

REGISTERED NUMBER: 07664085 (England and Wales)

SAFARILAND UK LIMITED

Group Strategic Report, Report of the Directors and

Audited Consolidated Financial Statements

for the Period 1 February 2016 to 31 December 2016

Eden Currie Limited
Chartered Accountants
and Statutory Auditor
2 Highlands Court
Cranmore Avenue
Solihull
West Midlands
B90 4LE

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for the Period 1 February 2016 to 31 December 2016**

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SAFARILAND UK LIMITED

Company Information
for the Period 1 February 2016 to 31 December 2016

DIRECTORS:

I M Bennett
Ms D Conley
S F Harris
S J Jenkins
S T O'Brien

REGISTERED OFFICE:

2 Highlands Court
Cranmore Avenue
Solihull
West Midlands
B90 4LE

REGISTERED NUMBER:

07664085 (England and Wales)

AUDITORS:

Eden Currie Limited
Chartered Accountants
and Statutory Auditor
2 Highlands Court
Cranmore Avenue
Solihull
West Midlands
B90 4LE

**Group Strategic Report
for the Period 1 February 2016 to 31 December 2016**

The directors present their strategic report of the company and the group for the period 1 February 2016 to 31 December 2016.

REVIEW OF BUSINESS

The principal activity of Safariland UK Limited is that of a holding company. The principal activity of each subsidiary company continues to be the manufacture of body armour and component equipment.

Safariland UK Limited and its subsidiary companies monitor their development through review of operating activities and performance and also seek new business opportunities.

The financial results for the period and financial position of the company and group are as shown in the annexed financial statements. The group's overall business environment continues to be challenging. As a result of the market in which we operate being highly competitive we are aware that margins must be appropriately and consistently monitored. We believe that each segment of our business has performed satisfactorily given the constraints of our business environment.

PRINCIPAL RISKS AND UNCERTAINTIES

We aim to present a balanced and comprehensive review of the development and performance of the Safariland UK group together with a review of the risks and uncertainties we face.

The group's trading activities expose it to a number of financial risks. The directors consider the group's major financial risks are exchange rate risk, cash flow risk, credit risk and liquidity risk.

In order to mitigate exposure to each major financial risk the group adopts prudent accounting policies within a framework of appropriate internal control. The directors believe the financial processes in place provide adequate protection for the group and ensure ongoing financial stability.

KEY PERFORMANCE INDICATORS

The Key Performance Indicators help the directors to measure performance against our strategic priorities and business plan. We consider our financial Key Performance Indicators to be those ratios which communicate the financial performance of the group as a whole.

The group's main Key Performance Indicators relating to trading activities are gross profit margin and liquidity:

	31/12/16	31/1/16
Gross profit margin	30.4%	37.2%
Liquidity (current ratio)	2.3	2.1

A number of factors have contributed to the fall in gross margin, most notably the group's mid-year acquisition of a new subsidiary undertaking during the previous accounting period, which has significantly distorted the current year's variance.

**Group Strategic Report
for the Period 1 February 2016 to 31 December 2016**

DEVELOPMENT AND PERFORMANCE

Our plans for the group's future development incorporate our strategic aims and objectives. We will continue to adopt a prudent and balanced approach when developing our business ensuring we continually develop all areas and remain competitive in the market in which we operate.

We believe our plans for the group will continue to the benefit its stakeholders for future years.

ON BEHALF OF THE BOARD:

S J Jenkins - Director

29 September 2017

**Report of the Directors
for the Period 1 February 2016 to 31 December 2016**

The directors present their report with the financial statements of the company and the group for the period 1 February 2016 to 31 December 2016.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2016 to the date of this report.

I M Bennett
S J Jenkins

Other changes in directors holding office are as follows:

Ms D Conley - appointed 21 November 2016
S F Harris - appointed 21 November 2016
S T O'Brien - appointed 21 November 2016
R B Darby - resigned 21 November 2016
Miss J V Garner - resigned 21 November 2016
D J Horstcraft - resigned 21 November 2016
A S Howley - resigned 21 November 2016
D M James - resigned 21 November 2016
T J Wetton - resigned 21 November 2016

FINANCIAL INSTRUMENTS

The Group's trading activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The directors have given due consideration to each appropriate element of risk associated to the parent company and each subsidiary company.

The directors have concluded that as a result of the prudent accounting policies adopted by the Group together with close control over the Group's activities any exposure to risk has been duly considered and mitigated accordingly.

DISCLOSURE IN THE STRATEGIC REPORT

Items required to be disclosed in the Report of the Directors, under Schedule 7 of the Medium-sized Companies and Groups (Accounts and Reports Regulations) 2008, have been disclosed within the Group Strategic Report on pages two and three in accordance with s.414C(11) on the Companies Act 2006.

**Report of the Directors
for the Period 1 February 2016 to 31 December 2016**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Eden Currie Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S J Jenkins - Director

29 September 2017

Report of the Independent Auditors to the Members of Safariland UK Limited

We have audited the financial statements of Safariland UK Limited for the period ended 31 December 2016 on pages eight to thirty four. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 group's and the parent 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. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the period 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, based on the work undertaken in the course of our audit, the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.

**Report of the Independent Auditors to the Members of
Safariland UK 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Caroline Webb FCA (Senior Statutory Auditor)
for and on behalf of Eden Currie Limited
Chartered Accountants
and Statutory Auditor
2 Highlands Court
Cranmore Avenue
Solihull
West Midlands
B90 4LE

29 September 2017

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Consolidated Income Statement
for the Period 1 February 2016 to 31 December 2016**

	Notes	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
TURNOVER		8,717,256	9,055,634
Cost of sales		<u>6,102,859</u>	<u>5,684,308</u>
GROSS PROFIT		2,614,397	3,371,326
Administrative expenses		<u>2,231,700</u>	<u>1,639,111</u>
OPERATING PROFIT	4	382,697	1,732,215
Interest receivable and similar income		<u>-</u>	<u>724</u>
		382,697	1,732,939
Interest payable and similar expenses	5	<u>73,909</u>	<u>55,092</u>
PROFIT BEFORE TAXATION		308,788	1,677,847
Tax on profit	6	<u>40,049</u>	<u>343,760</u>
PROFIT FOR THE FINANCIAL PERIOD		<u>268,739</u>	<u>1,334,087</u>
Profit attributable to: Owners of the parent		<u>268,739</u>	<u>1,334,087</u>

The notes form part of these financial statements

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Consolidated Other Comprehensive Income
for the Period 1 February 2016 to 31 December 2016**

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Notes		
PROFIT FOR THE PERIOD	268,739	1,334,087
OTHER COMPREHENSIVE INCOME		
Bargain purchase of trading subsidiary	-	1,280,838
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	-	1,280,838
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>268,739</u>	<u>2,614,925</u>
Total comprehensive income attributable to: Owners of the parent	<u>268,739</u>	<u>2,614,925</u>

The notes form part of these financial statements

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Consolidated Balance Sheet
31 December 2016**

	Notes	2016 £	2016 £
FIXED ASSETS			
Intangible assets	8	904,655	919,322
Tangible assets	9	498,864	504,460
Investments	10	-	-
		<u>1,403,519</u>	<u>1,423,782</u>
CURRENT ASSETS			
Stocks	11	2,680,955	2,150,883
Debtors	12	1,867,175	2,597,009
Cash at bank and in hand		<u>908,036</u>	<u>763,265</u>
		5,456,166	5,511,157
CREDITORS			
Amounts falling due within one year	13	<u>2,355,939</u>	<u>2,628,087</u>
NET CURRENT ASSETS		<u>3,100,227</u>	<u>2,883,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,503,746	4,306,852
CREDITORS			
Amounts falling due after more than one year	14	(173,427)	(220,147)
PROVISIONS FOR LIABILITIES	18	<u>(35,914)</u>	<u>(61,039)</u>
NET ASSETS		<u><u>4,294,405</u></u>	<u><u>4,025,666</u></u>
CAPITAL AND RESERVES			
Share capital	19	880,000	880,000
Revaluation reserve	20	16,400	16,400
Retained earnings	20	<u>3,398,005</u>	<u>3,129,266</u>
SHAREHOLDERS' FUNDS		<u><u>4,294,405</u></u>	<u><u>4,025,666</u></u>

The financial statements were approved by the Board of Directors on 29 September 2017 and were signed on its behalf by:

S J Jenkins - Director

The notes form part of these financial statements

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Company Balance Sheet
31 December 2016**

	Notes	2016 £	£	2016 £	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		-		-
Investments	10		<u>777,409</u>		<u>777,409</u>
			<u>777,409</u>		<u>777,409</u>
CURRENT ASSETS					
Debtors	12	48,688		68,390	
Cash at bank		<u>13</u>		<u>80</u>	
		48,701		68,470	
CREDITORS					
Amounts falling due within one year	13	<u>1,800</u>		<u>18,340</u>	
NET CURRENT ASSETS			<u>46,901</u>		<u>50,130</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>824,310</u>		<u>827,539</u>
CAPITAL AND RESERVES					
Share capital	19		880,000		880,000
Retained earnings	20		<u>(55,690)</u>		<u>(52,461)</u>
SHAREHOLDERS' FUNDS			<u>824,310</u>		<u>827,539</u>
Company's loss for the financial year			<u>(3,229)</u>		<u>(3,946)</u>

The financial statements were approved by the Board of Directors on 29 September 2017 and were signed on its behalf by:

S J Jenkins - Director

The notes form part of these financial statements

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Consolidated Statement of Changes in Equity
for the Period 1 February 2016 to 31 December 2016**

	Share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 February 2015	100,000	514,341	16,400	630,741
Changes in equity				
Issue of share capital	780,000	-	-	780,000
Total comprehensive income	-	2,614,925	-	2,614,925
Balance at 31 January 2016	880,000	3,129,266	16,400	4,025,666
Changes in equity				
Total comprehensive income	-	268,739	-	268,739
Balance at 31 December 2016	880,000	3,398,005	16,400	4,294,405

The notes form part of these financial statements

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Company Statement of Changes in Equity
for the Period 1 February 2016 to 31 December 2016**

	Share capital £	Retained earnings £	Total equity £
Balance at 1 February 2015	100,000	(48,515)	51,485
Changes in equity			
Issue of share capital	780,000	-	780,000
Total comprehensive income	-	(3,946)	(3,946)
Balance at 31 January 2016	<u>880,000</u>	<u>(52,461)</u>	<u>827,539</u>
Changes in equity			
Total comprehensive income	-	(3,229)	(3,229)
Balance at 31 December 2016	<u>880,000</u>	<u>(55,690)</u>	<u>824,310</u>

The notes form part of these financial statements

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Consolidated Cash Flow Statement
for the Period 1 February 2016 to 31 December 2016**

		Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	722,161	195,422
Interest paid		(73,909)	(55,092)
Tax paid		<u>(397,316)</u>	<u>(15,861)</u>
Net cash from operating activities		<u>250,936</u>	<u>124,469</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(59,752)	(107,555)
Cash acquired in purchase of subsidiary		-	566,313
Interest received		-	724
Net cash from investing activities		<u>(59,752)</u>	<u>459,482</u>
Cash flows from financing activities			
Capital repayments in year		<u>(45,151)</u>	<u>(38,220)</u>
Net cash from financing activities		<u>(45,151)</u>	<u>(38,220)</u>
Increase in cash and cash equivalents		<u>146,033</u>	<u>545,731</u>
Cash and cash equivalents at beginning of period	2	<u>762,003</u>	<u>216,272</u>
Cash and cash equivalents at end of period	2	<u>908,036</u>	<u>762,003</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Period 1 February 2016 to 31 December 2016**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Profit before taxation	308,788	1,677,847
Depreciation charges	80,015	59,520
Finance costs	73,909	55,092
Finance income	-	(724)
	<u>462,712</u>	<u>1,791,735</u>
Increase in stocks	(530,072)	(303,362)
Decrease/(increase) in trade and other debtors	729,834	(586,648)
Increase/(decrease) in trade and other creditors	<u>59,687</u>	<u>(706,303)</u>
Cash generated from operations	<u><u>722,161</u></u>	<u><u>195,422</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2016

	31/12/16 £	1/2/16 £
Cash and cash equivalents	908,036	763,265
Bank overdrafts	<u>-</u>	<u>(1,262)</u>
	<u><u>908,036</u></u>	<u><u>762,003</u></u>

Year ended 31 January 2016

	31/1/16 £	1/2/15 £
Cash and cash equivalents	763,265	216,272
Bank overdrafts	<u>(1,262)</u>	<u>-</u>
	<u><u>762,003</u></u>	<u><u>216,272</u></u>

**Notes to the Consolidated Financial Statements
for the Period 1 February 2016 to 31 December 2016**

1. STATUTORY INFORMATION

Safariland UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The group adopted FRS 102 in the current year and an explanation of how transition to FRS 102 has affected the reported financial position and performance is included in the Reconciliations of Equity and Reconciliation of Profit on pages 32 to 34.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings up to 31 December in the current year.

On 24 January 2017 the company and its subsidiary undertakings changed their accounting reference date from 31 January to 31 December.

Subsidiary undertakings are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, in all instances accompanying a shareholding of 100% of the voting rights. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Safariland UK Limited and its subsidiary undertakings, which are also related parties, are eliminated in full. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adapted by the group.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016**

2. ACCOUNTING POLICIES - continued

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2010, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 20% on reducing balance and 20% on cost
Fixtures and fittings	- 15% on cost
Motor vehicles	- 25% on reducing balance
Office and computer equipment	- 33% on reducing balance and 20% on reducing balance

Freehold property, owned by LBA International Limited, a subsidiary undertaking, is not depreciated on the basis that it is maintained to a standard which means that its value does not depreciate. The valuation is reviewed annually by the Directors.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016**

2. ACCOUNTING POLICIES - continued

Financial instruments

Basic financial assets

Basic financial assets, which include debtors or fellow group companies and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of the company from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

(a) Functional currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pound Sterling, which is the company's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss. Foreign exchange gains and losses that relate to inter-group debt, cash and cash equivalents are presented in profit and loss within 'administrative expenses'.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016

3. EMPLOYEES AND DIRECTORS

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Wages and salaries	2,266,867	1,434,338
Social security costs	220,861	161,196
Other pension costs	27,742	13,724
	<u>2,515,470</u>	<u>1,609,258</u>

The average monthly number of employees during the period was as follows:

	Period 1/2/16 to 31/12/16	Year Ended 31/1/16
Directors	7	7
Office and administration	22	22
Production staff	53	53
	<u>82</u>	<u>82</u>

The average number of employees by undertakings that are proportionately consolidated during the period was 76 .

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Directors' remuneration	643,273	344,463
Directors' pension contributions to money purchase schemes	<u>18,305</u>	<u>10,488</u>

Information regarding the highest paid director is as follows:

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Emoluments etc	191,667	80,000
Pension contributions to money purchase schemes	<u>339</u>	<u>-</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016**

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Hire of plant and machinery	9,827	8,903
Depreciation - owned assets	40,169	30,202
Depreciation - assets on hire purchase contracts	25,179	19,985
Goodwill amortisation	14,667	9,333
Auditors' remuneration	1,800	1,200
Auditors' remuneration for non audit work	12,870	-
Foreign exchange differences	<u>(117,567)</u>	<u>(1,070)</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Factoring charges and interest	61,727	40,552
Loan interest	2,302	3,861
Mortgage	9,257	10,679
Other interest payable	623	-
	<u>73,909</u>	<u>55,092</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Current tax:		
UK corporation tax	70,411	305,372
Over provision in prior year	<u>(5,237)</u>	<u>-</u>
Total current tax	65,174	305,372
Deferred tax	<u>(25,125)</u>	<u>38,388</u>
Tax on profit	<u>40,049</u>	<u>343,760</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016

6. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1/2/16 to 31/12/16 £	Year Ended 31/1/16 £
Profit before tax	<u>308,788</u>	<u>1,677,847</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	61,758	335,569
Effects of:		
Expenses not deductible for tax purposes	26,424	3,290
Utilisation of tax losses	(26,096)	-
Adjustments to tax charge in respect of previous periods	(5,257)	-
Not taxable FRS102 adjustment	(16,800)	3,200
Other movements	20	1,701
Total tax charge	<u>40,049</u>	<u>343,760</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the period ended 31 December 2016.

	Gross £	2016 Tax £	Net £
Bargain purchase of trading subsidiary	<u>1,280,838</u>	<u>-</u>	<u>1,280,838</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016**

8. INTANGIBLE FIXED ASSETS

Group

Goodwill
£

COST

At 1 February 2016
and 31 December 2016

1,003,322

AMORTISATION

At 1 February 2016
Amortisation for period
At 31 December 2016

84,000

14,667

98,667

NET BOOK VALUE

At 31 December 2016
At 31 January 2016

904,655

919,322

Included within the Group's intangible fixed assets are following:

	31/12/16	31/1/16
	£	£
Goodwill paid in connection with the acquisition of a business in 2010	160,000	160,000
Amortisation brought forward at 1 February 2016	(84,000)	(68,000)
Amortisation during the period ended 31 December 2016	<u>(14,667)</u>	<u>(16,000)</u>
Net book value of goodwill paid in the acquisition of a business in 2010	61,333	76,000
Goodwill recognised on consolidation of a subsidiary undertaking	<u>843,322</u>	<u>843,332</u>
Net book value at 31 December 2016	<u>904,655</u>	<u>919,322</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016

9. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION			
At 1 February 2016	250,000	1,199,584	17,197
Additions	-	48,482	4,176
At 31 December 2016	<u>250,000</u>	<u>1,248,066</u>	<u>21,373</u>
DEPRECIATION			
At 1 February 2016	-	986,812	16,486
Charge for period	-	53,407	856
At 31 December 2016	<u>-</u>	<u>1,040,219</u>	<u>17,342</u>
NET BOOK VALUE			
At 31 December 2016	<u>250,000</u>	<u>207,847</u>	<u>4,031</u>
At 31 January 2016	<u>250,000</u>	<u>212,772</u>	<u>711</u>

	Motor vehicles £	Office and computer equipment £	Totals £
COST OR VALUATION			
At 1 February 2016	2,500	75,532	1,544,813
Additions	-	7,094	59,752
At 31 December 2016	<u>2,500</u>	<u>82,626</u>	<u>1,604,565</u>
DEPRECIATION			
At 1 February 2016	1,353	35,702	1,040,353
Charge for period	263	10,822	65,348
At 31 December 2016	<u>1,616</u>	<u>46,524</u>	<u>1,105,701</u>
NET BOOK VALUE			
At 31 December 2016	<u>884</u>	<u>36,102</u>	<u>498,864</u>
At 31 January 2016	<u>1,147</u>	<u>39,830</u>	<u>504,460</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016

9. TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31 December 2016 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £
Valuation in 2012	16,150	-	-
Valuation in 2014	250	-	-
Cost	<u>233,600</u>	<u>1,248,066</u>	<u>21,373</u>
	<u>250,000</u>	<u>1,248,066</u>	<u>21,373</u>

	Motor vehicles £	Office and computer equipment £	Totals £
Valuation in 2012	-	-	16,150
Valuation in 2014	-	-	250
Cost	<u>2,500</u>	<u>82,626</u>	<u>1,588,165</u>
	<u>2,500</u>	<u>82,626</u>	<u>1,604,565</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2016 £	2016 £
Cost	<u>233,600</u>	<u>-</u>

Freehold land and buildings were valued on an open market basis on 31 January 2014 by Messrs 'The CSG Group'.

The net book value of tangible fixed assets includes £ 89,764 (2016 - £ 114,943) in respect of assets held under hire purchase contracts.

Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016

10. **FIXED ASSET INVESTMENTS**

Group

As at 31 December 2016 the group held no fixed asset investments.

Company

Subsidiary
undertakings
investments
£

Cost

At 1 February 2016 and
At 31 December 2016

777,409

Net book value

At 31 December 2016 and
At 31 January 2016

777,409

As at 31 December 2016 the company owned 100% of the issued ordinary share capital of the following subsidiary undertakings:

Name	Country of registration	Number of ordinary £1 shares	Number of ordinary 1p shares	Par value £	Cost £
LBA International Limited	England and Wales	1,035,203	-	1,035,203	337,409
Aegis Engineering Limited	England and Wales	1,260,000	460,000	1,264,600	440,000
					<u>777,409</u>

The principal activity of each subsidiary undertaking is that of the manufacture of body armour and component equipment.

The registered office address of LBA International Limited is Blackthorn House, St Paul's Square, Birmingham, West Midlands, B3 1RL. The registered office address of Aegis Engineering Limited is the same as the parent company, Safariland UK Limited, as disclosed in the company information on page one.

LBA International Limited, also owns 100% of the issued ordinary share capital of a dormant company, Tetranike Limited. The corresponding par value of £1 ordinary shares owned, which is equal to the amount paid, totalled £1. The registered office address of Tetranike Limited is the same as its parent company, LBA International Limited.

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016**

11. STOCKS

	Group	
	2016	2016
	£	£
Stocks	<u>2,680,955</u>	<u>2,150,883</u>

12. DEBTORS

	Group	Company	
	2016	2016	2016
	£	£	£
Amounts falling due within one year:			
Trade debtors	476,589	1,426,697	-
Gross factored debts	874,730	983,930	-
Amounts owed by participating interests	348,929	-	48,688
Other debtors	55,873	12,021	-
VAT	-	26,638	-
Prepayments	<u>111,054</u>	<u>102,004</u>	<u>-</u>
	<u>1,867,175</u>	<u>2,551,290</u>	<u>48,688</u>
Amounts falling due after more than one year:			
Other debtors	<u>-</u>	<u>45,719</u>	<u>-</u>
Aggregate amounts	<u>1,867,175</u>	<u>2,597,009</u>	<u>48,688</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	2016	2016	2016
	£	£	£
Bank loans and overdrafts (see note 15)	12,934	13,168	-
Hire purchase contracts (see note 16)	35,646	33,843	-
Trade creditors	784,441	1,172,964	-
Obligations under invoice discounting	652,316	700,907	-
Corporation tax	70,431	402,573	-
Social security and other taxes	217,453	47,863	-
VAT	67,787	-	-
Other creditors	407,432	160,470	-
Directors' current accounts	84	84	-
Accrued expenses	<u>107,415</u>	<u>96,215</u>	<u>1,800</u>
	<u>2,355,939</u>	<u>2,628,087</u>	<u>1,800</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2016	2016
	£	£
Bank loans (see note 15)	153,133	165,708
Hire purchase contracts (see note 16)	20,294	54,439
	<u>173,427</u>	<u>220,147</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2016	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	1,262
Bank loans	<u>12,934</u>	<u>11,906</u>
	<u>12,934</u>	<u>13,168</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>13,462</u>	<u>11,906</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans payable after more than 5 years by instalments	<u>139,671</u>	<u>153,802</u>
	<u>139,671</u>	<u>153,802</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2016	2016
	£	£
Net obligations repayable:		
Within one year	35,646	33,843
Between one and five years	20,294	54,439
	<u>55,940</u>	<u>88,282</u>

Group

	Non-cancellable operating leases	
	2016	2016
	£	£
Within one year	128,911	116,112
Between one and five years	505,910	377,910
In more than five years	493,721	558,992
	<u>1,128,542</u>	<u>1,053,014</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2016	2016
	£	£
Bank loans	166,067	177,614
Hire purchase contracts	55,940	88,282
Invoice discounting facility	652,316	700,907
	<u>874,323</u>	<u>966,803</u>

18. PROVISIONS FOR LIABILITIES

	Group	
	2016	2016
	£	£
Deferred tax	<u>35,914</u>	<u>61,039</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016

18. PROVISIONS FOR LIABILITIES - continued**Group**

	Deferred tax £
Balance at 1 February 2016	61,039
Accelerated capital allowances	1,329
Utilisation of trading losses	(26,632)
Other movements	178
Balance at 31 December 2016	<u>35,914</u>

19. SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2016 £ <u>880,000</u>	2016 £ <u>880,000</u>
880,000	Ordinary			

20. RESERVES**Group**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 February 2016	3,129,266	16,400	3,145,666
Profit for the period	<u>268,739</u>		<u>268,739</u>
At 31 December 2016	<u>3,398,005</u>	<u>16,400</u>	<u>3,414,405</u>

Company

	Retained earnings £
At 1 February 2016	(52,461)
Deficit for the period	<u>(3,229)</u>
At 31 December 2016	<u>(55,690)</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 February 2016 to 31 December 2016**

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme in respect of the directors and staff. The scheme and its assets are held by independent managers. The pension charge represent contributions due from the company and amounted to £27,742 (previously £13,724). Contributions totalling £1,853 (previously £2,797) remained outstanding at the balance sheet date.

22. ULTIMATE CONTROLLING PARTY

The ultimate parent company at the balance sheet date was Maui Acquisition Corp, a company incorporated in United States of America. The Company's immediate parent company was TSG UK Investment Holdings Limited, a company incorporated in England and Wales. Safariland UK Limited was the parent undertaking of the smallest group which consolidated the financial information of the Company. Copies of the Group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

23. FIRST YEAR ADOPTION

The first time adoption of Financial Reporting Standard 102 Section 1a (FRS 102) has resulted in a change in the accounting policy of intangible assets, being goodwill paid in connection with the acquisition of a business in 2010.

Previously the intangible asset was carried on the Balance Sheet at cost as the directors considered the asset to have an indefinite useful economic life. In accordance with FRS 102, the intangible asset has been amortised over its useful economic life of ten years.

The change in accounting policy has resulted in a reduction of the intangible asset and retained earnings as at 1 February 2014 and 1 February 2015 totalling £68,000 and £84,000 respectively.

Reconciliation of Equity
1 February 2015
(Date of Transition to FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		843,322	-	843,322
Tangible assets		283,123	-	283,123
		<u>1,126,445</u>	<u>-</u>	<u>1,126,445</u>
CURRENT ASSETS				
Stocks		429,413	-	429,413
Debtors		829,972	-	829,972
Cash at bank and in hand		216,272	-	216,272
		<u>1,475,657</u>	<u>-</u>	<u>1,475,657</u>
CREDITORS				
Amounts falling due within one year		(1,453,239)	-	(1,453,239)
NET CURRENT ASSETS		<u>22,418</u>	<u>-</u>	<u>22,418</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,148,863	-	1,148,863
CREDITORS				
Amounts falling due after more than one year		(518,122)	-	(518,122)
NET ASSETS		<u>630,741</u>	<u>-</u>	<u>630,741</u>
CAPITAL AND RESERVES				
Share capital		100,000	-	100,000
Retained earnings		530,741	-	530,741
SHAREHOLDERS' FUNDS		<u>630,741</u>	<u>-</u>	<u>630,741</u>
		<u>630,741</u>	<u>-</u>	<u>630,741</u>

The notes form part of these financial statements

Reconciliation of Equity - continued
31 January 2016

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		1,003,322	(84,000)	919,322
Tangible assets		<u>504,460</u>	<u>-</u>	<u>504,460</u>
		<u>1,507,782</u>	<u>(84,000)</u>	<u>1,423,782</u>
CURRENT ASSETS				
Stocks		2,150,883	-	2,150,883
Debtors		2,597,009	-	2,597,009
Cash at bank and in hand		<u>763,265</u>	<u>-</u>	<u>763,265</u>
		<u>5,511,157</u>	<u>-</u>	<u>5,511,157</u>
CREDITORS				
Amounts falling due within one year		<u>(2,628,087)</u>	<u>-</u>	<u>(2,628,087)</u>
NET CURRENT ASSETS		<u>2,883,070</u>	<u>-</u>	<u>2,883,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,390,852	(84,000)	4,306,852
CREDITORS				
Amounts falling due after more than one year		(220,147)	-	(220,147)
PROVISIONS FOR LIABILITIES		<u>(61,039)</u>	<u>-</u>	<u>(61,039)</u>
NET ASSETS		<u>4,109,666</u>	<u>(84,000)</u>	<u>4,025,666</u>
CAPITAL AND RESERVES				
Share capital		880,000	-	880,000
Revaluation reserve		16,400	-	16,400
Retained earnings		<u>3,213,266</u>	<u>(84,000)</u>	<u>3,129,266</u>
SHAREHOLDERS' FUNDS		<u>4,109,666</u>	<u>(84,000)</u>	<u>4,025,666</u>
		<u>4,109,666</u>	<u>(84,000)</u>	<u>4,025,666</u>

The notes form part of these financial statements

SAFARILAND UK LIMITED (REGISTERED NUMBER: 07664085)

**Reconciliation of Profit
for the Year Ended 31 January 2016**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	9,055,634	-	9,055,634
Cost of sales	<u>(5,684,308)</u>	<u>-</u>	<u>(5,684,308)</u>
GROSS PROFIT	3,371,326	-	3,371,326
Administrative expenses	<u>(1,623,111)</u>	<u>(16,000)</u>	<u>(1,639,111)</u>
OPERATING PROFIT	1,748,215	(16,000)	1,732,215
Interest receivable and similar income	724	-	724
Interest payable and similar expenses	<u>(55,092)</u>	<u>-</u>	<u>(55,092)</u>
PROFIT BEFORE TAXATION	1,693,847	(16,000)	1,677,847
Tax on profit	<u>(343,760)</u>	<u>-</u>	<u>(343,760)</u>
PROFIT FOR THE FINANCIAL PERIOD	<u>1,350,087</u>	<u>(16,000)</u>	<u>1,334,087</u>
Profit attributable to: Owners of the parent			<u>1,334,087</u>

The notes form part of these financial statements

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