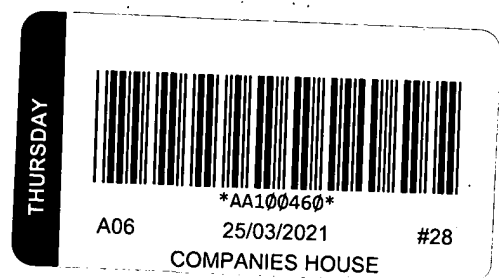


Registered number: 00869871

FRONTIER PLASTICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



FRONTIER PLASTICS LIMITED

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FRONTIER PLASTICS LIMITED

COMPANY INFORMATION

Directors	N Boulton J Steele P M Wright
Registered number	00869871
Registered office	Vernacare No 1 Western Avenue Buckshaw Village Chorley PR7 7NB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW

FRONTIER PLASTICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present the Strategic Report for Frontier Plastics Limited (the "Company") for the year ended 31 March 2020.

BUSINESS OVERVIEW

The Company manufactures and sells a range of medical devices that contribute greatly to the safety and well being of their users. The Company designs and manufactures the majority of its own products on site in South Wales with revenue derived from the onward sale of products directly to healthcare providers in the UK and indirectly in overseas territories via a range of distributors. Customers are mix of public and private sector organisations and enterprises.

The main products lines are:

- Sharpsafe® - A range of specialist containers for the safe disposal of clinical sharps; and
- Clinisafe® - A complementary range of containers for the safe disposal of non-sharps clinical waste.

On 10 July 2020 the Company was acquired by Vernacare (Verna Group International Limited).

BUSINESS REVIEW

The Company's ambition is to build on the history and heritage of the Company's brands and continue to provide high quality products and services to healthcare providers in the UK and overseas.

Key developments in the Company in the year ended 31 March 2020 included:

- Successfully supporting our customers in both the UK and internationally throughout the Covid-19 outbreak in early 2020 and the subsequent pandemic.
- Significant new account wins and contract retentions
- Ongoing compliance with, and accreditation to, key international standards such as OHSAS 18001:2007 (Occupational Health & Safety Management Systems), ISO 9001:2008 (Quality Management Systems) and ISO 14001:2004 (Environmental Management Systems).

A summary of the Company's financial performance is included in the table below:

	2020 £000	2019 £000
Revenue	17,352	20,550
Operating profit	1,297	1,360
Profit before taxation	1,297	1,360

The Company performed strongly in the year, achieving revenue growth of (16)%. This reflects growth in both new and existing customers across all divisions.

The directors are satisfied with the financial position of the Company at the Balance Sheet date and that it provides the basis from which to meet the Company's objectives.

FRONTIER PLASTICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

KEY PERFORMANCE INDICATORS

The Company's success is measured using a range of financial and non-financial key performance indicators ('KPIs') that are closely monitored by the directors.

The financial KPIs include all of those included in the table above, comparing performance against both prior year and the Company's annual budget.

The primary non-financial KPI relates to customer orders satisfied on time and in full ("OTIF") which again consistently exceeded 98% throughout the year across all product lines.

STRATEGIC OBJECTIVES

The Company's key strategic objectives are to increase the provision of medical devices to healthcare providers to further reduce the risk of serious injury and harm to the general public. This ambition extends across both divisions in both the UK and overseas markets. As part of this the Company expects to perform strongly against its KPIs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

Environment

Activity to reduce our environmental impact is focused on environmental management, energy reduction, minimisation of waste, diversion of waste from landfill and water conservation. The Company operates an Environmental Management System which complies with the requirements of ISO 14001:2004.

Health & Safety

The safety and well-being of our staff and all visitors to our facilities remains a priority for everyone within the business. We continue to focus on all aspects of health and safety, with a special emphasis on those areas with the potential to cause serious harm. This includes not just process safety management but also all aspects of associated maintenance tasks. The Company operates an Occupational Health & Safety Management System which complies with the requirements of OHSAS 18001:2007, and we are working towards the transition to the new international OHSAS 45001:2018.

The Company continues to focus on the prevention of accidents and incidents through the proactive reporting of potential hazards. Through our dedicated health and safety team and integrated Health and Safety Management System, there is a clear and transparent mechanism for employees to raise potential hazards before they have the opportunity to cause an injury.

Employees

The Company remains focused on supporting and developing people through training, communications and two-way engagement channels. The Company also has an open, non-discriminatory employment policy that ensures that vacancies are filled by the most appropriate and best skilled person, regardless of gender, race, disability or ethnicity.

Ethical Policy

We emphasise the importance of operating a business in both a responsible and ethical manner, and have set up appropriate standards and policies to uphold laws relevant to prevention of bribery and corruption in all the jurisdictions in which we operate. The Company has in place policies and procedures covering Whistleblowing and Anti-Bribery, the latter including policies in respect of gifts and hospitality.

The Company's ethical policy incorporates a Supplier Code of Conduct that has been communicated and rolled out to all suppliers via the purchasing team. All suppliers are expected to agree and adhere to the terms of this code.

FRONTIER PLASTICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Modern Slavery Act Statement

During the year the Company also re-issued its Modern Slavery Act Statement (the 'Statement'), which is available on our website. This Statement sets out the information required by the Modern Slavery Act 2015 and explains our approach to preventing acts of slavery and human trafficking in both our labour practices and supply chain. Frontier is wholly committed to respecting human rights across our own operations, supply chains, and products and we expect our business partners to support this Statement and act in accordance with it.

Principal risks and uncertainties

The principal risks and uncertainties that might affect the Company meeting its objectives are:

Market risk

The Company has a diversified product range across its divisions and is continually developing new and existing products to meet customer requirements. The Company also has a well-diversified customer portfolio.

Quality risk

Frontier complies with high standards of quality throughout its business. Products are tested throughout the production processes and the Company adheres to all relevant regulation and legislation, including relevant British and International Standards.

Price risk

Where possible Frontier engages in customer contracts to enable any sustained increases or decreases in raw material prices to be reflected in customer prices.

Brexit risk

There may be a risk of disruption to the importing of goods and raw materials from overseas (particularly EU) suppliers during any Brexit transition period. We have undertaken an extensive review of our supply chain to validate potential Brexit risk areas and determined that an additional stockholding of circa one month for certain materials is required in our supply chain. This is being achieved with additional stockholding at either our site or our suppliers.

Covid-19 risk

Given the nature of the medical products that we supply, the Covid-19 outbreak and subsequent pandemic has not resulted in any concerns with regards the Company's cashflows nor its ability to continue operating as a going concern. Our Covid-19 policy is regularly updated in line with UK Government guidelines and this is communicated to staff on a regular basis. As part of this we have embedded controls throughout the business to safeguard, as best as practicably possible, the well-being and safety of our employees, customers and suppliers.

Interest rate risk

The Company's exposure to interest rate fluctuations on its borrowings is largely managed by an interest rate hedge.

Currency risk

The Company achieves a natural hedge with having currency revenues and currency costs. The business also regularly reviews foreign exchange rates and can forward buy/sell sterling or currency funds to further mitigate against foreseeable currency risk.

Credit risk

The directors set credit limits for customers based on a combination of payment history and third party credit references. Trading with these limits and related terms is monitored on a regular basis.

FRONTIER PLASTICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Section 172 statement

The directors are required by the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote success of the Company for the benefit of its shareholders as a whole, and in doing so have regard to the following:

- *The likely long-term consequences of any decision:* The Board's vision and objectives are reviewed and renewed on an annual basis, taking into consideration the views from senior management. Both the longer-term strategies and shorter-term tactics required to deliver against these objectives are agreed with the Board and then cascaded down throughout the business. Strategies and tactics required at lower levels throughout the business are also reviewed and renewed to ensure that they remain fully aligned. These mechanisms, combined with the regular dialogue between the Executive Directors and the wider Board, ensure that the consequences of any long-term decisions are considered carefully, and particularly whether they are aligned with the Company's vision and objectives.
- *The interests of the Company's employees and stakeholders:* The Board considers its major stakeholders to be its employees, suppliers, customers and shareholders. When making decisions, the interests of these stakeholders are considered informally as part of the Board's Group discussions.

The Board has a good relationship with the Company's employees. The Board maintains constructive dialogue with employees through the Executive Directors. Appropriate remuneration and incentive schemes are maintained to align employees' objectives with those of the Company. The Company regularly discusses progress both locally and at a Group level using a variety of ways e.g. 'town hall' style meetings, regular email communications, feedback from continuous improvement boards located throughout the premises and promoting an open-door policy. These provide employees with clear mechanisms of engagement to/from senior management and the Board.

- *The need to foster the Company's relationships with suppliers, customers and others:* The Board ensures that the Company endeavours to maintain good relationships with its suppliers by contracting on their standard terms. We meet and communicate with our significant suppliers regularly, and where required we audit their activities in a timely and cost-efficient manner. We frequently offer, and value, long term contracts and relationships to provide stability to their business in return for cost savings. These principles ensure that the interests are aligned across both the Company and our significant suppliers.

Similarly, we engage with customers on agreed and reasonable terms, often using standard contractual terms. We meet and engage with significant customers on a regular basis to provide them with continuity of training, support and communication.

- *The impact of the Company's operations on the community and the environment:* The Company, led by the Board, aims to have a positive impact on the communities and environment within which it operates. The Board recognises that the Company has a duty to be a good corporate citizen, to minimise harm to the environment and to contribute to the local communities in which it operates.
- *The desirability of the Company maintaining a reputation for high standards of business conduct:* The Board recognises the importance of maintaining high standards of business conduct and these are communicated clearly to all employees in the Company Handbook. The Company operates appropriate policies of business ethics and provides mechanisms for whistle blowing and complaints.
- *The need to act fairly as between shareholders of the Group:* The Board endeavours to maintain good relationships with its shareholders and treat them equally. This is achieved through professionally negotiated legal documents and significant shareholders being represented on the Board of Directors.

FRONTIER PLASTICS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'N Boulton', with a long horizontal stroke extending to the right.

N Boulton
Director

Date:

FRONTIER PLASTICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and the audited financial statements of Frontier Plastics Limited (the "Company") for the year ended 31 March 2020.

Principal activities

The principal activity of the Company is that of the design, development, manufacture, and sale of Infection Prevention products for the medical and healthcare sectors.

Results and dividends

The profit for the financial year amounted to £1,101,000 (2019: £1,242,000).

During the year, the Company paid a dividend of £490,000 (2019: £3,000,000).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

S T Jackson (resigned 10 July 2020)
M J Bambery (resigned 10 July 2020)
N Harris (resigned 10 July 2020)
N Boulton (appointed 20 July 2020)
J Steele (appointed 10 July 2020)
P M Wright (appointed 10 July 2020)

Going concern

The Company's day to day working capital requirements were supported throughout the year by Frontier Medical Group's loans and banking facilities.

On 10 July 2020 the Company was acquired by Verna Group International Limited, which is part of the Group headed by Vienna Topco Limited (Jersey) and has sufficient loans of £70.6m and a revolving credit facility of £5m in place to support its ongoing working capital requirements. The Group has prepared forecasts and projections, taking account of the UK market conditions and the Group's unique competitive position in the infection control market that have enabled it to successfully enter new markets globally and in the UK, which demonstrates that the Group should be able to operate within the level of its existing facility.

Management have considered the impact of the acquisition and refinance when concluding on the appropriateness of preparing these accounts on the going concern basis.

As a consequence, the financial statements have been prepared on the going concern basis as the directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

Financial risk management

The financial risk management objectives and policies are described within the Strategic Report under the 'Principal Risks and Uncertainties' section.

FRONTIER PLASTICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

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.

Directors' confirmations

In the case of each directors in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



N Boulton
Director

Date: 03/03/2021 Type text here

FRONTIER PLASTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRONTIER PLASTICS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Frontier Plastics Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

FRONTIER PLASTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRONTIER PLASTICS LIMITED (CONTINUED)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is 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.

Auditors' 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 an auditors' report 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

FRONTIER PLASTICS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRONTIER PLASTICS LIMITED
(CONTINUED)**

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
Date: 3 March 2021

FRONTIER PLASTICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £000	2019 £000
Turnover	4	17,228	20,550
Cost of sales		(12,196)	(15,052)
Gross profit		5,032	5,498
Distribution costs		(911)	(1,111)
Administrative expenses		(2,827)	(3,014)
Other operating income/(expenses)	5	3	(13)
Operating profit	6	1,297	1,360
Tax on profit	10	(196)	(118)
Profit for the financial year		1,101	1,242

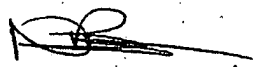
The notes on pages 15 to 30 form part of these financial statements.

FRONTIER PLASTICS LIMITED
REGISTERED NUMBER: 00869871

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	60	61
Tangible assets	13	4,700	4,523
Investments	14	2	2
		<u>4,762</u>	<u>4,586</u>
Current assets			
Stocks	15	884	826
Debtors	16	5,917	5,546
Cash at bank and in hand	17	243	283
		<u>7,044</u>	<u>6,655</u>
Creditors: amounts falling due within one year	18	(2,292)	(2,431)
Net current assets		<u>4,752</u>	<u>4,224</u>
Total assets less current liabilities		<u>9,514</u>	<u>8,810</u>
Provisions for liabilities			
Deferred taxation	19	(120)	(27)
Net assets		<u>9,394</u>	<u>8,783</u>
Capital and reserves			
Called up share capital	20	225	225
Share premium account	21	2,303	2,303
Capital redemption reserve	21	200	200
Profit and loss account	21	6,666	6,055
Total shareholders' funds		<u>9,394</u>	<u>8,783</u>

The financial statements on pages 12 to 30 were approved and authorised for issue by the board and were signed on its behalf by:



N Boulton
Director

Date: 03/03/2021

The notes on pages 15 to 30 form part of these financial statements.

FRONTIER PLASTICS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 1 April 2018	225	2,303	200	7,813	10,541
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	1,242	1,242
Total comprehensive income for the financial year	-	-	-	1,242	1,242
Contributions by and distributions to owners					
Dividends paid during the year	-	-	-	(3,000)	(3,000)
Total transactions with owners	-	-	-	(3,000)	(3,000)
At 31 March 2019 and 1 April 2019	225	2,303	200	6,055	8,783
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	1,101	1,101
Total comprehensive income for the financial year	-	-	-	1,101	1,101
Contributions by and distributions to owners					
Dividends paid during the year	-	-	-	(490)	(490)
Total transactions with owners	-	-	-	(490)	(490)
At 31 March 2020	225	2,303	200	6,666	9,394

The notes on pages 15 to 30 form part of these financial statements.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Frontier Plastics Limited's (the "Company") principal activity is manufacturing and selling a range of medical devices to healthcare providers in the UK and indirectly in overseas territories via a range of distributors.

The Company is a private company limited by shares and is incorporated, registered and domiciled in the United Kingdom. The address of its registered office is Vernacare No 1 Western Avenue, Buckshaw Village, Chorley, PR7 7NB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Frontier Medical Group Limited as at 31 March 2020 and these financial statements may be obtained from Newbridge Road Industrial Estate, Blackwood, Gwent, Blackwood, NP12 2YN.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.3 Going concern

The Company's day to day working capital requirements were supported throughout the year by Frontier Medical Group's loans and banking facilities.

On 10 July 2020 the Company was acquired by Verna Group International Limited, which is part of the Group headed by Vienna Topco Limited (Jersey) and has sufficient loans of £70.6m and a revolving credit facility of £5m in place to support its ongoing working capital requirements. The Group has prepared forecasts and projections, taking account of the UK market conditions and the Group's unique competitive position in the infection control market that have enabled it to successfully enter new markets globally and in the UK, which demonstrates that the Group should be able to operate within the level of its existing facility.

Management have considered the impact of the acquisition and refinance when concluding on the appropriateness of preparing these accounts on the going concern basis.

As a consequence, the financial statements have been prepared on the going concern basis as the directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

2.4 Consolidation exemption

The Company is a wholly owned subsidiary of Frontier Medical Group Limited and is included in the consolidated financial statements of Frontier Medical Group Limited which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.7 Tangible assets

Tangible assets under the cost model 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to Statement of Comprehensive Income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	- Buildings - 2% straight line
Plant and machinery	- 33% and 20% straight line
Motor vehicles	- 20% straight line
Fixtures and fittings	- 33% and 20% straight line

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 in the Statement of Comprehensive Income.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.9 Operating leases: lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.10 Stocks

Finished goods and work-in-progress are valued at the lower of standard cost of production and net realisable value. Standard costs of production are regularly reviewed to ensure that they remain representative of the actual prices prevailing, and inventories revalued when realisable values are computed as estimated selling prices less a fair proportion of marketing, selling, and distribution costs. Finished goods inventories are derecognised when they are sold and recognised as an expense in the Statement of Comprehensive Income.

Raw materials are valued at the lower of standard cost and net realisable value. Standard costs are regularly reviewed to ensure that they remain representative of the actual prices prevailing, and inventories revalued when realisable values represent values-in-use within the production processes.

Provisions are recognised against items considered by management as having future economic values lower than their prevailing carrying values. This will include obsolete items and may include slow-moving items. Given the nature and longevity of finished goods, provisions are not automatically made on the basis of aged stock inventories.

Inventories are revalued annually at each financial year end.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.13 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expense and classified within interest payable.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. 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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Inventory provisioning

The Company manufactures and sells a range of medical devices which can be subject to changing customer requirements. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature, age and condition of the inventory, as well as applying the assumptions around anticipated saleability of finished goods and future usage of raw materials.

(ii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

4. Turnover

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	8,751	11,853
Rest of the world	8,477	8,697
	<u>17,228</u>	<u>20,550</u>

FRONTIER PLASTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. Other operating income

	2020 £000	2019 £000
Foreign exchange losses	(3)	13

6. Operating profit

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

	2020 £000	2019 £000
Depreciation of tangible assets	638	615
Amortisation of intangible assets	30	-
Exchange difference	69	(5)
Operating lease rentals	97	105
Stocks recognised as an expense in cost of sales	7,712	10,417
Impairment of trade debtors	(4)	-

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	16	15

Fees payable to the Company's auditors in respect of:

Tax compliance services	20	20
Others	2	1
	22	21

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

8. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	3,831	4,296
Social security costs	270	288
Other pension costs	106	127
	<u>4,207</u>	<u>4,711</u>

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

	2020 Number	2019 Number
Administration and support	19	36
Production	108	94
Sales, marketing and distribution	5	25
	<u>132</u>	<u>155</u>

9. Directors' remuneration

Remunerations of the directors are borne by other group companies, without recharge. The directors of the Company are also directors of a number of other Group companies and it is not possible to make an accurate apportionment of the emoluments in respect of each of the Group companies.

FRONTIER PLASTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Tax on profit

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the financial year	210	125
Adjustments from previous periods	(106)	-
Total current tax	<u>104</u>	<u>125</u>
Deferred tax		
Origination and reversal of timing differences	74	(9)
Changes to tax rates	22	1
Adjustment from previous periods	(4)	1
Total deferred tax	<u>92</u>	<u>(7)</u>
Total tax	<u><u>196</u></u>	<u><u>118</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit before taxation	<u>1,297</u>	<u>1,360</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	246	258
Effects of:		
Expenses not deductible for tax purposes	28	15
Adjustments from previous periods	(84)	1
Group relief not paid for	-	(167)
Transfer pricing adjustments	10	10
Tax rate changes	(4)	1
Total tax charge for the financial year	<u><u>196</u></u>	<u><u>118</u></u>

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

10. Tax on profit (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). Deferred taxes at the Balance Sheet date have been measured using this enacted tax rate and reflected in these financial statements.

11. Dividends

	2020 £000	2019 £000
Ordinary A £1.09 per share (2019: £6.67) of £0.50 each	55	332
Ordinary B £1.09 per share (2019: £6.67) of £0.50 each	435	2,668
	<u>490</u>	<u>3,000</u>

12. Intangible assets

	Development cost £000
Cost	
At 1 April 2019	61
Additions	29
At 31 March 2020	<u>90</u>
Accumulated amortisation	
At 1 April 2019	-
Charge for the year	30
At 31 March 2020	<u>30</u>
Net book value	
At 31 March 2020	<u>60</u>
At 31 March 2019	<u>61</u>

FRONTIER PLASTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Tangible assets

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost						
At 1 April 2019	4,014	7,466	556	81	-	12,117
Additions	5	718	24	-	69	816
Disposals	-	-	(5)	(5)	-	(10)
At 31 March 2020	4,019	8,184	575	76	69	12,923
Accumulated depreciation						
At 1 April 2019	867	6,165	479	83	-	7,594
Charge for the year	54	486	100	(2)	-	638
Disposals	-	-	(4)	(5)	-	(9)
At 31 March 2020	921	6,651	575	76	-	8,223
Net book value						
At 31 March 2020	3,098	1,533	-	-	69	4,700
At 31 March 2019	3,147	1,301	77	(2)	-	4,523

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

14. Investments

	Investments in subsidiary companies £000
Cost	
At 1 April 2019	2
At 31 March 2020	2

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Frontier Multigate Limited	Frontier Multigate Ltd., Newbridge Road Industrial Estate, Blackwood, Gwent, NP12 2YL	Dormant	Ordinary	100%

15. Stocks

	2020 £000	2019 £000
Raw materials and consumables	386	480
Work in progress	4	21
Finished goods and goods for resale	494	325
	884	826

The difference between purchase price or production cost of stocks and their replacement cost is not material.

FRONTIER PLASTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Debtors

	2020 £000	2019 £000
Trade debtors	3,316	3,646
Amounts owed by group undertakings	2,177	1,278
Other taxation and social security	116	174
Prepayments and accrued income	308	448
	<u>5,917</u>	<u>5,546</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17. Cash at bank and in hand

	2020 £000	2019 £000
Cash at bank and in hand	<u>243</u>	<u>283</u>

18. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	1,641	1,712
Amounts owed to group undertakings	1	59
Other creditors	65	79
Accruals and deferred income	585	581
	<u>2,292</u>	<u>2,431</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

19. Deferred taxation

	2020 £000
At beginning of financial year	27
Charged to profit or loss	71
Adjustment in respect of prior years	22
At end of financial year	120

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Fixed asset timing differences	123	31
Short term timing differences	(3)	(4)
	120	27

20. Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
50,000 (2019: 50,000) Ordinary A shares of £0.50 (2019: 0.50) each	25	25
400,000 (2019: 400,000) Ordinary B shares of £0.50 (2019: 0.50) each	200	200
	225	225

21. Reserves

Share premium account

The share premium account represents the consideration received on the issue of shares in the Company in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

Capital redemption reserve

The capital redemption reserve represents the amount by which share capital has been reduced on repurchase of the Company's own shares.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

FRONTIER PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

22. Pension commitments

The Company operates a defined contribution pension scheme in respect of its employees. Contributions made in the year by the Company amounted to £106,000 (2019: £127,000).

23. Commitments under operating leases

At 31 March the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	92	69
Later than 1 year and not later than 5 years	50	40
Later than 5 years	57	11
	<u>199</u>	<u>120</u>

24. Ultimate parent undertaking and controlling party

The Company is controlled by Frontier Medical Products Limited, a Company incorporated within the United Kingdom, of which it is a wholly owned subsidiary. The ultimate controlling party is Kester Capital LLP.

Frontier Medical Group Limited is the parent of both the smallest and largest group which prepares a consolidation which included these financial statements. The financial statements of Frontier Medical Group Limited can be obtained from: Newbridge Road Industrial Estate, Newbridge Road, Blackwood, Gwent, NP12 2YN.

25. Post balance sheet events

On 10 July 2020 the Frontier Medical Group Limited sold its Infection Prevention business in a carve-out to Vernacare (Verna Group International Limited), which included Frontier Plastics Limited. Proceeds from this sale were used to settle the outstanding bank and shareholder debt.