u></b> | <b><u>LAND AND</u></b>  | <b><u>PLANT AND</u></b> |
|   | <b><u>BUILDINGS</u></b> | <b><u>MACHINERY</u></b> | <b><u>BUILDINGS</u></b> | <b><u>MACHINERY</u></b> |
|   | <b><u>£'000</u></b>     | <b><u>£'000</u></b>     | <b><u>£'000</u></b>     | <b><u>£'000</u></b>     |
| Annual commitments under non-cancellable operating leases at 31 <sup>st</sup> March were: |                         |                         |                         |                         |
| Expiring within one year  | 2                       | 40                      | 8                       | 9                       |
| Expiring in second to fifth years   | 143                     | 203                     | 292                     | 355                     |
| Expiring after more than five years   | 288                     | -                       | 340                     | -                       |
|   | 433                     | 243                     | 640                     | 364                     |

## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **18. CONTINGENT LIABILITIES**

The Company has cross-guaranteed the repayment of bank loans and overdrafts of certain entities in the Survitec Acquisition Company Limited group amounting to £251,696,000. Prior to the acquisition by Onex Corporation (see Note 19), the company had previously cross-guaranteed the repayment of bank loans and overdrafts of certain entities in the Survitec Group (Cayman Islands) Limited group (2014: £176,451,000).

The Company has guarantees and performance bonds outstanding amounting to £378,000 (2014: £368,000).

#### **19. ULTIMATE PARENT COMPANY**

Survitec Group Limited, is the Company's immediate parent undertaking, which is incorporated in United Kingdom.

Up until the 12<sup>th</sup> March 2015, Survitec Group (Cayman Islands) Limited, a company incorporated in the Cayman Islands, was the Company's ultimate parent undertaking. On 12<sup>th</sup> March 2015, Survitec Group (Cayman Islands) Limited was acquired by Survitec Acquisition Company Limited (formerly known as Onex Eagle Acquisition Company Limited), a company incorporated in the United Kingdom. As a result of the acquisition, the Company's ultimate parent undertaking is Survitec Topco Limited (formerly known as Onex Eagle Topco Limited), a company incorporated in the United Kingdom. The ultimate controlling party of Survitec Topco Limited is Onex Corporation, a listed private equity firm in Canada.

The largest and smallest group in which the results of the Company are consolidated is that headed by Survitec Group (Finance 1) Limited. Copies of these consolidated financial statements can be obtained from the Company Secretary, c/o Survitec Group Limited, Kingsway, Dunmurry, Belfast BT17 9AF.

#### **20. ULTIMATE CONTROLLING COMPANY**

Up until the 12<sup>th</sup> March 2015, Survitec Group (Cayman Islands) Limited ("the Group"), as the ultimate parent undertaking at that time, was a portfolio company of funds (the "Warburg Pincus Funds") advised and managed by Warburg Pincus LLC, a private equity firm organised in the United States of America. The Warburg Pincus Funds were Warburg Pincus Private Equity X, LP and Warburg Pincus X Partners, LP. The Warburg Pincus Funds held 88.0% of the Group's ordinary shares and at that time, jointly held a controlling interest in the Group.

## **SURVITEC SERVICE & DISTRIBUTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **20. ULTIMATE CONTROLLING COMPANY (continued)**

On 12<sup>th</sup> March 2015, Survitec Group (Cayman Islands) Limited was acquired by Survitec Acquisition Company Limited (formerly known as Onex Eagle Acquisition Company Limited), a company incorporated in the United Kingdom.

As a result of the acquisition, the Company's ultimate parent undertaking is Survitec Topco Limited (formerly known as Onex Eagle Topco Limited), a company incorporated in the United Kingdom. Survitec Topco Limited is controlled by Survitec Eagle LLP (formerly known as Onex Eagle LLP) a limited liability partnership of funds. Onex Partners IV LP (the "Onex Funds") holds 88.0% of the Group's ordinary shares through Survitec Eagle LLP, and is an affiliate of Onex Corporation, a Canadian publicly listed entity.

#### **21. CASHFLOW STATEMENT**

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking and included in the consolidated cash flow statement of Survitec Group (Finance 1) Limited.

**SURVITEC SERVICE & DISTRIBUTION LIMITED**

**SUPPLEMENTARY UNAUDITED FINANCIAL INFORMATION**

**SURVITEC SERVICE & DISTRIBUTION LIMITED**

|   | <u>2015</u><br><u>£'000</u> | <u>2015</u><br><u>£'000</u> | <u>2014</u><br><u>£'000</u> | <u>2014</u><br><u>£'000</u> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating (loss)/profit – per profit and loss account (page 12) |                             | (958)                       |                             | 2,830                       |
| Depreciation of tangible fixed assets                           |                             | 571                         |                             | 534                         |
| Goodwill amortisation   |                             | 283                         |                             | 284                         |
| One off costs:  |                             |                             |                             |                             |
| Exceptional items per note 5                                    | 1,513                       |                             | -                           |                             |
| Warranty and other one-off costs per note 5                     | 1,508                       |                             | -                           |                             |
|   |                             | 3,021                       |                             | -                           |
| <b>Underlying EBITDA</b>  |                             | <b>2,917</b>                |                             | <b>3,648</b>                |