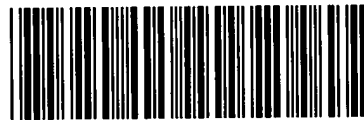


Registered Number: 1585827

DIVERSEY UK PRODUCTION LIMITED

REPORT AND ACCOUNTS 2015

WEDNESDAY



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<u>CONTENTS</u>	<u>Page Number</u>
STRATEGIC REPORT	1
DIRECTORS' REPORT	3
STATEMENT OF DIRECTORS' RESPONSIBILITIES	4
INDEPENDENT AUDITOR'S REPORT	5
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
NOTES TO THE FINANCIAL STATEMENTS	10

Strategic Report

Review of Activities

The principal activities of Diversey UK Production Limited is the production of cleaning and sanitising chemical products, utensils and floorcare equipment, machines and any other products requested by the EPC. In 2012 the Company entered into a toll manufacturing agreement with Diversey Europe Operations BV (the "EPC") under which the company agrees to provide toll manufacturing service to the EPC in respect of any products manufactured.

The company's key financial and other performance indicators for the year were as follows:

	2015 £'000	2014 £'000	Change %
Turnover	7,365	6,271	17%
Operating profit	653	614	6%
Profit after tax	369	436	-15%
Equity shareholders' funds	12,037	11,668	3%
Current assets as % of current liabilities	321%	274%	
Average number of employees	83	83	

Turnover increased during the year by £1.1M, due to greater demand from the EPC. The 17% increase in turnover was matched by a 17% increase in cost of sales, keeping the gross profit steady at 17% of turnover.

The directors consider that given the conditions prevailing during the year, the development of the company's business and its financial position at the end of the year were satisfactory.

Principal risks and uncertainties

- Competitive risks

Risk arises due to our dependency on the regional Diversey Group operating companies for continued support as our principal customers.

- Legislative risks

Our manufacturing facility continues to maintain compliance with all current EU and UK standards although these are subject to change. Whilst compliance to legislative standards remains critical to the company's success, there is a cost consequence for compliance.

Strategic Report (continued)

- Exposure to liquidity and cashflow risk

The company aims to mitigate liquidity risk by targeting cash generation (debtors and creditors management) in all its operations. In addition, the corporate group manages liquidity risk via revolving credit facilities and long term debt.

The directors do not expect any developments in the company's business in 2016 to be significantly different from the present activities.

On Behalf of the Board



D White
Director
27 October 2016

Weston Favell Centre
Northampton
NN3 8PD

Directors' report for the year ended 31 December 2015

The Directors present their report and financial statement for the year ended 31 December 2015.

Directors

The Directors of the company during the year were as follows:-

Mr D White
Mrs I Cook

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such a qualifying third party indemnity provision remains in force at the date of approving the directors' report.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The directors believe that the Company is well-placed to manage its business risks successfully, despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Events since the Statement of Financial Position date

On October 17, 2016 Sealed Air Corporation announced a plan to spin off its Diversey Care division into a new public company. The transaction is expected to be completed in the second half of 2017.

Diversey UK Production Limited

Registered Number: 1585827

Directors' report (continued)

Auditor

KPMG, Chartered Accountants, resigned as auditor and Ernst & Young, Chartered Accountant, were appointed in their place. Ernst & Young, Chartered Accountants, have indicated their willingness to continue in office.

On Behalf of the Board



D White
Director
27 October 2016

Weston Favell Centre
Northampton
NN3 8PD

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 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 UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping proper 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIVERSEY UK PRODUCTION LIMITED

We have audited the financial statements of Diversey UK Production Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIVERSEY UK PRODUCTION LIMITED (Continued)

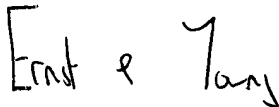
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Justin Sherwood (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Dublin

08 November 2016

Diversey UK Production Limited

Registered Number: 1585827

Statement of comprehensive income for the year ended 31 December 2015

	<u>Notes</u>	2015 £'000	2014 £'000
Turnover	(2)	7,365	6,271
Cost of sales		<u>(6,133)</u>	<u>(5,220)</u>
Gross profit		1,232	1,051
Administrative expenses		<u>(579)</u>	<u>(437)</u>
Operating profit	(3)	<u>653</u>	<u>614</u>
Profit on ordinary activities before interest and taxation		653	614
Interest payable and similar charges	(6)	<u>(4)</u>	<u>-</u>
Profit on ordinary activities before taxation		649	614
Tax on profit on ordinary activities	(7)	<u>(280)</u>	<u>(178)</u>
Profit for the financial year	(14)	<u>369</u>	<u>436</u>
Total comprehensive income for the year		<u>369</u>	<u>436</u>

The notes on pages 10 to 21 form a part of the financial statements.

Statement of financial position at 31 December 2015

	<u>Notes</u>	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	(8)	<u>8,048</u>	<u>8,380</u>
		8,048	8,380
Current assets			
Debtors (amounts falling due within one year)	(9)	<u>5,797</u>	<u>5,175</u>
		5,797	5,175
Creditors: amounts falling due within one year	(10)	<u>(1,807)</u>	<u>(1,887)</u>
Net current assets		3,990	3,288
Total assets less current liabilities		<u>12,037</u>	<u>11,668</u>
Net assets		<u>12,037</u>	<u>11,668</u>
Capital and reserves			
Called up share capital	(12)	200	200
Share premium account	(14)	10,267	10,267
Profit and loss account	(14)	1,570	1,201
Shareholders' funds		<u>12,037</u>	<u>11,668</u>

The notes on pages 10 to 21 form a part of the financial statements.

The financial statements on pages 7 to 21 were approved by the Board of Directors and were signed on its behalf by:



D White
Director
27 October 2016

Statement of changes in equity
for the year ended 31 December 2015

	Called-up share capital presented as equity £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2014	200	10,267	765	11,232
Profit for the year	-	-	436	436
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	436	436
At 31 December 2014	200	10,267	1,201	11,668
Profit for the year	-	-	369	369
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	369	369
At 31 December 2015	<u>200</u>	<u>10,267</u>	<u>1,570</u>	<u>12,037</u>

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(1) Accounting Policies

(1.1) Statement of compliance

Diversey UK Production Limited is a company incorporated in the United Kingdom. The registered office is Weston Favell Centre, Northampton, UK.

The company's financial statements have been prepared in accordance with applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in the UK, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in UK).

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 19.

(1.2) Basis of preparation and change in accounting policy

The financial statements of Diversey UK Production Limited were authorised for issue by the Board of Directors on ~~XX-XX-2016~~.

not

The financial statements are prepared in Sterling which is the presentational currency of the company.

Diversey UK Production Limited is availing of the reduced disclosure framework under FRS 102 as it is a qualifying entity, being a member of a group that prepare publicly available financial statements which give a true and fair view, and in which Diversey UK Production Limited is consolidated. The company financial statements are consolidated up to Sealed Air Corporation and whose consolidated financial statements are available from Sealed Air Corporation, Charlotte, North Carolina, USA.

The company has taken advantage of the following disclosure exemptions under FRS 102 for qualifying entities:

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(1)(iv).
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A and Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.
- In line with section 33.1A of FRS 102, disclosures are not given of transactions with fellow wholly owned group companies.
- The requirements of Section 33 Related Party Disclosures paragraph 33.7

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(1) Accounting Policies (continued)

(1.3) Judgements and key sources of estimation uncertainty

(a) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(1.4) Significant accounting policies

(a) Tangible Fixed Assets

Freehold land is not depreciated.

Tangible fixed assets are stated at their purchase cost together with any incidental cost of acquisition less accumulated depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- 40 years
Plant and machinery	- 3-14 years
Fixtures and fittings	- 3-14 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets in the course of construction represent plant and machinery purchased but not yet fully installed and operational. Assets in the course of construction are not subject to depreciation.

(b) Investments

Fixed asset investments are shown at cost less provision for impairment.

(c) Deferred tax

Deferred tax is recognised in respect of all timing differences between income reported in the financial statements and taxable profits.

(d) Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the EPC as agreed upon in the EPC structure.

(ii) Interest income

Revenue is recognised as interest accrued using the effective interest method. Revenue is recognised when the Company's right to receive payment is established.

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(1) Accounting Policies (continued)

(e) Pensions and other post-retirement benefits

In the UK the company contributed to the JohnsonDiversey UK Pension Scheme ('the JDPS'). The scheme is partly a defined benefit arrangement and partly a defined contribution arrangement. With effect from 1 April 2010, the company ceased contribution to the defined contribution arrangement of the JohnsonDiversey UK Pension Scheme and contributed to the Diversey Stakeholder Pension Scheme, another defined contribution arrangement.

The JohnsonDiversey UK Pension Scheme is funded by company contributions. The assets of the scheme are held separately from those of the company in separate trustee administered funds. Company contributions are determined on an actuarial basis. The level of contributions is assessed on the advice of independent professionally qualified actuaries.

The net defined benefit deficit is accounted for in the financial statements of the company's parent, Diversey Limited, as the entity which is legally responsible for the plan. The pension charge for the contributions payable for the year is £433,000 (2014: £553,000).

(f) Lease Obligations

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

(2) Turnover

The geographical analysis of turnover, based on country of customer, is as follows:

	2015 £'000	2014 £'000
Continental Europe	<u>7,365</u>	<u>6,271</u>

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(3) Operating profit

The operating profit is arrived at after charging the following amounts:

	2015 £'000	2014 £'000
Depreciation		
-on owned tangible fixed assets	942	1,017
Operating lease expenditure		
-plant and machinery	120	107
-other	18	11
	<u>1,080</u>	<u>1,135</u>

The remuneration of the auditor is borne by the parent company.

(4) Remuneration of Directors

	2015 £'000	2014 £'000
Aggregate emoluments in respect of qualifying services	124	116
Company pension contributions to money purchase schemes	14	14
	<u>138</u>	<u>130</u>

All directors are accruing retirement benefits under money purchase schemes.

(5) Employee information

The average monthly number of persons employed by the company during the period is analysed below:

	2015 £'000	2014 £'000
Production and development	<u>83</u>	<u>83</u>

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(5) Employee Information (continued)

	2015 £'000	2014 £'000
Staff costs		
Wages and salaries	2,250	2,238
Social security costs	217	251
Pension costs	433	553
	<u>2,899</u>	<u>3,042</u>

Included in pension costs are £nil in respect of the defined benefit schemes and £328,000 (2014:£367,000) in respect of the defined contribution schemes.

(6) Interest Payable and Similar Charges

	2015 £'000	2014 £'000
Other interest payable	<u>4</u>	<u>-</u>

Diversey UK Production Limited**Notes to the financial statements as at 31 December 2015****(7) Tax****(a) Tax on profit on ordinary activities**

The tax charge is made up as follows:

	2015 £'000	2014 £'000
Based on the profit for the period:		
UK Corporation tax at 20.25% (2014: 21.5%)	204	218
Adjustment in respect of prior periods	51	(25)
Total current tax charge	<u>255</u>	<u>193</u>
Deferred tax		
Origination and reversal of timing differences	25	(38)
Adjustment in respect of prior periods	-	23
	<u>25</u>	<u>(15)</u>
Tax charge on profit on ordinary activities	<u>280</u>	<u>178</u>

(b) Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%). The differences are reconciled below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	<u>649</u>	<u>614</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%)	131	132
Effects of:		
Expenses not deductible for tax purposes	36	37
Capital allowances in excess of depreciation	62	4
Adjustment in respect of prior periods	51	5
	<u>280</u>	<u>178</u>

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(7) Tax continued

Factors that may affect future tax charges:

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

(c) Deferred tax

Deferred taxation provided at 20% in the accounts is as follows:

	2015 £'000	2014 £'000
Depreciation in advance of capital allowances (note 9)	(27)	(52)
	<u> </u>	<u> </u>

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(8) Tangible Fixed Assets

	Freehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Assets in course of construction £'000	Total £'000
Cost					
At 1 January 2015	6,129	4,252	133	593	11,107
Additions	-	-	-	610	610
Transfers between categories	-	9	-	(9)	-
Disposals	-	-	(55)	-	(55)
At 31 December 2015	<u>6,129</u>	<u>4,261</u>	<u>78</u>	<u>1,194</u>	<u>11,662</u>
Depreciation					
At 1 January 2015	460	2,210	57	-	2,727
Charge for the year	173	749	21	-	942
Disposals	-	-	(55)	-	(55)
At 31 December 2015	<u>633</u>	<u>2,958</u>	<u>23</u>	<u>-</u>	<u>3,614</u>
Net book value					
At 31 December 2015	<u>5,496</u>	<u>1,302</u>	<u>55</u>	<u>1,194</u>	<u>8,048</u>
At 31 December 2014	<u>5,669</u>	<u>2,042</u>	<u>76</u>	<u>593</u>	<u>8,380</u>

Included in land and buildings is land with a value of £1,920,000 (2014: £1,920,000) that is not subject to depreciation.

Diversey UK Production Limited**Notes to the financial statements as at 31 December 2015****(9) Debtors**

	2015 £'000	2014 £'000
Amounts owed by group undertakings	5,556	4,818
Other debtors	7	120
Deferred tax asset (note 7)	27	52
Prepayments and accrued income	208	185
	<u>5,797</u>	<u>5,175</u>

(10) Creditors

	2015 £'000	2014 £'000
Amounts due within one year:		
Trade Creditors	779	900
Amounts owed to group undertakings	647	254
Corporation Tax	203	364
Social security and other taxes	117	159
Accruals and deferred income	61	210
	<u>1,807</u>	<u>1,887</u>

(11) Obligations Under Leases

Future minimum lease payments under non-cancellable operating leases are as

	Other 2015 £'000	2014 £'000
Not later than one year	176	150
Later than one year and not later than five years	3	179
	<u>179</u>	<u>329</u>

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(12) Allotted and Issued Share Capital

	2015 £'000	2014 £'000
Allocated, called up and fully paid:		
200,000 (2014: 200,000) ordinary shares of £1 each	200	200
Shares presented as share capital	<u>200</u>	<u>200</u>

(13) Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

The profit and loss account records the amount of accumulated profit of the Company.

(14) Contingent Liabilities

The company participates with other Diversey subsidiaries in a group banking arrangement under which each group company guarantees and is jointly and severally liable for the borrowings of the other participants. This is not expected to give rise to any material loss.

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(15) Off-Balance Sheet Arrangements

The company enters into operating lease arrangements for the hire of cars and plant and equipment as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets. The lease rental expense for the year is disclosed in Note 3 and company commitments under these arrangements are disclosed in Note 11. There are no other material off-balance sheet arrangements.

(16) Financial Instruments

	2015 £'000	2014 £'000
Financial assets that are debt instruments measured at amortised cost:		
-Amounts owed by group undertakings	5,556	4,818
-Other debtors	7	120
Financial liabilities measured at amortised cost:		
-Trade creditors	779	900
-Amounts owed to group undertakings	647	254

(17) Group membership

The company is a wholly-owned subsidiary of Diversey Limited, a company incorporated and operating in the United Kingdom, whose ultimate parent company is Sealed Air Corporation, a company incorporated and operating in the United States of America. The smallest and largest group into which the results of the company are consolidated is that headed by Sealed Air Corporation. The consolidated financial statements are available from Sealed Air Corporation, 8215 Forest Point Blvd, Charlotte, North Carolina, USA.

Diversey UK Production Limited

Notes to the financial statements as at 31 December 2015

(18) Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at January 2014.

The impact from the transition to FRS 102 is as follows:

Reconciliation of equity at 31 December 2014	£'000
Equity shareholders' funds at 31 December 2014 under previous UK GAAP	11,702
Holiday pay accrual	<u>(34)</u>
Equity shareholders' funds at 31 December 2014 under FRS 102	<u>11,668</u>

The following were changes in accounting policies arising from the transition to FRS 102:

Holiday pay accrual

Under previous UK GAAP, the company accrued for holiday pay where this was expected to be paid as a cash sum where the employee was entitled to carry forward holidays earned indefinitely. However, the company did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. impact is to increase holiday pay accrued by

Reconciliation of profit and loss for the year	£'000
Profit for the year ended 31 December 2014 under previous UK GAAP	470
Increase in holiday pay accrual	<u>(34)</u>
Profit for the year ended 31 December 2014 under FRS 102	<u>436</u>

The following were changes in accounting policies arising from the transition to FRS 102:

Holiday pay accrual

As a result of the requirement to accrue for holiday that was earned but not taken at the date of the statement of financial position, there is a charge of £33,880 to the income statement for the year ended 31 December 2015, recognising the increase in the holiday pay accrual over the year.