

REGISTERED NUMBER: 00755641 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 March 2017

for

Ivor Shaw Limited

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for the Year Ended 31 March 2017

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Ivor Shaw Limited
Company Information
for the Year Ended 31 March 2017

DIRECTORS:

Mrs E J Fothergill
I M Shaw
D N Shaw
L R Fryer

REGISTERED OFFICE:

City Gate
London Road
Derby
DE24 8WY

REGISTERED NUMBER:

00755641 (England and Wales)

AUDITORS:

Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

Strategic Report
for the Year Ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

REVIEW OF BUSINESS

Ivor Shaw Limited, trading as Pennine Healthcare, specialises in the production of sterile products for anaesthetic, respiratory, gastroenterology, urology and surgical suction applications. In addition, the company assembles customised packs for a wide variety of surgical procedures for veterinary and medical applications and buys medical supplies and equipment for resale to customers to extend its product offering.

The company reported a loss before tax for the year following the divestment of the UK & Ireland theatre pack business. The divestment of the UK & Ireland theatre pack business meant that additional overheads and extraordinary costs were incurred; however the retained underlying business gross margin is considered to be satisfactory and in line with previous years.

Results for the company show a pre-tax loss of £204k (2016 - £1.06m profit) for the year and sales of £26.1m (2016 - £29.1m). Net cash decreased by £738k (2016 - £168k increase).

The directors are satisfied with the balance sheet position, given the divestment of the UK & Ireland theatre pack business in the year.

Research and development

Continuing investment in research and development is key to the success of the business. Through bespoke machinery designed by a technical engineering team split in-house and outsourced to a company in which two of the directors have an interest, the business is able to retain control over product manufacturing methods and can readily adapt its product offering to respond swiftly to new markets and advances in surgical techniques.

Future outlook

The economic situation in the Eurozone is expected to impact the business as European sales make up a larger proportion of the business. We continue to increase our share of the European pack business through key relationships with distributors. The strength of the euro is positive as we are a net exporter to the Eurozone and have a positive cash flow of euros.

The business continues to explore and develop other overseas markets to compensate for the increased risk in the Eurozone and has recently appointed distributors in the Middle East and Scandinavia. Despite these challenges, excellent opportunities remain for the development of both our core and new business and we are confident that we will maintain our performance.

The fall in the pound compared to the US dollar hit the business in 2016, the expectation is that this will reverse in the coming financial year with a positive impact on results.

Strategic Report
for the Year Ended 31 March 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the business's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the business relate to competition from low-cost manufacturing economies, foreign currency fluctuations and changes in regulatory framework.

Key performance indicators

Given the straightforward nature of the business, the directors are of the opinion that no further analysis using KPIs is required to provide an appreciation of the development, performance or position of the business's performance.

Financial risk management objectives and policies

The business uses basic financial instruments, comprising bank borrowings and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finance for operations. The main risks arising from the financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below:

Interest rate risk

The business finances its operations through a mixture of retained profits, director's loans and bank borrowings. The business manages its exposure to interest rate fluctuations on its overdraft on a daily basis.

Liquidity risk

The business seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Primarily this was achieved through bank borrowings and directors' loans. The policy throughout the period has been to ensure continuity of funding and short term flexibility was achieved by overdraft facilities.

EMPLOYMENT POLICIES

Within the bounds of confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the business and are of interest to them as employees.

Disabled persons are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain him/her in employment.

Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

GOVERNANCE

L R Fryer remains Chief Executive and is responsible for the day to day running of the business. Mrs E J Fothergill continues to assume the responsibility of Chair providing strategic guidance to the overall business and the board.

ON BEHALF OF THE BOARD:

L R Fryer - Director

11 December 2017

Report of the Directors
for the Year Ended 31 March 2017

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and distribution of medical products.

DIVIDENDS

The total distribution of dividends for the year ended 31 March 2017 will be £ 3,167,447 .

DIRECTORS

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

Mrs E J Fothergill
I M Shaw
D N Shaw
L R Fryer

CHARITABLE CONTRIBUTIONS

During the year the company paid charitable donations of £2,543 to various small local charities.

DISCLOSURE IN THE STRATEGIC REPORT

The matters required to be disclosed under SI (2008) 410 Sch 7 relating to financial instruments, research and development and employees are contained within the Strategic Report as applicable in accordance with s414C(11) of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Report of the Directors
for the Year Ended 31 March 2017

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 company'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 company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

L R Fryer - Director

11 December 2017

Report of the Independent Auditors to the Members of
Ivor Shaw Limited

Opinion

We have audited the financial statements of Ivor Shaw Limited (the 'company') for the year ended 31 March 2017 on pages nine to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Ivor Shaw Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Report of the Auditors to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Report of the Auditors. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report of the Independent Auditors to the Members of
Ivor Shaw Limited

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.

Ian Neal FCA CTA (Senior Statutory Auditor)
for and on behalf of Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

11 December 2017

**Profit and Loss Account
for the Year Ended 31 March 2017**

	Notes	2017 Continuing £	2017 Discontinued £	2017 Total £
TURNOVER	3	20,071,927	6,062,364	26,134,291
Cost of sales		(16,146,964)	(5,392,938)	(21,539,902)
GROSS PROFIT		3,924,963	669,426	4,594,389
Distribution costs		(1,929,709)	(340,153)	(2,269,862)
Administrative expenses		(2,270,574)	(232,529)	(2,503,103)
OPERATING (LOSS)/PROFIT	5	(275,320)	96,744	(178,576)
Interest receivable and similar income		1,150	-	1,150
Interest payable and similar expenses	6	(26,486)	-	(26,486)
(LOSS)/PROFIT BEFORE TAXATION		(300,656)	96,744	(203,912)
Tax on (loss)/profit	7	312,158	-	312,158
PROFIT FOR THE FINANCIAL YEAR		11,502	96,744	108,246
OTHER COMPREHENSIVE INCOME				-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				108,246

**Profit and Loss Account
for the Year Ended 31 March 2017**

	Notes	2016 Continuing £	2016 Discontinued £	2016 Total £
TURNOVER	3	16,282,020	12,824,155	29,106,175
Cost of sales		(11,398,441)	(11,730,564)	(23,129,005)
GROSS PROFIT		4,883,579	1,093,591	5,977,170
Distribution costs		(2,128,426)	(371,252)	(2,499,678)
Administrative expenses		(2,283,045)	(101,660)	(2,384,705)
OPERATING PROFIT	5	472,108	620,679	1,092,787
Interest payable and similar expenses	6	(30,907)	-	(30,907)
PROFIT BEFORE TAXATION		441,201	620,679	1,061,880
Tax on profit	7	(89,167)	(125,440)	(214,607)
PROFIT FOR THE FINANCIAL YEAR		352,034	495,239	847,273
OTHER COMPREHENSIVE INCOME				-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				847,273

The notes form part of these financial statements

Ivor Shaw Limited (Registered number: 00755641)

Balance Sheet
31 March 2017

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Intangible assets	9		18,623		27,953
Tangible assets	10		1,160,039		1,286,074
Investments	11		5		5
			<u>1,178,667</u>		<u>1,314,032</u>
CURRENT ASSETS					
Stocks	12	3,098,226		3,427,753	
Debtors	13	5,271,542		6,405,978	
Cash at bank and in hand		<u>589,665</u>		<u>67,008</u>	
		8,959,433		9,900,739	
CREDITORS					
Amounts falling due within one year	14	<u>7,959,497</u>		<u>5,927,936</u>	
NET CURRENT ASSETS			<u>999,936</u>		<u>3,972,803</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,178,603		5,286,835
CREDITORS					
Amounts falling due after more than one year	15		-		(29,031)
PROVISIONS FOR LIABILITIES	19		<u>(132,000)</u>		<u>(152,000)</u>
NET ASSETS			<u>2,046,603</u>		<u>5,105,804</u>
CAPITAL AND RESERVES					
Called up share capital	20		8,004		8,004
Retained earnings	21		<u>2,038,599</u>		<u>5,097,800</u>
SHAREHOLDERS' FUNDS			<u>2,046,603</u>		<u>5,105,804</u>

The financial statements were approved by the Board of Directors on 11 December 2017 and were signed on its behalf by:

Mrs E J Fothergill - Director

Statement of Changes in Equity
for the Year Ended 31 March 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2015	8,004	4,950,527	4,958,531
Changes in equity			
Dividends	-	(700,000)	(700,000)
Total comprehensive income	-	847,273	847,273
Balance at 31 March 2016	<u>8,004</u>	<u>5,097,800</u>	<u>5,105,804</u>
Changes in equity			
Dividends	-	(3,167,447)	(3,167,447)
Total comprehensive income	-	108,246	108,246
Balance at 31 March 2017	<u>8,004</u>	<u>2,038,599</u>	<u>2,046,603</u>

Notes to the Financial Statements
for the Year Ended 31 March 2017

1. STATUTORY INFORMATION

Ivor Shaw 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 Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover represents net invoiced sales of goods excluding VAT plus finished goods stock allocated to a binding order awaiting despatch to the customer, which includes relevant costs, overheads and attributable profit based on sales value at the balance sheet date.

Amounts recoverable on contracts are valued at anticipated net sales value of allocated finished goods after provision for contingencies and anticipated future losses.

Goodwill

The deemed goodwill arising on the subsidiary acquired in 2008 is being amortised over 10 years from April 2009.

Tangible fixed assets

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

Depreciation is 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.

Assets in the course of construction	- not provided
Plant and machinery	- 10% - 20% on cost
Fixtures and office equipment	- 10% - 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 33% on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'cost of sales' and 'administrative expenses' in the profit and loss account.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Stocks

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

Cost represents the purchase invoice value of materials on a first in first out basis. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the profit and loss account.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable total profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is recognised only when it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences and losses can be deducted.

Provision is made at current rates for taxation deferred in respect of all material timing differences.

Research and development

Expenditure on research and development is written off in the period in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The company uses derivative financial instruments to reduce exposure to foreign exchange risk, the company does not hold or issue derivatives for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit and loss account immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the profit and loss account depends on the nature of the hedge relationship.

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 the profit and loss account over the relevant period using the effective rate of interest. The capital element of the future payments is treated as a liability.

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

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution plan for its employees and a self-administered scheme for its directors. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further payments obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Consolidation of subsidiary undertakings and related parties

The company is an intermediate parent. It has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare group accounts as its results are included in the consolidated accounts of SP 225 Limited, accordingly the information presented in these financial statements relates to the company only.

Related parties

The company is a wholly owned subsidiary undertaking of SP 225 Limited. The company has taken advantage of the exemption contained within Financial Reporting Standard 102 and has therefore not disclosed transactions with entities which form part of the group, other than as normally disclosed in the notes to the financial statements.

Fixed asset investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Judgements in applying accounting policies and key estimation uncertainties

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of the company's assets and liabilities. These are based on historical experience and other factors that are considered relevant and are reviewed on a regular basis and recognised in the period in which the estimate is revised. Actual results may differ from these estimates.

The following are the critical judgements and, where relevant, the key sources of estimation uncertainty:

Tangible fixed assets are depreciated over their useful economic lives, taking in to account their residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

The recoverability of debtors is assessed on the likelihood and circumstances of the particular cost.

The value of stock is assessed for impairment. In re-assessing the stock value, factors such as slow movement and obsolescence are taken in to account.

In making its judgement as to revenue recognition, management considered the detailed criteria set out in FRS 102 section 23 "Revenue" and, in particular, where the company had transferred to the buyer the significant risks and rewards of ownership of goods made to order.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

3. TURNOVER

The turnover and loss (2016 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
UK	14,853,262	21,104,322
EU	9,096,607	5,508,570
Rest of the world	2,184,422	2,493,283
	<u>26,134,291</u>	<u>29,106,175</u>

4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	6,559,467	7,186,897
Social security costs	554,924	553,765
Other pension costs	127,507	130,353
	<u>7,241,898</u>	<u>7,871,015</u>

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

	2017	2016
Management and administration	39	41
Production	231	246
Selling and distribution	58	65
	<u>328</u>	<u>352</u>

	2017	2016
	£	£
Directors' remuneration	<u>371,377</u>	<u>366,020</u>

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	<u>270,613</u>	<u>268,023</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

5. OPERATING (LOSS)/PROFIT

The operating loss (2016 - operating profit) is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	206,048	199,745
Depreciation - assets on hire purchase contracts	25,310	46,487
Loss/(profit) on disposal of fixed assets	4,273	(258)
Goodwill amortisation	9,330	9,334
Auditors' remuneration	12,750	8,900
Auditors' remuneration for non audit work	25,122	20,304
Research and development	360,844	486,017
Operating lease payments	549,297	530,021
Foreign exchange differences	<u>30,524</u>	<u>24,971</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	13,451	4,487
Director's loan interest	10,311	12,210
Hire purchase and finance lease interest	<u>2,724</u>	<u>14,210</u>
	<u>26,486</u>	<u>30,907</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	-	197,000
Tax under/(over) provided in previous periods	<u>(292,158)</u>	<u>23,607</u>
Total current tax	<u>(292,158)</u>	<u>220,607</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(20,000)</u>	<u>(6,000)</u>
Tax on (loss)/profit	<u>(312,158)</u>	<u>214,607</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

7. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

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

	2017 £	2016 £
(Loss)/profit before tax	<u>(203,912)</u>	<u>1,061,880</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	(40,782)	212,376
Effects of:		
Expenses not deductible for tax purposes	19,582	9,114
Adjustments to tax charge in respect of previous periods	(292,158)	23,607
Research and development enhanced deduction	(93,819)	(30,490)
Utilisation of losses	101,964	-
Lower rate on deferred tax	(6,945)	-
Total tax (credit)/charge	<u>(312,158)</u>	<u>214,607</u>

8. DIVIDENDS

	2017 £	2016 £
Ordinary £1 shares of £1 each		
Interim	1,000,000	700,000
Ordinary A shares of 25p each		
Special	<u>2,167,447</u>	-
	<u>3,167,447</u>	<u>700,000</u>

The above special dividend is the dividend in specie arising from the divestment of the UK & Ireland theatre pack business.

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2016	
and 31 March 2017	<u>93,300</u>
AMORTISATION	
At 1 April 2016	65,347
Amortisation for year	<u>9,330</u>
At 31 March 2017	<u>74,677</u>
NET BOOK VALUE	
At 31 March 2017	<u>18,623</u>
At 31 March 2016	<u>27,953</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

10. **TANGIBLE FIXED ASSETS**

	Assets in the course of construction £	Plant and machinery £	Fixtures and office equipment £
COST			
At 1 April 2016	360,705	1,708,463	139,997
Additions	9,422	136,496	1,115
Disposals	-	(465)	-
Reclassification/transfer	(165,667)	165,667	-
At 31 March 2017	<u>204,460</u>	<u>2,010,161</u>	<u>141,112</u>
DEPRECIATION			
At 1 April 2016	-	954,244	83,615
Charge for year	-	174,660	12,087
Eliminated on disposal	-	(465)	-
At 31 March 2017	<u>-</u>	<u>1,128,439</u>	<u>95,702</u>
NET BOOK VALUE			
At 31 March 2017	<u>204,460</u>	<u>881,722</u>	<u>45,410</u>
At 31 March 2016	<u>360,705</u>	<u>754,219</u>	<u>56,382</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2016	112,633	180,932	2,502,730
Additions	-	3,062	150,095
Disposals	(74,620)	-	(75,085)
At 31 March 2017	<u>38,013</u>	<u>183,994</u>	<u>2,577,740</u>
DEPRECIATION			
At 1 April 2016	55,877	122,920	1,216,656
Charge for year	6,253	38,358	231,358
Eliminated on disposal	(29,848)	-	(30,313)
At 31 March 2017	<u>32,282</u>	<u>161,278</u>	<u>1,417,701</u>
NET BOOK VALUE			
At 31 March 2017	<u>5,731</u>	<u>22,716</u>	<u>1,160,039</u>
At 31 March 2016	<u>56,756</u>	<u>58,012</u>	<u>1,286,074</u>

The net book value of tangible fixed assets includes £ 137,917 (2016 - £ 163,227) in respect of assets held under hire purchase contracts.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 April 2016 and 31 March 2017	886,575	166,211	1,052,786
PROVISIONS			
At 1 April 2016 and 31 March 2017	886,571	166,210	1,052,781
NET BOOK VALUE			
At 31 March 2017	4	1	5
At 31 March 2016	4	1	5

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Pennine Healthcare Limited

Registered office: City Gate, London Road, Derby, DE24 8WY

Nature of business: Dormant

	% holding
Class of shares:	
Ordinary	100.00

12. STOCKS

	2017 £	2016 £
Raw materials	2,059,984	2,240,744
Work-in-progress	428,491	701,725
Finished goods	609,751	485,284
	<u>3,098,226</u>	<u>3,427,753</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	3,328,047	5,542,361
Amounts recoverable on contracts	1,072,711	498,097
Other debtors	370,741	20,596
Directors' current accounts	-	18,191
Tax	211,406	-
Prepayments	288,637	326,733
	<u>5,271,542</u>	<u>6,405,978</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2017**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loans and overdrafts (see note 16)	1,662,936	402,297
Other loans (see note 16)	750,000	350,000
Hire purchase contracts (see note 17)	28,584	63,403
Trade creditors	3,040,090	3,705,458
Tax	-	221,771
Social security and other taxes	143,852	340,223
Other creditors	125,807	191,337
Directors' current accounts	733,591	102,731
Accrued expenses	1,474,637	550,716
	<u>7,959,497</u>	<u>5,927,936</u>

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

	2017 £	2016 £
Hire purchase contracts (see note 17)	<u>-</u>	<u>29,031</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,662,936	402,297
Director's loan account	750,000	350,000
	<u>2,412,936</u>	<u>752,297</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017 £	2016 £
Net obligations repayable:		
Within one year	28,584	63,403
Between one and five years	-	29,031
	<u>28,584</u>	<u>92,434</u>
	Non-cancellable operating leases	
	2017 £	2016 £
Within one year	308,894	585,970
Between one and five years	415,015	446,362
	<u>723,909</u>	<u>1,032,332</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

18. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Bank overdrafts	1,662,936	402,297
Hire purchase contracts	28,584	92,434
	<u>1,691,520</u>	<u>494,731</u>

The hire purchase liabilities are secured on the assets to which they relate.

A bank overdraft facility, which is repayable on demand, is secured by way of an unlimited debenture providing a fixed and floating charge over the company's assets.

19. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax		
Accelerated capital allowances	<u>132,000</u>	<u>152,000</u>
		Deferred tax £
Balance at 1 April 2016		152,000
Utilised during year		(20,000)
Balance at 31 March 2017		<u>132,000</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
NIL	Ordinary £1	£1	-	8,004
32,016	Ordinary £0.25	£0.25	<u>8,004</u>	<u>-</u>
			<u>8,004</u>	<u>8,004</u>

During the year the company sub-divided the Ordinary £1 shares into 32,016 ordinary shares with a nominal value of 25p each. The Ordinary 25p shares were then designated as 16,008 Ordinary A shares and 16,008 Ordinary B shares of the same nominal value. The Ordinary A shares and Ordinary B shares were then designated as 32,016 Ordinary shares.

21. RESERVES

	Retained earnings £
At 1 April 2016	5,097,800
Profit for the year	108,246
Dividends	(3,167,447)
At 31 March 2017	<u>2,038,599</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

22. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking is SP 225 Limited. Copies of the consolidated financial statements of SP 225 Limited are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

23. RELATED PARTY DISCLOSURES

During the year, total dividends of £1,000,000 (2016 - £700,000) were paid to the directors.

The directors maintain current and loan accounts with the company. At the balance sheet date the amount owing from and to the directors is shown in the debtors and creditors notes respectively. The current account balances are repayable upon demand. Contained within "other loans" in the creditors note are the total of two loans, less repayments, as at the year end made by one of the directors. The first is a loan brought forward from previous years which is repayable in quarterly instalments of £50,000 with interest due on the balance at 2.5%. The gross interest for the year was £6,462 (2016 - £11,490) of which £1,127 (2016 - £2,387) was outstanding at the year end. The second relates to a further loan which was made in the year which is repayable in quarterly instalments of £20,000 for the first four quarters then £65,000 thereafter with interest due on the balance at 2%. The gross interest for the year was £3,849 (2016 - £Nil) of which £3,849 (2016 - £Nil) was outstanding at the year end. In respect of both loans, a clause is set out in the agreements that allows the borrower to request repayment in full and in demand with 3 months written notice.

Transactions arose during the year with companies in which two of the directors have an interest as a director and a shareholder.

Goods and services were provided during the year ended 31 March 2017 as follows:

			Sales	Purchases	Debtors	Creditors
£	£	£	£			
			314,778	740,150	125,660	171,547

The following amounts relate to the year ended 31 March 2016:

			Sales	Purchases	Debtors	Creditors
£	£	£	£			
			200,708	602,649	65,281	121,061

A pension scheme, of which two of the directors are trustees and members, leased property to the company for £411,500 (2016 - £411,500).

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mrs E J Fothergill.

25. EMPLOYEE BENEFITS

Included in the notes to the financial statements are payments to the defined contribution pension scheme.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.