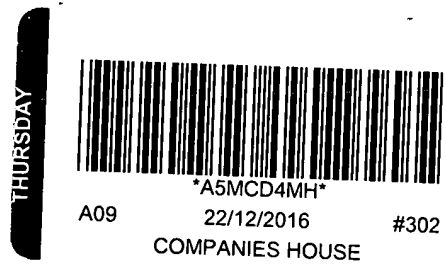


Croydex Limited  
Annual report and financial statements  
for the 15 month period ended 31 March 2016



# Croydex Limited

## Annual report and financial statements

for the 15 month period ended 31 March 2016

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# **Croydex Limited**

## **Directors and advisors**

### **Current Directors**

N. P. Kelsall  
S. M. Smith  
R. H. Collins  
N. E. McGrellis

### **Secretary**

R. H. Collins

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### **Bankers**

Lloyds TSB Bank plc  
8<sup>th</sup> Floor  
40 Spring Gardens  
Manchester  
M2 1EN

### **Registered Office**

Ladyfield House  
Station Road  
Wilmslow  
Cheshire  
SK9 1BU

### **Registered Number**

03116584

# Croydex Limited

## Strategic report for the 15 month period ended 31 March 2016

The Directors present their Strategic report for the 15 month period ended 31 March 2016.

### Principal activities

Until 1 January 2016, the principal activity of the Company was the design, manufacture, sourcing and distribution of bathroom fittings and accessories. In the interests of corporate simplification, the trade and assets of the Company were hived-up into Norcros Group (Holdings) Limited on 1 January 2016, and after this date the Company became dormant. The financial statements therefore reflect trading activity for 12 months, followed by a three month period of dormancy.

It is not expected that the Company will begin to trade again in the foreseeable future.

### Review of the business

The business has continued to trade well. Overall revenue for the twelve month period during which the Company traded was £21.6m (2014: £19.9m) generating an operating profit of £2.7m before exceptional costs relating to the sale of the Company compared to £2.5m in 2014.

UK revenue benefitted from a strong performance in both retail and trade sectors, building on the growth achieved in the previous years with patented products driving growth in core categories. The key to the success of the business continues to be the introduction of new innovative product ranges spanning branded and customer bespoke variants, as well as the continued development of existing IP protected categories such as Flexi Fix, StickNLock and Sit Tight. This focus on continuous product development underpinned the growth not just in the UK in 2015, but also in our export markets in Europe and the USA, which saw nearly a 100% uplift in sales during the twelve month period the Company traded.

With revenues increasing by 8.6% in 2015, it was also good to see that the margin was in line with 2014, and costs excluding exceptional items were below the prior year.

Continuous investment in product development is the key to Croydex's strategy and in 2015 new category entrants in toilet flushing and fill valves positioned Croydex into the replacement plumbing parts sector, adding to the water economy products already within the portfolio.

The business has been successfully integrated into the Norcros Group and is working with other Group companies to drive synergy benefits, particularly around joint sourcing opportunities and specification leads.

### Principal risks and uncertainties

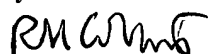
Prior to the acquisition by Norcros plc on 25 June 2015, the Company used certain financial instruments to manage the main operating risks it faces. In particular it utilised overdraft facilities (including an invoice financing facility) to manage liquidity and cash flow risks faced. In addition it used forward foreign currency contracts and options to manage the foreign currency risk on the purchase of goods from overseas suppliers. These external facilities were repaid in full at the completion of the acquisition and the Company was funded by an intercompany facility. Following the hive-up of the business on 1 January 2016, the Company no longer has funding requirements.

### Strategy and future developments

In the interests of corporate simplification, the trade and assets of the Company were hived-up into Norcros Group (Holdings) Limited on 1 January 2016, following which the Company has become dormant.

It is not expected that the Company will begin to trade again in the foreseeable future.

### By order of the Board



R. H. Collins

Secretary

15 December 2016

# Croydex Limited

## Directors' report for the 15 month period ended 31 March 2016

The Directors present their report and the audited financial statements for the 15 month period ended 31 March 2016.

### **Change of ownership and accounting reference date**

On 25 June 2015, the Company was acquired by Norcros Group (Holdings) Limited, a subsidiary of Norcros plc ("Norcros"). Norcros is a public company listed on the London Stock Exchange with operations principally in the United Kingdom and South Africa. As a result of the acquisition, the Company changed its accounting reference date to 31 March in order to be consistent with the rest of the Norcros Group.

### **Principal activities, review of the business and future developments**

Until 1 January 2016, the principal activity of the Company was the design, manufacture, sourcing and distribution of bathroom fittings and accessories. In the interests of corporate simplification, the trade and assets of the Company were hived-up into Norcros Group (Holdings) Limited on 1 January 2016, and after this date the Company became dormant. The financial statements therefore reflect trading activity for 12 months, followed by a three month period of dormancy.

It is not expected that the Company will begin to trade again in the foreseeable future.

The information that fulfils the requirements of the Business Review, which is incorporated into the Directors' report by reference, is included in the Strategic report on page 2.

### **Adoption of Financial Reporting Standard (FRS) 101 'Reduced Disclosure Framework'**

Following the publication of FRS 100 'Application of Financial Reporting Requirements' by the Financial Reporting Council, there arose a requirement on the Company to change its accounting framework for its financial period commencing 1 January 2015. In response to this, the Company has adopted FRS 101 'Reduced Disclosure Framework', which has replaced old UK GAAP and, due to the requirement to restate the comparative period on the same accounting basis, the date of adoption is 1 January 2014. Further detail is provided in the Accounting Policies section and note 15 to the financial statements.

### **Results and dividends**

Overall revenue was £21.6m (2014: £19.9m) and operating profit before exceptional items was £2.7m (2014: £2.5m).

The profit after tax for the financial period amounted to £0.7m (2014: £2.2m).

No dividend was paid or proposed during the period (2014: £600k).

### **Directors' Indemnity Provisions**

The Company benefits from a Directors' and Officers' liability insurance policy provided by a third party. The policy was in force throughout the financial period and remains so up to the date of approval of the financial statements. Norcros plc also provides an indemnity for the Directors (to the extent permitted by law) in respect of liabilities which could occur as a result of their office. This is a qualifying third party indemnity provision, but does not provide cover should a Director be proved to have acted fraudulently or dishonestly.

### **Statutory records**

The Company is incorporated in England with a company registration number of 03116584.

# Croydex Limited

## Directors' report for the 15 month period ended 31 March 2016 (continued)

### Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements are given below:

S. J. Brown	(resigned 25 June 2015)
S. P. Marriott-Dodington	(resigned 25 June 2015)
M. B. Prince	(resigned 25 June 2015)
N. E. McGrellis	
N. P. Kelsall	(appointed 25 June 2015)
M. K. Payne	(appointed 25 June 2015, resigned 4 April 2016)
S. M. Smith	(appointed 4 April 2016)
R. H. Collins	(appointed 25 June 2015)

### Going concern

The Company entered into a transfer agreement with Norcros Group (Holdings) Limited when the Croydex business was hived-up on the 1 January 2016. The agreement provides for Norcros Group (Holdings) Limited to assume ordinary course liabilities arising from the Company's business before the transfer, and consequently any liabilities which arise in the future originating from these activities of the Company will be met by Norcros Group (Holdings) Limited. In view of this agreement being in force, and coupled with the fact that the Company has net assets and has no funding requirements in the foreseeable future, the Directors believe it is appropriate to present the financial statements on a going concern basis.

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholder in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Croydex Limited**

## **Directors' report for the 15 month period ended 31 March 2016 (continued)**

### **Disclosure of information to auditors**

In the case of each of the persons who are directors the following applies:


- a) so far as each Director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- b) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

### **By order of the Board**



**R. H. Collins**

**Secretary**

15 December 2016

# **Croydex Limited**

## **Independent auditors' report to the members of Croydex Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Croydex Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2016;
- the Income statement and Statement of comprehensive income for the period then ended;
- the Statement of changes in equity for the period then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



# Croydex Limited

## Independent auditors' report to the members of Croydex Limited (continued)

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

#### What an audit of financial statements involves

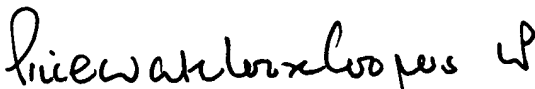
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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.



Martin Heath (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
15 December 2016

# Croydex Limited

## Income statement for the 15 month period ended 31 March 2016

	Note	15 months ended 31 March 2016 £'000	Restated Year ended 2014 £'000
<b>Revenue</b>	1	<b>21,564</b>	19,856
<b>Operating profit before exceptional items</b>		<b>2,689</b>	2,482
Exceptional operating items	3	(1,974)	-
<b>Operating profit</b>	2	<b>715</b>	2,482
<b>Profit on ordinary activities before interest and taxation</b>		<b>715</b>	2,482
Finance income	5	9	-
<b>Profit on ordinary activities before taxation</b>		<b>724</b>	2,482
Tax on profit on ordinary activities	6	-	(361)
<b>Profit for the financial period/year</b>		<b>724</b>	2,121

## Statement of comprehensive income for the 15 month period ended 31 March 2016

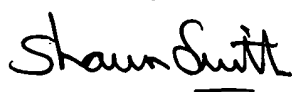
	15 months ended 31 March 2016 £'000	Year ended 31 December 2014 £'000
Profit for the financial period/year	724	2,121
Other comprehensive income and expense: Items that will not subsequently be reclassified to the Income statement		
Unrealised surplus on revaluation of tangible fixed assets	-	129
<b>Other comprehensive income for the period/year</b>	<b>-</b>	<b>129</b>
<b>Total comprehensive income for the period/year</b>	<b>724</b>	<b>2,250</b>

# Croydex Limited

## Statement of financial position as at 31 March 2016

	Note	31 March 2016 £'000	Restated 31 December 2014 £'000
<b>Fixed assets</b>			
Property, plant and equipment	7	-	2,577
Deferred tax assets	11	-	123
		-	2,700
<b>Current assets</b>			
Inventory	8	-	3,137
Trade and other receivables	9	9,833	4,560
Derivative financial instruments		-	226
Cash and cash equivalents		-	3,230
		9,833	11,153
Creditors: amounts falling due within one year	10	-	(4,744)
<b>Net current assets</b>		9,833	6,409
<b>Total assets less current liabilities</b>		9,833	9,109
<b>Net assets</b>		9,833	9,109
<b>Capital and reserves</b>			
Called up share capital	12	5,342	5,342
Revaluation Reserve		1,214	1,214
Retained earnings		3,277	2,553
<b>Total shareholder's funds</b>		9,833	9,109

The accounting policies and notes on pages 10 to 26 are an integral part of these financial statements. The financial statements on pages 8 to 26 were approved by the Board on 15 December 2016 and were signed on its behalf by:



S. M. Smith  
Director  
Croydex Limited (company number: 03116584)

# Croydex Limited

## Statement of changes in equity for the 15 month period ended 31 March 2016

	Called-up share capital	Revaluation reserve	Retained earnings	Total share- holder's funds
	£'000	£'000	£'000	£'000
At 1 January 2014 (as previously stated)	5,342	1,085	1,212	7,639
Prior year adjustments (note 15)	-	-	(180)	(180)
<b>At 1 January 2014 (as restated)</b>	<b>5,342</b>	<b>1,085</b>	<b>1,032</b>	<b>7,459</b>
Profit for the financial year	-	-	2,121	2,121
Other comprehensive income for the year:				
Unrealised surplus on revaluation of tangible fixed assets	-	129	-	129
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>129</b>	<b>2,121</b>	<b>2,250</b>
Transactions with owners:				
Dividend paid	-	-	(600)	(600)
<b>At 31 December 2014</b>	<b>5,342</b>	<b>1,214</b>	<b>2,553</b>	<b>9,109</b>
Profit for the financial period	-	-	724	724
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>724</b>	<b>724</b>
<b>At 31 March 2016</b>	<b>5,342</b>	<b>1,214</b>	<b>3,277</b>	<b>9,833</b>

# Croydex Limited

## Accounting policies

### General information

Croydex Limited is incorporated and domiciled in the UK as a private company limited by shares. Details of its principal activities are included in the Strategic report beginning on page 2.

### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods/years presented, unless otherwise stated.

### Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified for derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The Company transitioned from previously applicable UK Generally Accepted Accounting Principles to FRS 101 effective 1 January 2014. Details of the impact of the transition are provided in note 15 to the financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

### Going concern

The Company entered into a transfer agreement with Norcros Group (Holdings) Limited when the Croydex business was hived-up on the 1 January 2016. The agreement provides for Norcros Group (Holdings) Limited to assume ordinary course liabilities arising from the Company's business before the transfer, and consequently any liabilities which arise in the future originating from these activities of the Company will be met by Norcros Group (Holdings) Limited. In view of this agreement being in force, and coupled with the fact that the Company has net assets and has no funding requirements in the foreseeable future, the Directors believe it is appropriate to present the financial statements on a going concern basis.

# Croydex Limited

## Accounting policies (continued)

### Consolidated financial statements

The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it is a wholly owned subsidiary of Norcros plc, which itself prepares consolidated financial statements which are publicly available from the Company Secretary at Norcros plc, Ladyfield House, Station Road, Wilmslow, Cheshire, SK19 1BU and online at [www.norcros.com](http://www.norcros.com).

### New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 March 2016, have had a material impact on the Company.

### Revenue recognition

Revenue comprises the consideration received or receivable for the sale of goods and services provided alongside the supply of goods in the ordinary course of the Company's activities and is shown net of value added and other sales-based taxes, customer rebates, incentives, discounts and promotional support.

Revenue is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, which is usually on despatch.

### Customer rebates, incentives, discounts and promotional support

Accrual is made at each Balance Sheet date to reflect management's best estimate of amounts to be paid in respect of arrangements in place with customers regarding rebates, incentives, discounts and promotional support. The cost of rebates, incentives, discounts and promotional support which have been paid or are accrued at the Balance Sheet date is shown as a deduction from revenue.

### Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost comprises the purchase price (after deducting trade discounts and rebates) and any directly attributable costs. Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment in value. Impairment charges are recognised in the Income Statement when the carrying amount of an asset is greater than the estimated recoverable amount, calculated with reference to future discounted cash flows that the assets are expected to generate when considered as part of an income-generating unit. Land is not depreciated. Depreciation on other assets is provided on a straight-line basis to write down assets to their residual value evenly over the estimated useful lives of the assets from the date of acquisition by the Company.

The estimated useful lives are as follows:

Leasehold property	Period of lease
Plant and equipment	2–20 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each Balance Sheet date.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, and, where applicable, labour and overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provisions are made for slow-moving and obsolete items.

### Taxation

Current tax, which comprises UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying amounts of assets and liabilities in the Statement of financial position and the corresponding tax bases used in the computation of taxable profits and is accounted for using the Balance Sheet liability method.

# Croydex Limited

## Accounting policies (continued)

### Taxation (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised and is charged in the Income Statement, except where it relates to items charged or credited to equity via the Statement of Comprehensive Income, when the deferred tax is also dealt with in equity and is shown in the Statement of Comprehensive Income.

### Operating leases

Annual rentals are charged/credited directly to the Income Statement on a straight-line basis over the lease term.

### Employee benefits

The Company operates two defined contribution pension schemes and the pension charge represents the amounts payable by the company to the fund in respect of the period.

### Exceptional items

Exceptional items are disclosed separately in accordance with the requirements of IAS 1, 'Presentation of financial statements'. They include profits and losses on disposal of non-current assets outside the normal course of business, restructuring costs and large or significant one-off items which, in management's judgment, need to be disclosed to enable the user to obtain a proper understanding of the Company's financial performance.

### Financial assets and liabilities

Cash and cash equivalents – cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Cash and cash equivalents are offset against overdrafts and borrowings when there is a legally enforceable right to do so.

Trade receivables – trade receivables are recognised initially at fair value and subsequently reviewed for impairment. A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Evidence including significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy or financial re-organisation and default or delinquency in payment are considered indicators that the trade receivables are impaired. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognised in the Income Statement within administration costs. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administration costs in the Income Statement.

Trade payables – trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the Balance Sheet date. The Company determines the fair value of its remaining financial instruments through the use of estimated discounted cash flows. The fair value of interest rate and cross currency swaps is calculated as the net present value of the estimated future cash flows.

The carrying values less impairment provision of trade receivables and payables are assumed to approximate to their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

# Croydex Limited

## Accounting policies (continued)

### Research and development

Expenditure on research is charged against profits for the period in which it is incurred.

### Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders, or, when paid if earlier.

### Foreign currency transactions

#### *Functional currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

#### *Transactions and balances*

Monetary assets and liabilities expressed in currencies other than the functional currency are translated at rates applicable at the period end. Exchange gains and losses of a trading nature are dealt with in arriving at operating profit.

### Share capital

Issued share capital is recorded in the Balance Sheet at nominal value with any premium at that date of issue being credited to the share premium account.

### Critical estimates

The Company's accounting policies have been set by management and approved by the Board. The application of these accounting policies to specific scenarios requires estimates and assumptions to be made concerning the future. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates or judgments are considered critical where they involve a significant risk or cause a material adjustment to the carrying amounts of assets and liabilities from period to period. This may be because the estimate or judgment involves matters which are highly uncertain, or because different estimation methods or assumptions could reasonably have been used.

Critical estimates have been made in the following areas:

- customer rebate, incentive and promotional support accruals – a number of the Company's customers are offered rebates, incentives and promotional support in order to encourage trade and cement strong relationships. Accounting for such arrangements involves judgment as agreement periods typically run for a number of months or years, and may involve assumptions around volumes of product purchased or sold into the future. However, where applicable, accrual calculations are underpinned by signed contracts and there has historically been a strong correlation between the amounts accrued in respect of a particular period and the amounts subsequently paid.



# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016

### 1 Revenue

All of the Company's revenue originates in the United Kingdom. The Company's turnover is analysed below by destination:

	15 months ended 31 March 2016 £'000	2016 %	12 months ended 31 December 2014 £'000	2014 %
United Kingdom	19,691	91	18,893	95
Europe	1,207	6	607	3
USA	594	3	304	2
Far East	30	-	38	-
Other	42	-	14	-
	<b>21,564</b>	<b>100</b>	<b>19,856</b>	<b>100</b>

The revenue derives solely from the principal activities of the Company.

### 2 Operating profit

	15 months ended 31 March 2016 £'000	12 months ended 31 December 2014 £'000
<b>Operating profit is stated after charging:</b>		
Depreciation of tangible fixed assets:		
- Owned assets	154	199
Inventory recognised as an expense	12,527	11,307
Impairment of inventory	14	187
Operating lease rentals:		
- other	178	153
- plant and machinery	47	28
Services provided by the Company's auditors:		
- Fees payable for the audit	23	23
- Fees payable for other services – taxation	7	7

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 3 Exceptional operating items

	<b>15 months ended 31 March 2016 £'000</b>	<b>12 months ended 31 December 2014 £'000</b>
Sale of business exit costs	<b>1,974</b>	-

As part of the sale of the business on 25 June 2015 to Norcros Group (Holdings) Limited, management bonus agreements were triggered to the value of £1.97m.

### 4 Staff costs and numbers

The average monthly number of persons employed by the Company (including Directors) during the period was:

<b>By activity</b>	<b>15 months ended 31 March 2016 Number</b>	<b>12 months ended 31 December 2014 Number</b>
Production	<b>25</b>	26
Administration	<b>61</b>	56
	<b>86</b>	82

The aggregate payroll costs of these persons were as follows:

	<b>15 months ended 31 March 2016 £'000</b>	<b>12 months ended 31 December 2014 £'000</b>
Wages and salaries	<b>2,843</b>	3,064
Social security costs	<b>260</b>	272
Defined contribution pension cost	<b>118</b>	126
Exceptional items (note 3)	<b>1,974</b>	-
	<b>5,195</b>	3,462

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 4 Staff costs and numbers (continued)

The remuneration paid to Directors was:

	<b>15 months ended 31 March 2016 £'000</b>	<b>12 months ended 31 December 2014 £'000</b>
Aggregate emoluments (including benefits in kind)	335	606
Pension contributions	4	7
	<b>339</b>	<b>613</b>

Retirement benefits accrued to one Director (2014: one) in respect of a defined contribution pension scheme.

#### Highest paid Director

	<b>15 months ended 31 March 2016 £'000</b>	<b>12 months ended 31 December 2014 £'000</b>
Aggregate emoluments (including benefits in kind)	193	284

The emoluments of Directors: N. Kelsall, S. Smith & R. Collins are borne by another group company and are disclosed in the parent company accounts.

### 5 Finance income and costs

#### Finance income

	<b>15 months ended 31 March 2016 £'000</b>	<b>12 months ended 31 December 2014 £'000</b>
Bank Interest	9	-

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 6 Tax on profit on ordinary activities

Tax expense included in the Income Statement:

	15 months ended 31 March 2016 £'000	Restated 12 months ended 31 December 2014 £'000
<b>Current tax:</b>		
UK corporation tax on profits for the period/year	-	251
Adjustments in respect of previous years	-	98
<b>Current tax charge for the period/year</b>	-	349
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	12
<b>Deferred tax charge for the period/year</b>	-	12
<b>Total tax on profit on ordinary activities</b>	-	361

The tax assessed for the period is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2014: 21.49%). The differences are explained below:

	15 months ended 31 March 2016 £'000	Restated 12 months ended 31 December 2014 £'000
Profit on ordinary activities before taxation	724	2,482
Standard tax rate in the UK 20% (2014: 21.49%)	145	533
Adjustments in respect of previous years	-	98
Disallowed expenses and non-taxable income	-	(107)
Utilisation of previously unrecognised tax losses	-	(121)
Origination and reversal of timing differences	-	12
Additional deduction for R&D Expenditure	-	(54)
EMI share relief	(145)	-
<b>Total tax charge for the period/year</b>	-	361

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 6 Tax on profit on ordinary activities (continued)

A change in 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 substantially enacted in 26 October 2015.

As the changes had not been substantially enacted at the Balance Sheet date, its effects are not included in these financial statements. The overall effect of that change, had it been applied to the deferred tax balance at the balance sheet date would be £Nil as the deferred tax asset was reduced to £Nil on Hive Up.

### 7 Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 January 2015	2,335	2,758	5,093
Additions	-	96	96
Transferred in NHGL hive up	(2,335)	(2,854)	(5,189)
<b>At 31 March 2016</b>	-	-	-
<b>Accumulated depreciation</b>			
At 1 January 2015	-	2,516	2,516
Charge for the period	43	111	154
Transferred in NHGL hive up	(43)	(2,627)	(2,670)
<b>At 31 March 2016</b>	-	-	-
<b>Net book value</b>			
<b>At 31 March 2016</b>	-	-	-
At 31 December 2014	2,335	242	2,577

### 8 Inventory

	15 months ended 31 March 2016 £'000	12 months ended 31 December 2014 £'000
Raw materials and consumables	-	66
Finished goods and goods for resale	-	3,071
	-	3,137

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 9 Trade and other receivables

	<b>15 months ended 31 March 2016 £'000</b>	<b>12 months ended 31 December 2014 £'000</b>
Trade receivables	-	4,140
Amounts owed by group undertakings	9,833	-
Prepayments and accrued income	-	420
	<b>9,833</b>	<b>4,560</b>

Amounts owed by group undertakings of £9,833,000 (2014: £Nil) unsecured, interest free and repayable on demand.

### 10 Creditors: amounts falling due within one year

	<b>15 months ended 31 March 2016 £'000</b>	<b>12 months ended 31 December 2014 £'000</b>
Trade creditors	-	2,101
UK Corporation tax	-	251
Other taxation and social security payable	-	568
Other creditors	-	125
Accruals and deferred income	-	1,699
	<b>-</b>	<b>4,744</b>

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 11 Deferred tax assets

The movement in the deferred tax asset was as follows:

	15 months ended 31 March 2016 £'000	12 months ended 31 December 2014 £'000
Deferred tax asset at the beginning of the period/year	123	233
Transferred in NHGL hive up	(123)	-
Charged to the income statement	-	(110)
<b>Deferred tax asset at the end of the period/year</b>	<b>-</b>	<b>123</b>

The analysis of the deferred tax asset is as follows:

	15 months ended 31 March 2016 £'000	12 months ended 31 December 2014 £'000
Accelerated capital allowances	-	179
Tax losses	-	(56)
	-	123

There are no unrecognised deferred tax assets.

### 12 Called up share capital

	15 months ended 31 March 2016 £'000	12 months ended 31 December 2014 £'000
<b>Allotted, called up and fully paid</b>		
5,342,000 (2014: 5,342,000) ordinary shares of £1 each	5,342	5,342

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 13 Commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Not later than one year	-	-	-	26
Later than one year and not later than five years	-	-	-	96
Later than five years	-	-	-	-
	-	-	-	122

The company had no capital commitments at 31 March 2016 (2014: £Nil).

### 14 Hive-up to Norcros Group (Holdings) Limited

The trade and assets of the Company were hived-up into Norcros Group (Holdings) Limited on 1 January 2016 in the interests of corporate simplification and to facilitate administrative synergies. The value of the assets hived-up was replaced by an intercompany receivable as disclosed in note 9.

The value of the assets hived-up can be analysed as follows:

	£'000
Property, plant and equipment	2,519
Inventory	3,111
Trade and other receivables	6,187
Deferred Tax	123
Cash and cash equivalents	1,889
Creditors: amounts falling due within one year	(3,996)
<b>Value of net assets hived-up</b>	<b>9,833</b>



# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 15 Reconciliation of old UK GAAP to FRS 101

On 1 January 2014 the Company transitioned from old UK GAAP to FRS 101. The following reconciliations are presented to demonstrate the impact of the change.

(a) Effect of the transition to FRS 101 on the statement of financial position

		At 31 December 2014 (end of last period presented under old UK GAAP)			At 1 January 2014 (date of transition)		
	Note	Old UK GAAP £'000	Effect of transition £'000	Restated for FRS 101 £'000	Old UK GAAP £'000	Effect of transition £'000	Restated for FRS 101 £'000
<b>Fixed assets</b>							
Property, plant and equipment		2,577	-	2,577	2,591	-	2,591
Deferred tax assets	B	-	123	123	-	233	233
		2,577	123	2,700	2,591	233	2,824
<b>Current assets</b>							
Inventory		3,137	-	3,137	2,411	-	2,411
Trade and other receivables	A	4,727	(167)	4,560	3,922	(179)	3,743
Derivative financial instruments	C	-	226	226	-	-	-
Cash and cash equivalents		3,230	-	3,230	1,973	-	1,973
		11,094	59	11,153	8,306	(179)	8,127
Creditors: amounts falling due within one year		(4,744)	-	(4,744)	(3,258)	(234)	(3,492)
<b>Net current assets</b>		<b>6,350</b>	<b>59</b>	<b>6,409</b>	<b>5,048</b>	<b>(413)</b>	<b>4,635</b>
<b>Total assets less current liabilities</b>		<b>8,927</b>	<b>182</b>	<b>9,109</b>	<b>7,639</b>	<b>(180)</b>	<b>7,459</b>
<b>Net assets</b>		<b>8,927</b>	<b>182</b>	<b>9,109</b>	<b>7,639</b>	<b>(180)</b>	<b>7,459</b>
<b>Capital and reserves</b>							
Called up share capital		5,342	-	5,342	5,342	-	5,342
Other reserves		1,214	-	1,214	1,085	-	1,085
Retained earnings		2,371	182	2,553	1,212	(180)	1,032
<b>Total shareholder's funds</b>		<b>8,927</b>	<b>182</b>	<b>9,109</b>	<b>7,639</b>	<b>(180)</b>	<b>7,459</b>

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 15 Reconciliation of old UK GAAP to FRS 101 (continued)

#### (b) Reconciliation of equity

	Note	31 December 2014 £'000	1 January 2014 £'000
Total equity as reported under old UK GAAP		8,927	7,639
Derivatives recognised and measured at fair value	B	226	(234)
Deferred tax on derivative financial instruments	A	(44)	54
<b>Total equity as reported under FRS 101</b>		<b>9,109</b>	<b>7,459</b>

#### (c) Reconciliation of profit

	Note	31 December 2014 £'000
Profit for the year as reported under old UK GAAP		1,759
Movement in fair value of derivatives	B	460
Deferred tax adjustments	A	(98)
<b>Profit for the year as reported under FRS 101</b>		<b>2,121</b>

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 15 Reconciliation of old UK GAAP to FRS 101 (continued)

(d) Effect of the transition to FRS 101 on the statement of comprehensive income for the year ended 31 December 2014 (the latest period presented under old UK GAAP)

	Note(s)	Old UK GAAP £'000	Effect of transition £'000	Restated for FRS 101 £'000
<b>Revenue</b>		19,856	-	<b>19,856</b>
<b>Operating profit</b>	C	2,022	460	<b>2,482</b>
<b>Profit on ordinary activities before taxation</b>		2,022	460	<b>2,482</b>
Tax on profit on ordinary activities	B	(263)	(98)	<b>(361)</b>
<b>Profit for the financial year</b>		1,759	362	<b>2,121</b>
<b>Other comprehensive income</b>				
<b>Total other comprehensive income</b>		-	-	<b>-</b>
<b>Total comprehensive income</b>		1,759	362	<b>2,121</b>

(e) Notes to the reconciliations

- A Represents a reclassification of the deferred tax asset which was previously reported as a constituent of trade and other receivables under old UK GAAP, but is now shown as a separate item on the face of the statement of financial position. This reclassification does not affect equity or profit at 1 January 2014 or 31 December 2014.
- B As noted above the deferred tax asset has been reclassified so that under FRS 101 it is shown as a separate item on the face of the statement of financial position. The difference between the deferred tax asset as reported under old UK GAAP and FRS 101 can be reconciled as follows:

	31 December 2014 £'000	1 January 2014 £'000
Deferred tax asset as reported under old UK GAAP	167	179
Recognition in respect of derivative financial instruments	(44)	54
<b>Deferred tax asset as reported under FRS 101</b>	<b>123</b>	<b>233</b>

# Croydex Limited

## Notes to the financial statements for the 15 month period ended 31 March 2016 (continued)

### 15 Reconciliation of old UK GAAP to FRS 101 (continued)

The effect of the change is an increase in equity as at 31 December 2014 of £182,000 (decrease in equity as at 1 January 2014 of £180,000) and an increase in profit before tax for 2014 of £460,000. The change resulted in an increase in the tax charge for the year ended 31 December 2014 of £98,000 as shown below:

	31 December 2014 £'000
Tax on profit on ordinary activities as reported under old UK GAAP	(263)
Tax effects of:	
Movement in fair value of derivatives	(98)
<b>Tax on profit on ordinary activities as reported under FRS 101</b>	<b>(361)</b>

- C Derivative financial instruments are initially recognised at fair value and subsequently measured at fair value. Changes in the fair value of derivative financial instruments are recognised in the income statement. Under old UK GAAP, derivatives hedging future cash flows were not recognised. The effect of the change is an increase in equity as at 31 December 2014 of £226,000 (decrease in equity of £234,000 as at 1 January 2014). The change resulted in an increase in profit before tax for the year ended 31 December 2014 of £460,000.

### 16 Ultimate holding company and controlling party

Until 25 June 2015 the ultimate parent undertaking and controlling party was Croydex Group Limited, a company registered in England and Wales. On that date the Company was acquired by Norcros Group (Holdings) Limited, which remains the immediate parent undertaking.

From 25 June 2015, the ultimate controlling party became Norcros plc, a Company incorporated in Great Britain and registered in England and Wales.

Consolidated financial statements for Norcros plc, which is the largest and smallest group into which the results of the Company are consolidated, can be obtained from the Company Secretary at Norcros plc, Ladyfield House, Station Road, Wilmslow, Cheshire, SK19 1BU.