

Financial Statements Croydex Limited

For the year ended 31 December 2014



Registered number: 03116584

Company Information

Directors	S Brown S P Marriott-Dodington N E McGrellis M B Prince
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 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year, after taxation, amounted to £1,759,000 (2013 - £1,787,000).

Particulars of dividends are detailed in note 21 to the financial statements.

Directors

The directors who served during the year were:

S Brown
S P Marriott-Dodington
N E McGrellis
M B Prince

Directors' responsibilities statement

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 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.

Going concern

Cash flow generated from operating activities was £1,913,000 (2013: 1,351,000). The net cash position of the group is £3,230,000.

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

Directors' report

For the year ended 31 December 2014

Disclosure of information to auditor

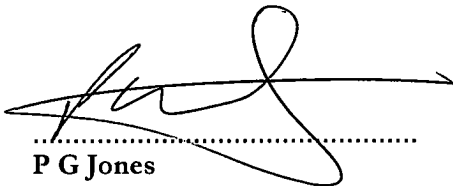
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 *9th March 2015* and signed on its behalf.



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P G Jones
Secretary

Strategic report

For the year ended 31 December 2014

Business review

A year that started with a confident business outlook from the board, ended with a year of strong financial performance, justifying the strategic path followed by the business not just in 2014 but in the previous years too. The platforms laid in the 2nd half of 2013 with increased market share and the introduction of patented new products, delivered an increase in sales of 6% year on year in 2014 with the full effect of new listings obtained in 2014 still to be realised in 2015.

2014 was a year where strategic product categories were delivered into the market with the patented and innovative 'Sit Tight' range of toilet seats being listed by several of our key customers, with consumer feedback endorsing the quality and innovation of this product. Croydex prides itself on its corporate conscience and was delighted that this was recognised in 2014 by being nominated for several regional awards in the 'sustainability categories', complimenting Croydex for their support on the ongoing development of the Water Label initiatives, fund raising activities for Water Aid and water efficient product ranges.

The restructure of the cost base in the 2nd half of 2013, enabled costs to be reduced year on year whilst still delivering the 6% like for like sales increase, this resulted in pre-tax profits excluding exceptional items increasing by 41%. Although costs remain tightly controlled, investment in the research and develop of innovative and IP protected products, remains at the forefront of the business's strategic plan.

Working capital management remains a key focus of the business, and the strong cash generation during the year has resulted in the business being in a very strong financial position at the end of 2014. During the year Croydex Limited had an average of 121 days stock holding (2013: 119 days), an average of 62 debtor days (2013: 62 days) and an average of 31 creditor days (2013: 40 days).

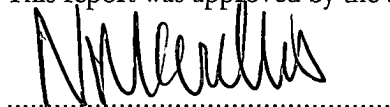
The board continues to remain very confident about the outlook of the business in 2015, building on the new listings obtained in 2014, the opportunities currently in discussion and the continued development of new products in existing and new product categories. Developing sales in new markets has always been an aim of the business and in 2015 the board remains confident that the hard work of identifying strategic partners in the previous years will begin to deliver improved results in the European and US markets.

Principal risks and uncertainties

The company uses certain financial instruments to manage the main operating risks it faces. In particular it utilises 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 **9 MARCH 2015** and signed on its behalf.



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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 2014, 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/auditscopeukprivate.

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 2014 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

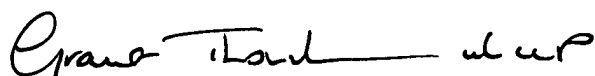
In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Norman Armstrong (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Southampton
Date: 12 April 2015

Profit and loss account

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	1,2	19,856	18,797
Cost of sales		(11,313)	(10,600)
Gross profit		8,543	8,197
Administrative expenses		(6,521)	(6,754)
Exceptional item	7	-	530
Total administrative expenses		(6,521)	(6,224)
Operating profit	3	2,022	1,973
Interest payable and similar charges	6	-	(5)
Profit on ordinary activities before taxation		2,022	1,968
Tax on profit on ordinary activities	8	(263)	(181)
Profit for the financial year		1,759	1,787

All amounts relate to continuing operations.

The notes on pages 9 to 19 form part of these financial statements.

Statement of total recognised gains and losses

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Profit for the financial year		1,759	1,787
Unrealised surplus on revaluation of tangible fixed assets		<u>129</u>	<u>-</u>
Total recognised gains and losses relating to the year		<u>1,888</u>	<u>1,787</u>

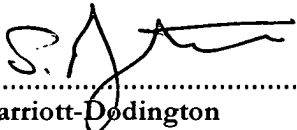
The notes on pages 9 to 19 form part of these financial statements.

Balance sheet

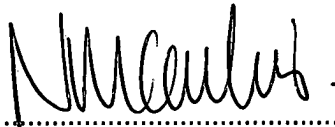
As at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	9		2,577		2,591
Current assets					
Stocks	10	3,137		2,411	
Debtors	11	4,727		3,922	
Cash at bank and in hand		3,230		1,973	
		<u>11,094</u>		<u>8,306</u>	
Creditors: amounts falling due within one year	13	<u>(4,744)</u>		<u>(3,258)</u>	
Net current assets			<u>6,350</u>		<u>5,048</u>
Net assets			<u>8,927</u>		<u>7,639</u>
Capital and reserves					
Called up share capital	18		5,342		5,342
Revaluation reserve	19		1,214		1,085
Profit and loss account	19		2,371		1,212
Shareholders' funds	20		<u>8,927</u>		<u>7,639</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
9 MARCH 2015.



S P Marriott-Dodgington
 Director



N E McGrellis
 Director

The notes on pages 9 to 19 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2014

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 two defined contribution pension schemes 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 2014

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 the 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:

	2014 £000	2013 £000
United Kingdom	18,893	17,709
Continental Europe	607	613
USA	304	276
Australia	-	131
Far East	38	45
Other	14	23
	<u>19,856</u>	<u>18,797</u>

Notes to the financial statements

For the year ended 31 December 2014

3. Operating profit

The operating profit is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	199	207
Auditor's remuneration	23	22
Auditor's remuneration - taxation services	7	7
Operating lease costs		
- plant and machinery	28	29
- other operating leases	153	164
	<u> </u>	<u> </u>

4. Staff costs

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

	2014 £000	2013 £000
Wages and salaries	3,064	3,217
Social security costs	272	318
Other pension costs	126	120
	<u> </u>	<u> </u>
	<u>3,462</u>	<u>3,655</u>

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

	2014 No.	2013 No.
Number of production staff	26	25
Number of administrative staff	56	64
	<u> </u>	<u> </u>
	<u>82</u>	<u>89</u>

5. Directors' remuneration

	2014 £000	2013 £000
Remuneration	606	568
	<u> </u>	<u> </u>
Company pension contributions to defined contribution pension schemes	7	7
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

Notes to the financial statements

For the year ended 31 December 2014

The highest paid director received remuneration of £284,000 (2013 - £264,000).

6. Interest payable

	2014 £000	2013 £000
On bank loans and overdrafts	-	5

7. Exceptional items

	2014 £000	2013 £000
Waiver of intercompany loan	-	530

In the prior year, as part of a rationalisation of group balances, an amount was waived by a subsidiary company.

8. Taxation

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	251	-
Deferred tax		
Origination and reversal of timing differences	12	149
Effect of changes in tax	-	54
Adjustments in respect of prior periods	-	(22)
Total deferred tax (see note 12)	12	181
Tax on profit on ordinary activities	263	181

Notes to the financial statements

For the year ended 31 December 2014

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	2,022	1,968
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	435	458
Effects of:		
Fixed asset differences	9	-
Expenses not deductible for tax purposes	22	(59)
Capital allowances for year in excess of depreciation	(26)	(88)
Utilisation of tax losses	(121)	(293)
Other timing differences leading to an increase (decrease) in taxation	(6)	(18)
Additional deduction for R&D expenditure	(54)	-
Patent box additional deduction	(7)	-
Marginal relief	(1)	-
Current tax charge for the year (see note above)	251	-

Notes to the financial statements

For the year ended 31 December 2014

9. Tangible fixed assets

	Land and buildings £000	Plant & machinery £000	Total £000
Cost or valuation			
At 1 January 2014	2,335	2,702	5,037
Additions	-	56	56
At 31 December 2014	2,335	2,758	5,093
Depreciation			
At 1 January 2014	86	2,360	2,446
Charge for the year	43	156	199
Gain on revalued assets	(129)	-	(129)
At 31 December 2014	-	2,516	2,516
Net book value			
At 31 December 2014	2,335	242	2,577
At 31 December 2013	2,249	342	2,591

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 February 2015 in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by Vail Williams Property Consultants and Chartered Surveyors. As a result of the revaluation, the depreciation that had previously been charged was eliminated in full and the property value was deemed to be equal to the value of the previous valuation recognised in the financial statements for the year ended 31 December 2011. The Directors considered that this revalued amount also equated to the property's recoverable amount.

Reconciliation of historic cost at 31 December 2014 is as follows:

	Land and buildings
At cost	2,879
At valuation	
Revaluation adjustment - 2009	(544)
	2,335

Notes to the financial statements

For the year ended 31 December 2014

9. Tangible fixed assets (continued)

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

	2014	2013
	£000	£000
Cost	2,411	2,411
Accumulated depreciation	(998)	(937)
Net book value	<u>1,413</u>	<u>1,474</u>

10. Stocks

	2014	2013
	£000	£000
Raw materials	66	105
Goods in transit	682	423
Finished goods	2,389	1,883
	<u>3,137</u>	<u>2,411</u>

11. Debtors

	2014	2013
	£000	£000
Trade debtors	4,140	3,546
Other debtors	420	197
Deferred tax asset (see note 12)	167	179
	<u>4,727</u>	<u>3,922</u>

Notes to the financial statements

For the year ended 31 December 2014

12. Deferred tax asset

	2014 £000	2013 £000
At beginning of year	179	360
Charged for year (P&L)	(12)	(181)
At end of year	<u>167</u>	<u>179</u>

The deferred tax asset is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	179	121
Tax losses available	(12)	58
	<u>167</u>	<u>179</u>

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

	2014 £000	2013 £000
Trade creditors	2,101	1,272
Corporation tax	251	-
Other taxation and social security	568	663
Other creditors	125	113
Accruals and deferred income	1,699	1,210
	<u>4,744</u>	<u>3,258</u>

Unpaid pension contributions of £15,000 (2013: £12,000) were outstanding at year end which are included in other creditors.

Notes to the financial statements

For the year ended 31 December 2014

14. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£000	£000	£000	£000
Expiry date:				
Within 1 year	-	-	26	26
Between 2 and 5 years	-	-	96	99
After more than 5 years	30	30	-	2
	<u>30</u>	<u>30</u>	<u>-</u>	<u>2</u>

15. Forward contracts

As disclosed in the Strategic Report the company uses forward foreign currency contracts to manage the currency risk on the purchases of goods from overseas suppliers. At 31 December 2014, the company had in place a number of forward contracts which in total enabled them to buy \$5,250,000 at rates averaging \$1.67 to £1 the latest of which was due to mature in September 2015. Converted at the spot rate prevailing on 31 December 2014, based on the fair value of these contracts was an unrealised gain of £226,000 (2013: loss of £234,000).

16. Capital commitments

The company had no capital commitments at 31 December 2014 and 31 December 2013.

Notes to the financial statements

For the year ended 31 December 2014

17. 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.

18. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
5,342,000 Ordinary shares of £1 each	<u>5,342</u>	<u>5,342</u>

19. Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 January 2014	1,085	1,212
Profit for the financial year	-	1,759
Dividends to parent company	-	(600)
Surplus on revaluation of leasehold property	129	-
At 31 December 2014	<u>1,214</u>	<u>2,371</u>

20. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	7,639	9,762
Profit for the financial year	1,759	1,787
Dividends (Note 21)	(600)	(3,910)
Revaluation of land and buildings	129	-
Closing shareholders' funds	<u>8,927</u>	<u>7,639</u>

21. Dividends

	2014 £000	2013 £000
Dividends to parent company	<u>600</u>	<u>3,910</u>

Notes to the financial statements

For the year ended 31 December 2014

22. 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.