

Financial Statements Croydex Limited

For the year ended 31 December 2013



Registered number: 03116584

Company Information

Directors	S Brown S P Marriott-Dodington N E McGrellis M B Prince (appointed 12 July 2013)
Company secretary	P G Jones
Registered number	03116584
Registered office	Central Way Andover Hampshire SP10 5AW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Dorset Street Southampton Hampshire SO15 2DP
Bankers	HSBC Bank Plc 165 High Street Southampton SO14 2NZ
Solicitors	Burges Salmon One Glass Wharf Bristol BS2 0ZX

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Directors' report

For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Directors

The directors who served during the year were:

S Brown
S P Marriott-Dodington
N E McGrellis
M B Prince (appointed 12 July 2013)

Directors' responsibilities statement

The directors are responsible for preparing 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 elected to prepare 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,787,000 (2012 - £935,000).

Particulars of dividends are detailed in note 22 to the financial statements.

Directors' report

For the year ended 31 December 2013

Going concern

Cash flow generation from operating activities was £1,351,000 (2012: 1,987,000), benefitting from the utilisation of stock on hand at the beginning of the year. The net cash position of the company is £1,973,000 and the company's mortgage has been fully paid down during the year. In addition the company has an overdraft facility in place and the directors fully expect this to be renewed for a full year from May 2014.

The directors are therefore confident that the company is well placed to manage its business risks successfully despite the challenging economic conditions.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to auditor

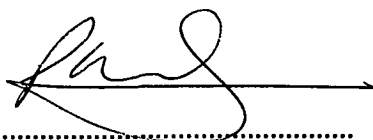
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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 auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 April 2014 and signed on its behalf.



P G Jones
Secretary

Strategic report

For the year ended 31 December 2013

Business review

The strategic path followed by the business in the previous years, to invest in new product development, with IP protection and to invest in potential opportunities in new markets has resulted in a strong financial performance in 2013.

Although the current economic outlook appears to be improving, this was not the case for the whole of 2013, particularly the first half of the year, where we saw the market contract compared to the last 6 months of 2012. A strong performance in the second half of the year, resulted in a sales growth of 0.5% year on year, and a doubling of our sales in our key markets outside the EU, which gives us great confidence for the outlook for 2014.

Despite continued investment in new product development, costs were tightly controlled in the year with a restructure of the cost base taking place during the second half of 2013, which resulted in pre-tax profits (excluding exceptional items) increasing by 15%.

During the year average debtor days increased to 62 days from 61 in the prior year. At the same time average creditor days reduced to 40 days down from 42 days in prior year. The company is in a strong cash position with net funds of £1.97m (2012: £1.26m).

Working capital management remains a key focus of the business, and strong cash generation during the year, enabled the business to repay all outstanding long term debts.

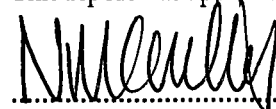
The board continues to remain very confident about the outlook of the business in 2014, building on the strong second half sales performance in 2013. The introduction of the patented and innovative 'Sit Tight' range of toilet seats, highlights the business's continued commitment not only to innovation but also to creating environmentally friendly products. With management's expertise to support our customers with category management combined with an Omni Channel solution to meet the changing operational demands of the market place, the board fully expect Croydex to continue to grow their market share in 2014.

Principal risks and uncertainties

The company uses certain financial instruments to manage the main operating risks it faces. In particular it utilises bank loan and overdraft facilities (including an invoice financing facility) to manage liquidity and cash flow risks faced. In addition it uses forward foreign currency contracts and options to manage the foreign currency risk on the purchase of goods from overseas suppliers.

The company operates in a competitive trading environment across a variety of sectors and in recognising such competitive risk the company adopts appropriate commercial strategies to minimise where possible such threats.

This report was approved by the board on 11 April 2014 and signed on its behalf.



N E McGrellis
Director

Independent auditor's report to the members of Croydex Limited

We have audited the financial statements of Croydex Limited for the year ended 31 December 2013, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 (APB'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 website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit 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.

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.



Independent auditor's report to the members of Croydex Limited

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, 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; 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.

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP".

Norman Armstrong (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Southampton

24 April 2014

Profit and loss account

For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	1,2	18,797	18,689
Cost of sales		(10,600)	(10,643)
Gross profit		8,197	8,046
Administrative expenses		(6,754)	(6,779)
Exceptional item	7	530	-
Total administrative expenses		(6,224)	(6,779)
Operating profit	3	1,973	1,267
Interest payable and similar charges	6	(5)	(16)
Profit on ordinary activities before taxation		1,968	1,251
Tax on profit on ordinary activities	8	(181)	(316)
Profit for the financial year		1,787	935

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

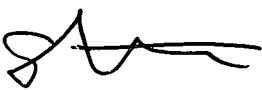
The notes on pages 8 to 18 form part of these financial statements.


Balance sheet

As at 31 December 2013

	Note	£000	2013 £000	2012 £000
Fixed assets				
Tangible assets	9		2,591	2,664
Current assets				
Stocks	10	2,411		3,010
Debtors	11	3,922		6,705
Cash at bank and in hand		1,973		1,879
		<u>8,306</u>		<u>11,594</u>
Creditors: amounts falling due within one year	13	<u>(3,258)</u>		<u>(3,538)</u>
Net current assets			<u>5,048</u>	<u>8,056</u>
Total assets less current liabilities			<u>7,639</u>	<u>10,720</u>
Creditors: amounts falling due after more than one year	14		<u>-</u>	<u>(958)</u>
Net assets			<u><u>7,639</u></u>	<u><u>9,762</u></u>
Capital and reserves				
Called up share capital	19		5,342	5,342
Revaluation reserve	20		1,085	1,085
Profit and loss account	20		<u>1,212</u>	<u>3,335</u>
Shareholders' funds	21		<u><u>7,639</u></u>	<u><u>9,762</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 April 2014.


.....
S P Marriott-Dodington
Director


.....
N E McGrellis
Director

The notes on pages 8 to 18 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

1.2 Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

1.3 Turnover

Turnover is the total amount receivable by the company for goods supplied, excluding VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

1.4 Fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	Period of lease
Plant & machinery	-	2-20 years

1.5 Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials - purchase cost on a first in, first out basis, including freight costs

Work in progress - cost of direct materials and labour, plus attributable and finished goods overheads based on normal levels of activity

Net realisable value is based on estimated normal 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. Stock includes goods-in-transit considered to be owned by the company.

1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the financial statements

For the year ended 31 December 2013

1. Accounting policies (continued)

1.8 Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.9 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or if appropriate at the forward exchange contract rates. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.10 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2. Turnover

An analysis of turnover by class of business is as follows:

	2013 £000	2012 £000
United Kingdom	17,709	17,759
Continental Europe	613	668
USA	276	190
Australia	131	-
Far East	45	45
Other	23	27
	<u>18,797</u>	<u>18,689</u>

Notes to the financial statements

For the year ended 31 December 2013

3. Operating profit

The operating profit is stated after charging:

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	207	195
Auditor's remuneration	22	22
Auditor's remuneration - taxation services	7	7
Operating lease costs		
- plant and machinery	29	28
- other operating leases	164	153
	<u>229</u>	<u>205</u>

The 2013 audit fee for the period for the group of £22,000 was settled by Croydex Limited.

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013 £000	2012 £000
Wages and salaries	3,217	3,105
Social security costs	318	305
Other pension costs	120	118
	<u>3,655</u>	<u>3,528</u>

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

	2013 No.	2012 No.
Number of production staff	25	25
Number of administrative staff	64	62
	<u>89</u>	<u>87</u>

Notes to the financial statements

For the year ended 31 December 2013

5. Directors' remuneration

	2013 £000	2012 £000
Remuneration	568	511
Company pension contributions to defined contribution pension schemes	7	7

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £264,000 (2012 - £228,000).

6. Interest payable

	2013 £000	2012 £000
On bank loans and overdrafts	5	16

7. Exceptional items

	2013 £000	2012 £000
Waiver of intercompany loan	530	-

As part of a rationalisation of group balances, an amount was waived by a subsidiary company.

Notes to the financial statements

For the year ended 31 December 2013

8. Taxation

	2013 £000	2012 £000
Analysis of tax charge in the year		
Deferred tax		
Origination and reversal of timing differences	149	316
Effect of changes in tax	54	-
Adjustments in respect of prior periods	(22)	-
Total deferred tax (see note 12)	181	316
Tax on profit on ordinary activities	181	316

Future tax rates for the group are expected to continue below the standard rate mainly due to the carried forward losses, estimated at £255,083 (2012: £1,038,074), that are available for off-set against future taxable trading profits.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	1,968	1,251
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	458	306
Effects of:		
Expenses not deductible for tax purposes	(59)	27
Capital allowances for year in excess of depreciation	(88)	(56)
Utilisation of tax losses	(293)	(255)
Other timing differences leading to an increase (decrease) in taxation	(18)	(22)
Current tax charge for the year (see note above)	-	-

Notes to the financial statements

For the year ended 31 December 2013

9. Tangible fixed assets

	Land and buildings £000	Plant & machinery £000	Total £000
Cost or valuation			
At 1 January 2013	2,335	2,568	4,903
Additions	-	134	134
At 31 December 2013	2,335	2,702	5,037
Depreciation			
At 1 January 2013	43	2,196	2,239
Charge for the year	43	164	207
At 31 December 2013	86	2,360	2,446
Net book value			
At 31 December 2013	2,249	342	2,591
At 31 December 2012	2,292	372	2,664

Land and buildings relates wholly to long leasehold property. A full valuation at open market value, with full vacant possession, of the long leasehold property was carried out in January 2012 in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by Vail Williams Property Consultants and Chartered Surveyors. The Directors considered that this revalued amount also equated to the property's recoverable amount.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2013 £000	2012 £000
Cost	2,411	2,411
Accumulated depreciation	(937)	(876)
Net book value	1,474	1,535

10. Stocks

	2013 £000	2012 £000
Raw materials	105	69
Goods in transit	423	656
Finished goods	1,883	2,285
	2,411	3,010

Notes to the financial statements

For the year ended 31 December 2013

11. Debtors

	2013 £000	2012 £000
Trade debtors	3,546	2,764
Amounts owed by group undertakings	-	3,410
Other debtors	197	171
Deferred tax asset (see note 12)	179	360
	<u>3,922</u>	<u>6,705</u>

The amount owed by group undertakings had previously been due after more than one year but was settled during the year.

12. Deferred tax asset

	2013 £000	2012 £000
At beginning of year	360	676
Charged for year (P&L)	(181)	(316)
	<u>179</u>	<u>360</u>

The deferred tax asset is made up as follows:

	2013 £000	2012 £000
Accelerated capital allowances	121	121
Tax losses available	58	239
	<u>179</u>	<u>360</u>

Notes to the financial statements

For the year ended 31 December 2013

13. Creditors:**Amounts falling due within one year**

	2013 £000	2012 £000
Bank loans and overdrafts	-	190
Trade creditors	1,272	1,847
Other taxation and social security	663	392
Other creditors	113	42
Accruals and deferred income	1,210	1,067
	<u>3,258</u>	<u>3,538</u>

Bank borrowings are secured by way of fixed and floating charges over the assets of the company and other group undertakings and are subject to an unlimited multilateral guarantee between the parent company and all of its subsidiary undertakings.

Unpaid pension contributions of £12,000 (2012: £12,000) were outstanding at year end which are included in other creditors.

14. Creditors:**Amounts falling due after more than one year**

	2013 £000	2012 £000
Bank loans	-	428
Amounts owed to group undertakings	-	530
	<u>-</u>	<u>958</u>

Included within the above are amounts falling due as follows:

	2013 £000	2012 £000
Between one and two years		
Bank loans	-	190
Between two and five years		
Bank loans	-	238
Over five years		
Amounts owed to group undertakings	-	530

Notes to the financial statements

For the year ended 31 December 2013

14. Creditors:**Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	2013	2012
Repayable other than by installments	-	530

The bank loan was repaid in full during the year. The bank loan had been repayable in instalments by 2016 and interest was chargeable at 1.6% above bank base rates.

15. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£000	£000	£000	£000
Expiry date:				
Within 1 year	-	-	26	24
Between 2 and 5 years	-	-	99	108
After more than 5 years	30	30	2	28

16. Forward contracts

As disclosed in the Directors' Report the company uses forward foreign currency contracts to manage the currency risk on the purchases of goods from overseas suppliers. At 31 December 2013, the company had in place a number of forward contracts which in total enabled them to buy \$9,000,000 at rates averaging \$1.582 to £1 the latest of which was due to mature in December 2014. Converted at the spot rate prevailing on 31 December 2013, based on the fair value of these contracts was an unrealised loss of £234,000 (2012: loss of £22,000).

17. Capital commitments

The company had no capital commitments at 31 December 2013 and 31 December 2012.

18. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose transactions with wholly owned fellow group undertakings. S Brown and his wife, K Brown, are the ultimate controlling related party by virtue of their majority ownership of the share capital of Croydex Group Limited, the company's parent company.

Notes to the financial statements

For the year ended 31 December 2013

19. Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
5,341,744 Ordinary shares of £1 each	<u>5,342</u>	<u>5,342</u>

20. Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 January 2013	1,085	3,335
Profit for the financial year		1,787
Dividends to parent company		(3,910)
At 31 December 2013	<u>1,085</u>	<u>1,212</u>

As part of a rationalisation of group balances and included within the total dividends paid during the year, was a dividend of £3,410,000 paid by the company to its parent company.

21. Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Opening shareholders' funds	9,762	9,327
Profit for the financial year	1,787	935
Dividends (Note 22)	(3,910)	(500)
Closing shareholders' funds	<u>7,639</u>	<u>9,762</u>

22. Dividends

	2013 £000	2012 £000
Dividends to parent company	<u>3,910</u>	<u>500</u>

Notes to the financial statements

For the year ended 31 December 2013

23. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Croydex Group Limited, a company registered in England and Wales.

The largest and smallest group of which Croydex Limited is a member and for which group accounts are prepared is Croydex Group Limited. Copies of these accounts can be obtained from its registered office, Central Way, Andover, Hants, SP10 5AW.