REGISTERED NUMBER:1944865

PANAZ LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

PM+M Solutions for Business LLP
Chartered Accountants
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

PANAZ LIMITED

COMPANY INFORMATION

Directors	A J W Attard K Chippendale (resigned 10 June 2016) S Chippendale (resigned 10 June 2016)
Company secretary	Mrs P M Attard
Registered number	1944865
Registered office	Bentley Wood Way Network 65 Business Park Burnley Lancashire BB11 5ST
Independent auditors	PM+M Solutions for Business LLP Chartered Accountants & Statutory Auditors Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB
Bankers	HSBC Plc Lancashire Commercial Centre 1 Forest Green Fulwood Preston Lancashire PR2 9LJ

PANAZ LIMITED

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PANAZ LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Business review

Panaz manufactures and distributes exclusive Interior textiles and wall coverings all of which are designed within our group headquarters, and produced in conjunction with strategic manufacturing partners. We process fabrics via carefully selected subcontracted supply chains, and manufacture printed fabrics using in house advanced digital facilities.

The company operates from a modern factory on Bentley Wood Way Hapton with direct access to the M65 and thus the national motorway network. Facilities include 6000ft² of office accommodation, 2000ft² showroom and 60,000ft² of warehousing and manufacturing. There is additional land on site available for expansion.

The group strategy continues to concentrate on the creation of ranges for our three core market sectors: Hospitality & Leisure, Healthcare and Corporate Interiors.

Panaz relocated to its current headquarters in January 2015. This very successful move has given us the facility to increase our product offering, resulting in increased sales and substantial increase in profitability.

During 2016-17 we were able to concentrate on delivering improved results both in trading overall and in profitability. Panaz Limited turnover for the year has increased 4.2% to £16.3m with an increase in operating profit of 28% to £1.8m.

Our change in strategy in the USA prompted a relocation and an assessment of personnel. Two new appointments of West coast and East coast sales managers coupled with a replacement of sales representation in underperforming areas has contributed significantly to our increase in sales and therefore USA profitability.

The restructure of our European business by increased sales headcount has delivered growth as promised. This strategy will continue by the recruitment of new representation in other European countries.

New 5-year plan

In 2011 we created a 5 year plan that projected £20m sales with a net profitability of 10%. Although we did not quite achieve the sales target, profitability objective has been achieved. This year we have a created a new 5 year plan that will deliver substantial increases in revenue by 2021, in all key markets: UK, Europe and the USA.

Principal risks and uncertainties

The company is exposed to many risk profiles some of which are financial, including credit risk, liquidity risk, foreign exchange and pricing risk. However much of the risk is managed by a comprehensive strategy that aims to limit potential adverse effects. Foreign exchange uncertainty adds to short term risk, although mostly hedged by export activities. Credit risks are insured against.

Computer and ransom risk

Unfortunately, in today's environment there are now risks to computer and information systems. We take steps to actively mitigate against such factors however.

Brexit

The company understands the risks posed by Brexit and has discussed in detail various strategies that will be adopted dependent upon the outcome from national negotiations.

PANAZ LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

Financial key performance indicators

Our principal financial key performance indicators are as follows:

- Sales growth
- Gross margin
- Net margin and profit
- Sales by product and area
- Aged debtors
- Cash generation
- Return on investment
- Profit per employee

Other key performance indicators

- Customer complaints
- Warehouse capacity management metrics
- Manufacturing metrics
- Inventory metrics
- Supplier performance metrics
- Orders delivered on time in full

This report was approved by the board on 19 July 2017 and signed on its behalf.

A J W Attard
Director

PANAZ LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,446,240 *(2016 - £1,242,585)*.

Directors

The directors who served during the year were:

A J W Attard
K Chippendale (resigned 10 June 2016)
S Chippendale (resigned 10 June 2016)

PANAZ LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, PM+M Solutions for Business LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 July 2017 and signed on its behalf.

A J W Attard
Director

PANAZ LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PANAZ LIMITED

We have audited the financial statements of Panaz Limited for the year ended 31 March 2017, set out on pages 9 to 25. The relevant financial reporting framework that has been applied in their preparation is applicable law
and the 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 Auditors' 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 Auditors

As explained more fully in the Directors' responsibilities statement 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 Financial Reporting Council'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 the 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 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.

PANAZ LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PANAZ LIMITED (CONTINUED)

Opinion on other matter 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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our 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 and the Directors' report.

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.

PM+M Solutions for Business LLP

David Gorton (Senior statutory auditor)

for and on behalf of
PM+M Solutions for Business LLP

Chartered Accountants
Statutory Auditors

Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

19 July 2017

PANAZ LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	*2016* *£*
Turnover	4	**16,333,680**	*15,671,596*
Cost of sales		**(9,902,104)**	*(9,935,951)*
Gross profit		**6,431,576**	*5,735,645*
Distribution costs		**(1,028,545)**	*(959,135)*
Administrative expenses		**(3,982,304)**	*(3,510,644)*
Other operating income	5	**371,199**	*134,600*
Operating profit	6	**1,791,926**	*1,400,466*
Income from fixed assets investments		**7,418**	*15,031*
Amounts written off investments		**-**	*(89,678)*
Profit before tax		**1,799,344**	*1,505,175*
Tax on profit	11	**(353,104)**	*(262,590)*
Profit after tax		**1,446,240**	*1,242,585*
Retained earnings at the beginning of the year		**5,228,328**	*4,535,741*
Profit for the year		**1,446,240**	*1,242,585*
Dividends declared and paid		**(2,460,000)**	*(550,000)*
Retained earnings at the end of the year		**4,214,568**	*5,228,326*

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 11 to 25 form part of these financial statements.

PANAZ LIMITED
REGISTERED NUMBER:1944865

BALANCE SHEET
AS AT 31 MARCH 2017

	Note		2017 £		*2016 £*
Fixed assets					
Tangible assets	12		**816,343**		*860,735*
Investments	13		**-**		*157,461*
			816,343		*1,018,196*
Current assets					
Stocks	14	**3,034,649**		*2,686,145*	
Debtors: amounts falling due within one year	15	**2,919,940**		*3,499,586*	
Cash at bank and in hand	16	**1,516,299**		*1,516,870*	
		7,470,888		*7,702,601*	
Creditors: amounts falling due within one year	17	**(3,894,088)**		*(3,299,658)*	
Net current assets			**3,576,800**		*4,402,943*
Total assets less current liabilities			**4,393,143**		*5,421,139*
Creditors: amounts falling due after more than one year	18		**(70,876)**		*(85,822)*
Provisions for liabilities					
Deferred tax	19	**(87,700)**		*(86,991)*	
			(87,700)		*(86,991)*
Net assets			**4,234,567**		*5,248,326*
Capital and reserves					
Called up share capital	20		**20,000**		*20,000*
Profit and loss account			**4,214,567**		*5,228,326*
			4,234,567		*5,248,326*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 July 2017.

A J W Attard
Director

The notes on pages 11 to 25 form part of these financial statements.

1. General information

Panaz Limited is a company registered in the UK and the registered office is Bentley Wood Way, Network 65 Business Park, Burnley, Lancashire, BB11 5ST.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

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 Panaz Holdings Limited as at 31 March 2016 and these financial statements may be obtained from Bentley Wood Way, Network 65 Business Park, Burnley, Lancashire, BB11 5ST.

2.3 Going concern

The financial statements have been prepared on the going concern basis. The going concern basis is considered appropriate, as in the opinion of the director, the company has sufficient resources to trade for the foreseeable future.

2. Accounting policies (continued)

2.4 Revenue recognition

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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed 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.

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

S/Term Leasehold Property	- 5% straight line
Plant & Machinery	- 10% straight line
Motor Vehicles	- 20% straight line
Office Equipment	- 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 income and retained earnings.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted averagebasis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 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.

2.9 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. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instruments 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 non-puttable 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 income and retained earnings.

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.

2.11 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.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Great British Pound (GBP).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within administrative costs. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within administrative expenses.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

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 income and retained earnings 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 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 income and retained earnings 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.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

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

In the process of applying the Company's accounting policies, which are described above, management has made some judgements, estimates and assumptions that have an effect on the amounts recognised in the financial statements. These estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The main areas of judgement are in relation to stock costing and valuations and useful lives of fixed assets.

4. Turnover

Analysis of turnover by country of destination:

	2017 £	*2016* *£*
United Kingdom	**12,343,400**	*12,591,921*
Europe	**3,205,361**	*2,240,981*
Rest of the world	**784,919**	*838,694*
	16,333,680	*15,671,596*

5. Other operating income

	2017 £	*2016* *£*
Royalty receivable	**254,752**	-
Management fees receivable	**116,447**	*134,600*
	371,199	*134,600*

6. Operating profit

The operating profit is stated after charging:

	2017 £	*2016* *£*
Depreciation of tangible fixed assets	**204,268**	*176,997*
Other operating lease rentals	**296,512**	*280,275*
Defined contribution pension cost	**78,007**	*23,267*

PANAZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

7. Auditors' remuneration

	2017 £	*2016 £*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	8,250	*8,250*
	8,250	*8,250*

8. Employees

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

	2017 £	*2016 £*
Wages and salaries	2,330,491	*2,180,636*
Social security costs	272,956	*248,637*
Cost of defined contribution scheme	78,007	*23,267*
	2,681,454	*2,452,540*

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

	2017 No.	*2016 No.*
Administration	42	*44*
Sales	19	*18*
Production	21	*20*
	82	*82*

9. Director's remuneration

	2017 £	*2016 £*
Director's emoluments	8,300	*10,347*
	8,300	*10,347*

PANAZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

10. Income from investments

	2017 £	*2016 £*
Income from current asset investments	**7,418**	*15,031*
	7,418	*15,031*

11. Taxation

	2017 £	*2016 £*
Corporation tax		
Current tax on profits for the year	**354,241**	*279,208*
Adjustments in respect of previous periods	**(1,846)**	*(2,409)*
Total current tax	**352,395**	*276,799*
Deferred tax		
Origination and reversal of timing differences	**6,265**	*6,658*
Changes to tax rates	**(4,790)**	*(8,926)*
Adjustment in respect of prior period	**(766)**	*(11,941)*
Total deferred tax	**709**	*(14,209)*
Taxation on profit on ordinary activities	**353,104**	*262,590*

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 20% *(2016 - 20%)*. The differences are explained below:

	2017 £	*2016* £
Profit on ordinary activities before tax	**1,799,344**	*1,505,175*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	**359,869**	*301,035*
Effects of:		
Fixed asset differences	**2,316**	*800*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**4,106**	*7,008*
Adjustments to tax charge in respect of prior periods	**(2,611)**	*(14,350)*
Non-taxable income	**-**	*(19,230)*
Dividends from UK companies	**(1,484)**	*(3,006)*
Other differences leading to an increase (decrease) in the tax charge	**(9,092)**	*(9,667)*
Total tax charge for the year	**353,104**	*262,590*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Tangible fixed assets

	S/Term Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
Cost or valuation					
At 1 April 2016	143,781	749,231	46,423	547,241	1,486,676
Additions	2,982	88,142	-	72,253	163,377
Disposals	-	-	-	(46,845)	(46,845)
At 31 March 2017	146,763	837,373	46,423	572,649	1,603,208
Depreciation					
At 1 April 2016	8,457	270,301	30,111	317,072	625,941
Charge for the year on owned assets	14,578	82,096	4,641	102,953	204,268
Disposals	-	-	-	(43,340)	(43,340)
At 31 March 2017	23,035	352,397	34,752	376,685	786,869
Net book value					
At 31 March 2017	123,728	484,976	11,671	195,964	816,339
At 31 March 2016	*135,324*	*478,930*	*16,312*	*230,169*	*860,735*

13. Fixed asset investments

	Investments in Subsidiary Companies £	Listed Investments £	Total £
Cost or valuation			
At 1 April 2016	**262,328**	**29,124**	**291,452**
Disposals	**(262,328)**	**(29,124)**	**(291,452)**
At 1 April 2016	**133,991**	**-**	**133,991**
Impairment on disposals	**(133,991)**	**-**	**(133,991)**
At 31 March 2017	**-**	**-**	**-**
At 31 March 2016	*128,337*	*29,124*	*157,461*

Subsidiary undertakings

The following subsidiary was sold during the year and therefore no longer held by the Company at the year end:

Name	Class of shares	Holding	Principal activity
Panaz USA Inc.	Ordinary	USA %	Distribution of decorative flame retardant fabrics for North American hospitality and healthcare sectors.

14. Stocks

	2017 £	*2016 £*
Raw materials and consumables	**387,422**	*363,124*
Finished goods and goods for resale	**2,647,227**	*2,323,021*
	3,034,649	*2,686,145*

Stock recognised in cost of sales during the year as an expense was £9,902,104 (2016 - £9,935,951).

Stock impairment of £9,879 (2016 - £160,716) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

PANAZ LIMITED

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15. Debtors

	2017 £	2016 £
Trade debtors	2,628,368	3,171,708
Amounts owed by group undertakings	84,480	125,548
Other debtors	9,984	1,053
Prepayments and accrued income	197,108	201,277
	2,919,940	3,499,586

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,516,299	1,516,870
	1,516,299	1,516,870

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,898,927	2,445,034
Amounts owed to group undertakings	250,314	1,540
Corporation tax	184,924	162,529
Other taxation and social security	210,662	338,897
Other creditors	24,254	45,679
Accruals and deferred income	325,007	305,979
	3,894,088	3,299,658

18. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Government grants received	70,876	85,822
	70,876	85,822

19. Deferred taxation

	2017 £
At beginning of year	(86,991)
Charged to profit or loss	(709)
At end of year	**(87,700)**

The provision for deferred taxation is made up as follows:

	2017 £
Accelerated capital allowances	(87,700)
	(87,700)

20. Share capital

	2017 £	*2016 £*
Shares classified as equity		
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	**20,000**	*20,000*

21. Dividends

	2017 £	*2016 £*
Ordinary shares	**2,460,000**	*550,000*
	2,460,000	*550,000*

22. Contingent liabilities

The company is a party to an unlimited multilateral guarantee in respect of amounts advanced to Panaz Holdings Limited by the group's bankers. The potential liability under the guarantee, as at 31 March 2017 was £1,236,911.

23. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company, to the fund, and amounted to £78,007 (2016 - £23,267). At the year end, no pension contributions (2016 - £4,252) were due to the scheme.

24. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	*2016* £
Not later than 1 year	**150,000**	*150,000*
Later than 1 year and not later than 5 years	**600,000**	*600,000*
Later than 5 years	**387,500**	*537,500*
	1,137,500	*1,287,500*

25. Related party transactions

The company is a wholly owned subsidiary of Panaz Holdings Limited. As the company is included within the publicly available accounts of Panaz Holdings Limited, it has taken advantage of the exemption, available under FRS 102 reduced disclosure framework, from disclosing transactions entered into between members of the group.

26. Controlling party

The company is a wholly owned subsidiary of Panaz Holdings Ltd.