

**BESPAK EUROPE LIMITED**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 30 APRIL 2016**  
**REGISTERED NUMBER: 03515896**

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# **BESPAK EUROPE LIMITED**

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**BESPAK EUROPE LIMITED  
OFFICERS AND ADVISERS**

**Directors**

J M Glenn  
R Cotton  
K Djamarani

**Company secretary and  
general counsel**

John Ilett

**Registered office**

Suite D, Ground Floor  
Breakspear Park  
Breakspear Way  
Hemel Hempstead  
Hertfordshire  
HP2 4TZ  
England

**Registered number**

03515896

**Independent auditor**

KPMG LLP  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR  
United Kingdom

**Bankers**

National Westminster Bank Plc  
4 Tuesday Market Place  
King's Lynn  
Norfolk  
PE30 1YY

## **BESPAK EUROPE LIMITED STRATEGIC REPORT**

The directors present their Strategic Report of the Company for the year ended 30 April 2016.

### **Principal activities**

The principal activities of the Company are the design, development, manufacture and sale of drug delivery technologies and services to the pharmaceutical industry.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties are reliance upon key customers, the supply chain, regulatory risk, key employee retention and business continuity. Further discussion of these key risks and uncertainties, in the context of the Consort Medical plc Group as a whole, is provided in the Directors' Report within Consort Medical plc's annual report which does not form part of this report.

### **Results and dividends**

The profit for the financial year was £22,510,000 (2015: £23,446,000) which will be transferred to reserves. No dividend (2015: £20,000,000) was paid in the year. The company had net assets of £116,312,000 (2015: £98,705,000).

The independent audit report on the full accounts for the year ended 30 April 2016 was unqualified.

### **Review of business and future developments**

A review of the Consort Group business can be found in Consort Medical plc's annual report. This review includes a balanced and comprehensive analysis of the performance of the business of the Company and a description of the main trends and factors likely to affect the future development, performance or position of the business at the end of the year, using key performance indicators where appropriate.

The financial key performance indicators ("KPIs") of the Consort Medical plc Group are revenues from non-MDI products, operating cash flow as a percentage of operating profit before special items and adjusted earnings per share from continuing operations before special items. These have been discussed on a group-wide basis, including the Company, in the section "Key performance indicators" of the Strategic Report within the Consort Medical plc annual report which does not form part of this report.

The Company is increasing the breadth of its offering in the metered dose inhaler ("MDI") market to consolidate its position as a market leader. This increased offering includes the development of new valve ranges, dose counters and other services. It is also engaged with major pharmaceutical companies to develop dry powder inhaler ("DPI") technologies for mass manufacture.

By order of the Board



R Cotton  
Director

14 July 2016

## **BESPAK EUROPE LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the Company for the year ended 30 April 2016.

#### **General information**

The Company is a limited liability company incorporated and domiciled in England and Wales.

#### **Directors**

The directors who held office during the year and up to the date of signing the financial statements were as follows:

R Cotton  
J M Glenn  
K Djararani

#### **Directors' indemnities**

Qualifying third-party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 were in place during the year. These arrangements remain in effect as at the date of this report.

#### **Directors' and officers' liability insurance**

Insurance cover is in force in respect of the personal liabilities which may be incurred by directors and officers of the Consort Medical plc Group in the course of their service with the Group.

#### **Future developments**

Future developments have been disclosed in the Strategic Report.

#### **Dividends**

Details of dividends recommended and paid are disclosed in the Strategic Report.

#### **Research and development**

The Company has a programme of continuous investment in its product development activities relating to its drug delivery business. During the year the Company incurred £4,721,000 (2015: £5,237,000) of research and development expenditure.

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, currency risk, interest rate risk, liquidity risk and price risk.

1. Credit risk - the Company has implemented policies that require appropriate credit checks on potential customers before sales over a certain limit are made.
2. Currency risk - the Company is a sterling dominated company which receives a proportion of its income in US dollars. The Company uses forward contracts to manage its transaction exposure.
3. Interest rate risk - the Company has no bank loans but does operate an overdraft facility, therefore interest rate risk is minimal.
4. Liquidity risk - the Company ensures that its margins are sufficient to exceed normal operating costs and is cash generative.
5. Price risk - the Company is not exposed to commodity price risk.

## **BESPAK EUROPE LIMITED**

### **DIRECTORS' REPORT continued**

#### **Employee involvement**

The Company is an equal opportunity employer. It is committed to giving fair and equal treatment to all employees and job applicants in terms of recruitment, pay conditions, promotions, training and all employment matters regardless of their race, sex, ethnic background or religious beliefs, sexual preference or disabilities and an equal opportunities policy is in force. The Company also believes that all employees have a right to work in an environment free from discrimination and bullying. It places special responsibility upon its managers to ensure its policy is in effect.

The Company is committed to maximising the level of employee involvement in its business at all levels. Appropriate training is given to staff to enable them to do their jobs to the best of their ability and comprehensive learning resources are available to all employees. The performance review system allows employees to discuss career opportunities and development, to receive guidance in achieving their goals within the Company and to create development plans. In addition employees are encouraged, through sponsorship or a contribution to costs, to study for job-related accreditations.

The Company is committed to achieving the highest levels of quality and operates to the internationally recognised quality standard ISO9001/9002 and the medical advice standard ISO13485. Staff work within a defined quality system and are trained in "Good Manufacturing Practice". Regular briefings are given to employees to keep them informed of matters concerning the business including financial and economic factors affecting the performance of the Company.

The Company takes a proactive approach to consultation with employees on a variety of work related issues through the use of an All Company Employee Consultative Forum ("ECF"). This Forum is made up of nominated representatives who meet with the senior managers on a quarterly basis. To be eligible for nomination employees must hold a permanent job in the Company. Elections are held regularly every two years or more frequently if required.

Eligible employees in the UK participate in the Group's performance through share option schemes, performance related bonus schemes and Consort Medical plc's Share Incentive Plan.

#### **Disability policy**

It is the Company's policy to give full consideration to applications for employment from disabled persons. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions within the Company.

#### **Independent auditor**

KPMG LLP were appointed as auditor during the year. Pursuant to section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

#### **Disclosure of information to auditor**

In the case of each director, so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps he or she needs to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board



R Cotton  
Director

14 July 2016

**Registered Address**  
Suite D, Ground Floor  
Breakspear Park  
Breakspear Way  
Hemel Hempstead  
Hertfordshire  
HP2 4TZ  
United Kingdom

## **BESPAK EUROPE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report and 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 they have elected to prepare the financial statements in accordance UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework*.

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 United Kingdom 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 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 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.

On behalf of the Board



R Cotton  
Director

14 July 2016

**KPMG LLP**  
**Botanic House**  
**100 Hills Road**  
**Cambridge**  
**CB2 1AR**  
**United Kingdom**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESPAC EUROPE LIMITED**

We have audited the financial statements of Bepak Europe Limited for the year ended 30 April 2016 set out on pages 8 to 36. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESPAC EUROPE LIMITED (continued)**

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

In our opinion 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 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.



**Lynton Richmond (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

<sup>14</sup> July 2016

## BESPAK EUROPE LIMITED

### PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2016

	Notes	2016 £000	2015 £000
<b>Revenue</b>	2	<b>105,210</b>	95,313
Operating expenses	3	(79,128)	(69,602)
Special items	3	(62)	(56)
<b>Operating profit</b>		<b>26,020</b>	25,655
Finance income	6	756	784
Finance costs	7	(3)	(4)
Other finance costs	8	(638)	(364)
<b>Profit on ordinary activities before tax</b>		<b>26,135</b>	26,071
Tax on profit on ordinary activities	9	(3,625)	(2,625)
<b>Profit for the financial year</b>		<b>22,510</b>	23,446

### STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2016

	Notes	2016 £000	2015 £000
<b>Profit for the financial year</b>		<b>22,510</b>	23,446
<b>Other comprehensive (expense)/income</b>			
<i>Items that will not be reclassified subsequently to profit and loss:</i>			
Actuarial losses on defined benefit scheme	19	(5,667)	(15,493)
Deferred tax on actuarial losses and share based payments	9	1,247	3,137
Current tax on share based payments	9	101	126
Tax rate change adjustment	9	(584)	-
<b>Other comprehensive (expense) for the year</b>		<b>(4,903)</b>	(12,230)
<b>Total comprehensive income for the year</b>		<b>17,607</b>	11,216

All amounts relate to continuing operations.

The notes on pages 11 to 36 form an integral part of these financial statements.

# BESPAK EUROPE LIMITED

## BALANCE SHEET

As at 30 April 2016

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Intangible assets	12	707	491
Property, plant and equipment	11	66,559	59,896
Investments	13	91	91
		<b>67,357</b>	<b>60,478</b>
<b>Current assets</b>			
Inventories	14	11,462	10,438
Trade and other receivables	15	78,871	64,700
Cash and cash equivalents	16	8,172	4,574
		<b>98,505</b>	<b>79,712</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	17	(18,994)	(16,985)
Current tax payable		(5,765)	(6,199)
Provisions for liabilities	18	(94)	(116)
		<b>(24,853)</b>	<b>(23,300)</b>
<b>Net current assets</b>		<b>73,652</b>	<b>56,412</b>
<b>Total assets less current liabilities</b>		<b>141,009</b>	<b>116,890</b>
<b>Creditors: amounts falling due after more than one year</b>			
Deferred taxation	9	(1,246)	(281)
Provision for liabilities	18	(95)	(59)
Defined benefit pension scheme deficit	19	(23,356)	(17,845)
		<b>(24,697)</b>	<b>(18,185)</b>
<b>Net assets</b>		<b>116,312</b>	<b>98,705</b>
<b>Equity</b>			
Called up share capital	20	39,850	39,850
Share premium account	20	6,000	6,000
Profit and loss account		70,462	52,855
<b>Total shareholders' funds</b>		<b>116,312</b>	<b>98,705</b>

The accompanying notes on pages 11 to 36 are an integral part of the financial statements.

The financial statements on pages 8 to 36 were approved by the Board and authorised for issue on 14 July 2016 and signed on its behalf by:



R Cotton  
**Director**  
 Bespak Europe Limited  
 Registered number 03515896

# BESPAK EUROPE LIMITED

## STATEMENT OF CHANGES IN EQUITY

As at 30 April 2016

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 May 2014	39,850	6,000	61,639	107,489
Profit for the financial year	-	-	23,446	23,446
<b>Other comprehensive income/(expense):</b>				
Actuarial (loss) on defined benefit scheme	-	-	(15,493)	(15,493)
Tax on amounts taken directly to equity	-	-	3,263	3,263
<b>Total comprehensive income for the financial year</b>	-	-	11,216	11,216
Equity dividends paid	-	-	(20,000)	(20,000)
<b>Balance at 30 April 2015</b>	<b>39,850</b>	<b>6,000</b>	<b>52,855</b>	<b>98,705</b>
Profit for the financial year	-	-	22,510	22,510
<b>Other comprehensive income/(expense):</b>				
Actuarial loss on defined benefit scheme	-	-	(5,667)	(5,667)
Tax on amounts taken directly to equity	-	-	764	764
<b>Total comprehensive income for the financial year</b>	-	-	17,607	17,607
<b>Balance at 30 April 2016</b>	<b>39,850</b>	<b>6,000</b>	<b>70,462</b>	<b>116,312</b>

The accompanying notes on pages 11 to 36 are an integral part of the financial statements.

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **General information**

Bespak Europe Limited (“the Company”) is a wholly owned subsidiary of Consort Medical plc, a public limited company registered on the London Stock Exchange and incorporated in England and Wales. Bespak Europe Limited is incorporated in England and Wales, registered number 03515896. The nature of the Company’s operations and its principal activities are set out in the Strategic Report on page 2.

#### **Consolidation exemption**

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

#### **1. Presentation of the financial statements and accounting policies**

##### **Compliance with applicable law and FRS101**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework” (‘FRS101’) and the Companies Act 2006 as applicable to companies using FRS 101.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, ‘Share-based payment’ (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- 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;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- 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),
  - 40A-D (requirements for a third statement of financial position
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, ‘Statement of cash flows’
- 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.

#### **Measurement convention**

The financial statements have been prepared using the historic cost convention, as modified by certain financial assets and financial liabilities (including derivative financial instruments) at fair value. The specific accounting policies adopted, which have been approved by the Board, are described within this note and which have been applied consistently in all years presented.

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **1. Presentation of the financial statements and accounting policies continued**

##### **Going concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **Accounting principles and policies**

The preparation of the financial statements in conformity with FRS101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Critical accounting estimates and judgements are discussed further below.

The financial statements have been prepared in accordance with the Company's accounting policies as approved by the Board.

##### **Foreign currency**

Items included in the financial statements of the Company are measured using that Company's functional currency, which is the currency of the primary economic environment in which the Company operates. The financial statements are presented in 'Pound Sterling' (£) which is also the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

##### **Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Revenue from sales of products is recognised when the risks and rewards of ownership pass to the customer, and is stated net of value added tax and other sales taxes. The point at which risk and reward is transferred is usually determined from shipping terms, which vary from customer to customer. Revenue from sales of services is recognised in the period in which the related chargeable costs are incurred or when revenue is earned under contractual obligations. Revenue from sales of tooling is recognised on a net basis, having regard to the transfer of risks and rewards. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company.

Advance payments received from customers are credited to deferred income and the related revenue is released to the income statement in accordance with the recognition criteria described above.

Where a manufacturing contract includes variable consideration (such as a minimum order guarantee), the transaction price includes management's best estimate of the variable consideration receivable at the balance sheet date.

# **BESPAK EUROPE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS continued**

### **1. Presentation of the financial statements and accounting policies continued**

#### **Expenditure**

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.

#### **Post-retirement benefits**

The Company participates in various parent company pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Company has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and all other expenses related to the defined benefit plan in employee expenses in profit and loss.

Past-service costs are recognised immediately in the profit and loss account, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 1. Presentation of the financial statements and accounting policies continued

##### Employee benefits continued

###### *Termination benefits*

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

##### Share-based payments

The parent company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

When the options are exercised, the parent company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised. The cost of share schemes is apportioned between Group companies.



## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **1. Presentation of the financial statements and accounting policies continued**

##### **Property, plant and equipment**

Property, plant and equipment is stated at historic purchase cost including any incidental costs of acquisition less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is recognised so as to write-off the cost of fixed assets (less the current expected residual value) on a straight-line basis over their expected useful lives as follows:

- Land and buildings	30 to 50 years
- Mould and assembly machines	Utilisation basis
- Cleanrooms	20 years
- Building services	10 to 20 years
- Other plant, equipment and vehicles	3 to 10 years

Cleanrooms, building services and mould and assembly machines are categorised within plant, equipment and vehicles. Land is not depreciated.

Depreciation methods, useful lives, and residual values are reviewed at each balance sheet date as a minimum.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

From 1 November 2014, the method of depreciation for mould and assembly machines was changed from a time basis of 3 to 10 years to a utilisation basis reflecting the amount a machine is used during the accounting period. This method is considered to better reflect the economic consumption of the value attributable to these machines.

##### **Assets under construction**

The costs of property, plant and equipment are capitalised as incurred and are not depreciated until such time as the assets are commissioned, when the total costs are transferred to the appropriate asset category.

##### **Intangible fixed assets**

Other intangible fixed assets, including, software licences, customer contracts and relationships and distribution rights are capitalised at cost and amortised on a straight-line basis over their estimated useful economic lives. The estimated useful life of other intangible assets are as follows:

- Computer software	4 years
- Manufacturing contracts and licences	2 to 11 years

##### **Internally-generated intangible assets – research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's product development is recognised only if all of the following conditions are met:

- It is probable that the asset created will generate future economic benefits;
- It is technically feasible that the intangible asset can be completed so that it will be available for use or sale; and there are sufficient available resources to complete it;
- The Company intends to complete and to use the asset; and
- The development cost of the asset can be measured reliably.

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **1. Presentation of the financial statements and accounting policies continued**

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. The estimated useful economic life of capitalised development costs is 5 to 10 years. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

#### **Impairment of tangible and intangible assets**

The carrying values of property, plant and equipment, and intangible assets are reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to identify separate cash flows relating to individual assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **Financial assets (including trade and other receivables)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **1. Presentation of the financial statements and accounting policies continued**

##### **Leasing commitments**

###### **Operating lease payments**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Lease incentive are recognized in the profit and loss account as an integral part of the lease expense.

###### **Finance lease payments**

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as finance leases, as if the asset had been purchased outright. Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

##### **Inventories**

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost comprises the direct cost of production and the attributable portion of overheads based on normal operating capacity appropriate to location and condition. Cost is determined on a first in, first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

##### **Interest receivable and Interest payable**

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **1. Presentation of the financial statements and accounting policies continued**

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised within other finance expenses.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

##### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is accounted for in full using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the asset or liability is settled. It is recognised in the profit or loss account except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### **Share capital and share premium**

Ordinary shares are classified as equity. Share issue costs are incremental costs directly attributable to the issue of new shares or options and are shown as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **1. Presentation of the financial statements and accounting policies continued**

##### **Derivative financial instruments and hedging**

Derivative financial instruments are used to manage exposure to market risks from treasury operations. The principal derivative instruments used by the Company are interest rate swaps and forward foreign exchange contracts. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial instruments are initially recognised in the balance sheet at cost and then re-measured at subsequent reporting dates to fair value. Hedging derivatives are classified on inception as fair value hedges, cash flow hedges or net investment hedges.

##### *Cash flow hedge*

Changes in the fair value of derivatives designated as cash flow hedges are recognised in equity. Amounts deferred in equity are transferred to the profit and loss account in line with the hedged forecast transaction.

Amounts accumulated in equity are reclassified to the profit and loss account in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit and loss account within 'revenue'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account.

##### *Fair value hedge*

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

##### **Non-Derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### **Trade and other receivables**

Trade receivables do not carry interest and are stated at their initial value reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables are recognised initially at fair value and subsequently held at amortised cost.

##### **Trade and other payables**

Trade payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables are recognised initially at fair value and subsequently held at amortised cost.

##### **Cash and cash equivalents**

Cash comprises cash on hand and on-demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **1. Presentation of the financial statements and accounting policies continued**

##### **Investments**

Investments in subsidiary undertakings are recorded at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

##### **Dividends**

Dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

##### **Critical accounting estimates and judgements**

In the application of the Company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

##### *Judgements*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### **A Development costs**

In assessing whether development costs meet the recognition criteria for internally-generated intangible assets, which are described elsewhere in this note, the directors make certain critical judgements as to the technical feasibility and commercial viability of the related product, and around the likelihood of obtaining regulatory approval.

##### **B Provisions and related assets**

From time to time, the Company is subject to disputes with suppliers or customers during the course of ordinary business. In determining whether to recognise a provision in respect of a potential liability, management assesses the likelihood of the liability being payable. This assessment includes a review of the specific facts by suitably qualified and experienced Company personnel, experience of similar matters and communications with potential counterparties and the Company's legal advisers. Where the matter leading to a provision may be covered by the Company's insurance policies, management consults with the Company's insurers, loss adjustors and legal advisers to determine whether the success of any insurance claim is "virtually certain", which is the threshold used by the Company in the recognition of any insurance asset.

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **1. Presentation of the financial statements and accounting policies continued**

##### *Estimates*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **A Post-employment benefits**

The determination of the pension cost and defined benefit obligation of the Company's defined benefit pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 19 for further details.

##### **B Impairment of property, plant and equipment**

Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

##### **C Provisions and related assets**

In determining the amount to recognise for any provision or related asset, management consults with suitably qualified and experienced Company personnel, considers the Company's experience of similar matters and communications with potential counterparties and the Company's legal advisers.

##### **Special items**

The directors believe that presenting special items disaggregated from operating expenditure as presented in the profit and loss account provides additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how business performance is measured internally. Further detail on the special items in the year can be found in note 3.

##### **Adoption of new and revised standards**

The following Adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

Amendment to IFRS 10 – Consolidated Financial Statements  
Amendment to IFRS 12 – Disclosure of Interests in other Entities  
Amendment to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation  
Amendment to IAS 27 – Separate Financial statements  
Amendment to IAS 28 – Investments in Associates and Joint Ventures

The following accounting standards relevant to the Company have not been early adopted as the Company carries out an assessment of their potential impact:

IFRS 9 – Financial Instruments  
IFRS 15 – Revenue from customers with contracts

## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 2. Revenue

All revenue originates from the United Kingdom.

Revenue by business	2016 £000	2015 £000
Revenue from products and services	105,210	95,313
Revenue by destination		
United Kingdom	21,407	26,656
United States of America	15,590	14,463
Europe	53,013	48,322
Rest of the World	15,200	5,872
Revenue	105,210	95,313

#### 3. Operating expenses

	2016 £000	2015 £000
Raw materials and consumables	26,978	23,474
Other external charges	20,428	16,814
Staff costs (note 4)	26,614	23,016
Depreciation (note 11)	4,440	4,556
Amortisation of licences and software (note 12)	150	114
Loss/(profit) on sale of property, plant and equipment	16	(60)
Own work capitalised	(27)	-
Foreign exchange losses	264	354
Management fee	1,289	1,750
	80,152	70,018
Increase in inventory of finished goods and work in progress	(1,024)	(416)
	79,128	69,602

Operating expenses include the following:

Operating lease rentals		
- Plant and machinery	100	74
- Other	350	356
Research and development	4,721	5,237
Property, plant and equipment repairs and maintenance	2,962	2,022
Services provided by the Company's auditors		
Audit services		
- Fees payable to the Company's auditors for the audit of the Company and its subsidiaries	77	104
Non-audit services		
- Tax advisory services	-	2

Amounts paid to the Company's auditor in 2015 relate to amounts paid to PricewaterhouseCoopers LLP.  
Amounts in 2016 relate to amounts paid to KPMG LLP.



## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 3. Operating expenses continued

An analysis of the special items is as follows:

	2016	2015
	£000	£000
Integration costs	-	56
Defined Benefit Pension Scheme closure	62	-
	62	56

Costs in 2016 relate to the closure of the Bepak plc Staff Retirement Benefit Scheme. Costs in 2015 relate to integration activities following the acquisition of Aesica by Consort Medical Plc.

#### 4. Employees

Staff costs and the average monthly number of employees analysed by activity, including directors, are shown below:

	2016	2015
	£000	£000
Employee benefit costs:		
Wages and salaries	21,346	18,439
Social security costs	1,957	1,803
Other pension costs (note 19)	2,860	2,417
Share-based payments in parent company	451	357
	26,614	23,016

	Number	
By activity:		
Production	360	381
Sales and marketing	11	9
Administration and support services	235	56
Engineering and product development	28	108
	634	554

#### 5. Emoluments of directors

The emoluments of J M Glenn and R Cotton for their services to the Consort Medical plc Group as a whole are identified in the financial statements of the Group. These directors were both employed by Consort Medical plc and received their remuneration for services provided to that company. Aggregate emoluments paid to J M Glenn and R Cotton directly by the Company in the year were £nil (2015: £nil).

The aggregate emoluments of the highest paid director for his services as a director, paid by Bepak Europe Limited, were £656,293 (£107,007).

Consort Medical plc made a charge to the Company in respect of management services amounting to £1,289,000 (2015: £1,750,000). This charge also includes a recharge of administration costs borne by Consort Medical plc on behalf of the Company.

**BESPAK EUROPE LIMITED****NOTES TO THE FINANCIAL STATEMENTS** continued**6. Finance income**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Interest income – from parent company	<b>756</b>	<b>784</b>

**7. Finance costs**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft interest	<b>(3)</b>	<b>(4)</b>

**8. Other finance costs**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Net interest cost on defined benefit scheme (note 19)	<b>(610)</b>	<b>(73)</b>
Foreign exchange losses	<b>(28)</b>	<b>(291)</b>
Other finance costs	<b>(638)</b>	<b>(364)</b>

## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 9. Income tax expense

##### Taxation charge based on profits for the year

The major components of income tax expense for the year ended 30 April 2016 and the year ended 30 April 2015 are:

	2016 £000	2015 £000
<b>Current income tax</b>		
UK corporation tax at 20.0% (2015: 20.9%)	690	2,230
Group relief payable	2,947	1,993
Adjustments in respect of prior years	(1,640)	(1,629)
	1,997	2,594
<b>Deferred income tax</b>		
UK origination and reversal of timing differences current year	251	25
Adjustments in respect of prior years	2,135	6
Impact of change in tax rate	(758)	-
	1,628	31
<b>Income tax expense reported in the profit and loss account</b>	<b>3,625</b>	<b>2,625</b>
<b>Tax on items (credited)/charged to equity</b>		
<b>Current tax:</b>		
Share based payments	(101)	(126)
<b>Deferred tax:</b>		
Actuarial losses on pension schemes	(1,133)	(3,098)
Share based payments	(114)	(39)
Impact of change in tax rate	584	-
<b>Total tax credited to equity</b>	<b>(764)</b>	<b>(3,263)</b>

##### Reconciliation between income tax expense and the Company's profit on ordinary activities before taxation

The tax on the Company's profit before tax is lower than (2015: lower than) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	2016 £000	2015 £000
Profit before income tax	26,135	26,071
Taxation charge at UK corporation tax rate of 20.0% (2015: 20.9%)	5,227	5,449
Adjustments in respect of prior years	495	(1,623)
Tax effect on non-deductible or non-taxable items	(1,392)	(1,329)
Impact of change in tax rate	(758)	-
Difference in current and deferred tax rates in the year	-	(2)
Current tax relief on share based payments to equity	101	126
Deferred tax on share based payments	(48)	4
	3,625	2,625

The standard rate of corporation tax in the UK reduced from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 20.0%. The standard rate will fall further to 19% with effect from 1 April 2017 and 18% with effect from April 2020. These rates were enacted during the current period and deferred tax balances have been stated at a rate of 18% in line with the enacted rate at the point in time at which the amounts are expected to be realised.

# BESPAK EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued

### 9. Income tax expense continued

#### Deferred tax

	2016 £000	2015 £000
<b>Deferred tax liabilities</b>		
Accelerated depreciation	(6,168)	(4,370)
	<b>(6,168)</b>	<b>(4,370)</b>
<b>Deferred tax assets</b>		
Share-based payments	515	415
Provisions	68	82
Retirement benefit obligations	4,339	3,569
Derivatives	-	23
	<b>4,922</b>	<b>4,089</b>
<b>Net deferred tax liability</b>	<b>(1,246)</b>	<b>(281)</b>
<b>Provision for deferred tax</b>		
At 1 May	(281)	(3,387)
Charged to the profit and loss account	(251)	(25)
Adjustments to prior years:		
- Provisions	(6)	(13)
- Accelerated capital allowances	(2,057)	10
- Derivatives	-	(3)
- Share-based payments	(41)	-
- Other	(31)	-
Impact of change in tax rate:		
- Equity	(584)	-
- Income statement	758	-
Credited to equity	1,247	3,137
<b>At 30 April</b>	<b>(1,246)</b>	<b>(281)</b>

Deferred income tax assets have been recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 10. Dividends

Dividends declared and paid during the year:

	2016 £000	2015 £000
Dividends (2015: 5.0 pence per share)	-	20,000

# BESPAK EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued

### 11. Property, plant and equipment

	Land and buildings £000	Plant, equipment and vehicles £000	Assets under construction £000	Total £000
<b>Cost</b>				
At 1 May 2015	30,332	84,990	27,134	142,456
Additions	187	3,357	7,793	11,337
Reclassifications	15,461	7,542	(23,152)	(149)
Disposals	-	(571)	(7)	(578)
<b>At 30 April 2016</b>	<b>45,980</b>	<b>95,318</b>	<b>11,768</b>	<b>153,066</b>
<b>Accumulated depreciation</b>				
At 1 May 2015	14,666	67,894	-	82,560
Charge for the year	1,060	3,380	-	4,440
Disposals	-	(493)	-	(493)
<b>At 30 April 2016</b>	<b>15,726</b>	<b>70,781</b>	<b>-</b>	<b>86,507</b>
<b>Net book value at 30 April 2016</b>	<b>30,254</b>	<b>24,537</b>	<b>11,768</b>	<b>66,559</b>
Net book value at 30 April 2015	15,666	17,096	27,134	59,896

<b>Net book value of land and buildings comprised:</b>	<b>2016 £000</b>	<b>2015 £000</b>
Freehold land and buildings	28,462	13,745
Long-term leasehold property	1,792	1,921
<b>At 30 April</b>	<b>30,254</b>	<b>15,666</b>

### 12. Intangible assets

	Computer software £000	Manufacturing contracts and licences £000	Total £000
<b>Cost</b>			
At 1 May 2015	1,526	1,920	3,446
Additions	133	84	217
Transfers	149	-	149
<b>At 30 April 2016</b>	<b>1,808</b>	<b>2,004</b>	<b>3,812</b>
<b>Accumulated amortisation</b>			
At 1 May 2015	1,354	1,601	2,955
Charge for the year	74	76	150
<b>At 30 April 2016</b>	<b>1,428</b>	<b>1,677</b>	<b>3,105</b>
<b>Net book value at 30 April 2016</b>	<b>380</b>	<b>327</b>	<b>707</b>
Net book value at 30 April 2015	172	319	491

Amortisation is charged to operating expenses in the profit and loss account.

## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 13. Investments

The Company is the sole shareholder in Integrated Aluminium Components Limited, a manufacturer of metal components used in the manufacture of metered dose inhaler valves.

The equity investment is shown at cost in the Balance Sheet. At 30 April 2016 this was £91,000 (2015: £91,000). The directors believe that the carrying value is supported by the investment's net assets and future expected discounted cash flows.

The Company has the following investments in subsidiaries:

	Country of Incorporation	Classes of shares held	Ownership
Integrated Aluminium Components Limited	UK	Ordinary	100%

#### 14. Inventories

	2016 £000	2015 £000
Raw materials and consumables	6,705	6,062
Work in progress	1,913	1,957
Finished goods	2,844	2,419
	11,462	10,438

#### 15. Trade and other receivables

	2016 £000	2015 £000
Trade receivables	16,660	13,272
Amounts receivable from Group undertakings	57,224	44,067
Other receivables	2,712	3,814
Derivative financial instruments	33	-
Prepayments and accrued income	2,242	3,547
	78,871	64,700

The Company does not hold any collateral as security.

Amounts receivable from Group undertakings include short-term loans on which interest is charged at rates linked to LIBOR.

The directors consider that the carrying amount of trade receivables approximates their fair value.

As at 30 April 2016, there was no provision for impairment of trade receivables (2015: none).

# BESPAK EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued

### 16. Cash and cash equivalents

	2016	2015
	£000	£000
Cash at bank and in hand	8,172	4,574

### 17. Trade and other payables

	2016	2015
	£000	£000
<b>Amounts falling due within one year</b>		
Trade payables	8,373	5,656
Amounts payable to Group undertakings	1,408	230
Other taxation and social security	624	525
Other payables	7,086	8,915
Derivative financial instruments	-	117
Accruals and deferred income	1,503	1,542
	<b>18,994</b>	<b>16,985</b>

The directors consider that the carrying amount of trade payables approximates to their fair value.

### 18. Provisions for liabilities

	Employee benefits	Total
	£000	£000
At 1 May 2015	175	175
Provided in the year	193	193
Utilised in the year	(179)	(179)
<b>At 30 April 2016</b>	<b>189</b>	<b>189</b>

	2016	2015
	£000	£000
Analysis of total provisions:		
To be settled within one year	94	116
To be settled after more than one year	95	59
<b>Total</b>	<b>189</b>	<b>175</b>

Employee benefits represent a provision for national insurance contributions on share options and other share-based payments.

For all provisions, the amounts provided represent management's best estimate of the most likely outcome.

## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 19. Pensions and other post-employment benefits

	2016	2015
	£000	£000
Pension costs		
UK defined benefit scheme	1,423	1,169
UK defined contribution schemes	1,437	1,248
Total charged to employee costs (note 4)	2,860	2,417
Net interest included in other finance expense (note 8)	610	73
Total cost of pensions charged to the profit and loss account	3,470	2,490

The parent company operates pension schemes in the UK to provide pensions to retired employees. UK pension benefits are provided by a defined benefit scheme, whereby retirement benefits are based on employee pensionable remuneration and length of service, and by defined contribution schemes, whereby retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee. The defined benefit scheme was closed to new entrants with effect from 30 June 2002.

Increases to pensions in payment and in deferment in respect of future service are capped at 2.5% p.a. The members' share of the cost of the Scheme is 8% of pensionable salaries is generally paid via a 'salary sacrifice' arrangement. The Company meets the full cost of accrual, but members receive a reduction in their salary equal to their share of the cost of the Scheme. Members have the right to opt out of this arrangement if they wish to receive their full salary and contribute to the Scheme, in which case the Company's contributions to the scheme are reduced.

Contributions to defined benefit schemes are determined in accordance with the advice of an independent, professionally qualified actuary. Pension costs of defined benefit schemes for accounting purposes have been assessed in accordance with independent actuarial advice, using the projected unit method. Liabilities are assessed annually in accordance with the advice of an independent actuary. Formal, independent, actuarial valuations of the Company's defined benefit scheme are undertaken, normally every three years.

As at 30 April 2016, the IAS 19 'Employee benefits' deficit was £23.4m compared with £17.8m as at 30 April 2015.



# BESPAK EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued

### 19. Pensions and other post-employment benefits continued

The following information relates to the Company's UK defined benefit pension scheme, the Bepak plc Staff Retirement Benefit Scheme (the Scheme).

	Present value of obligation £000	Fair value of plan assets £000	Total £000
At 1 May 2015	111,519	(93,674)	17,845
Current service cost	1,423	-	1,423
Interest cost	3,975	(3,365)	610
Amount charged to the profit and loss account	5,398	(3,365)	2,033
Return on plan assets (excluding interest)	-	5,728	5,728
Effect of changes in demographic assumptions	(568)	-	(568)
Effect of changes in financial assumptions	507	-	507
Amount taken to equity	(61)	5,728	5,667
Contributions:			
- Employers	-	(2,189)	(2,189)
- Plan participants	1	(1)	-
Payments from plans:			
- Benefit payments	(2,183)	2,183	-
<b>At 30 April 2016</b>	<b>114,674</b>	<b>(91,318)</b>	<b>23,356</b>

	Present value of obligation £000	Fair value of plan assets £000	Total £000
At 1 May 2014	85,606	(83,530)	2,076
Current service cost	1,169	-	1,169
Interest cost	3,898	(3,825)	73
Amount charged to the profit and loss account	5,067	(3,825)	1,242
Return on plan assets (excluding interest)	-	(7,081)	(7,081)
Effect of changes in financial assumptions	20,052	-	20,052
Effect of experience adjustments	2,522	-	2,522
Amount taken to equity	22,574	(7,081)	15,493
Contributions:			
- Employers	-	(966)	(966)
- Plan participants	2	(2)	-
Payments from plans:			
- Benefit payments	(1,730)	1,730	-
<b>At 30 April 2015</b>	<b>111,519</b>	<b>(93,674)</b>	<b>17,845</b>

Components of defined benefit pension cost	2016 £000	2015 £000
Current service cost	1,423	1,169
Net interest cost	610	73
Total defined benefit pension cost recognised in the profit and loss account	2,033	1,242
Actuarial losses immediately recognised	5,667	15,493
Total pension expense recognised in statement of comprehensive income	5,667	15,493
Cumulative amount of actuarial losses immediately recognised	28,396	22,729

## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 19. Pensions and other post-employment benefits continued

##### Explanation of the relationship between Bepak Europe Limited and the trustees of the Scheme

The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the Scheme are required to act in the best interests of the Scheme's beneficiaries. The Bepak scheme has a policy that one-third of all trustees should be nominated by members of the scheme.

##### Disclosure of principal assumptions

The principal actuarial assumptions adopted at the balance sheet date were:

	30 April 2016	30 April 2015
Discount rate	3.4%	3.6%
Future RPI inflation	3.1%	3.2%
Future CPI inflation	2.1%	2.2%
Future salary increases	2.6%	3.2%
RPI inflation capped at 5% p.a.	3.0%	3.1%
RPI inflation capped at 5% p.a. with a minimum of 3% p.a.	3.4%	3.5%
RPI inflation capped at 2.5% p.a.	2.2%	2.2%

The IAS 19 accounting standard 'Employee benefits' requires that the discount rate used be determined by reference to market yields at the balance sheet date on high quality fixed income investments. The currency and term of these should be consistent with the currency and estimated term of the post-employment obligations.

The discount rate has been developed from a spot yield curve based on UK Government bonds, adjusted to reflect the credit spread between AA-rated corporate bonds and Government bonds.

The expected rate of inflation is an important building block for the salary growth and pension increase assumption. A rate of inflation is 'implied' by the difference between the yields on fixed-interest and index-linked Government bonds.

For the majority of members, pension accrued before 6 April 1997 does not receive any guaranteed increases and it is assumed that no discretionary increases will be awarded. Pension accrued between 6 April 1997 and 30 April 2009 receives increases in line with inflation subject to a maximum of 5% p.a. (for which the Company has assumed future increases will be 3.1% p.a.). Some members receive fixed increases of 3% p.a. on pension accrued before 6 April 1997 and increases in line with inflation subject to a minimum of 3% p.a. and a maximum of 5% p.a. on pension accrued between 6 April 1997 and 30 April 2009 (for which the Company has assumed future increases will be 3.5% p.a.). For all members, pension accrued after 1 May 2009 receives increases in line with inflation subject to a maximum of 2.5% p.a. (for which the Company has assumed future increases will be 2.2% p.a.).

One of the key assumptions made in valuing the pension scheme's liabilities are the mortality rates used to assess how long pensions will be paid for. The mortality rates used to calculate the Scheme's liabilities were updated as part of the Scheme's actuarial valuation in 2014 to reflect the results of surveys that have highlighted that people are living longer. These mortality tables are referred to as 95% (males) / 85% (females) of the S2PA tables with improvements assumed to be in line with CMI\_2013 model with a 1.25% long-term rate of improvement.

# BESPAK EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued

### 19. Pensions and other post-employment benefits continued

The current life expectancies (in years) underlying the value of the accrued liabilities for the Scheme are:

	30 April 2016		30 April 2015	
	Male	Female	Male	Female
Member currently age 65	22.9	25.8	23.2	25.7
Member currently age 45	24.8	27.8	25.0	27.6

The overall expected return on assets has been calculated as the weighted average of the expected return for the principal asset categories, net of investment expenses, held by the plan as follows:

	30 April 2016			30 April 2015		
	Total assets	Of which	Total	Total assets	Of which	Total
	£000	quoted	%	£000	quoted	%
	£000	£000		£000	£000	
Debt instruments	43,135	-	47.2	42,330	-	45.2
Equity instruments	40,263	12,765	44.1	42,799	13,645	45.7
Hedge funds	-	-	-	8,351	342	8.9
Cash	7,921	-	8.7	194	-	0.2
Overall	91,319	12,765	100	93,674	13,987	100.0

#### Sensitivity analysis of the principal assumptions used to measure Scheme liabilities

The sensitivity of the Scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated below. The illustrations consider the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (this is not always the case).

The Company liability is the difference between the Scheme liabilities and the Scheme assets. Certain changes in the assumptions will be as a result of changes in market yields. Where this is the case, the market value of Scheme assets may change simultaneously, which may or may not offset the change in assumptions. For example, a fall in interest rates will increase the Scheme liability, but may also trigger an offsetting increase in the market value of assets so that the net effect on the Company liability is reduced.

Assumption	Change in assumption	Impact on the Scheme's accrued liabilities
Discount rate	Decrease by 0.25% p.a.	Increase by 6.0%
Rate of inflation and salary increase	Decrease by 0.25% p.a.	Decrease by 5.9%
Rate of inflation and salary increase	Increase by 0.25% p.a.	Increase by 6.3%
Rate of mortality	Members assumed to live one year longer	Increase by 2.5%

## **BESPAK EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued**

#### **19. Pensions and other post-employment benefits continued**

##### How the liabilities arising from the Scheme are measured

The Company provides retirement benefits via the Scheme to some of its former employees and approximately 30% of current UK employees. The level of retirement benefit is principally based on salary earned in the final three years of employment and period of service as a Scheme member.

The projected liabilities of the Scheme are apportioned between members' past and future service using the projected unit actuarial cost method. The deficit in the Company balance sheet is the difference between the projected liability allocated to past service (the defined benefit obligation) and the market value of the assets of the Scheme. The defined benefit obligation makes allowance for future earnings growth.

An alternative measure of liability is the cost of buying out benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the Scheme's liabilities at the balance sheet date rather than the Company continuing to fund the ongoing liabilities of the Scheme. The latest estimate of the amount required to settle the Scheme's liabilities was calculated at 30 April 2014. This indicated that the amount required was £66.3m in excess of the assets held by the Scheme.

##### Future funding obligations in relation to the Scheme

The trustees have selected a funding target based on the Scheme being closed to new members but with active members continuing to accrue benefits. The agreed funding objective is to reach, and then maintain, assets equal to 100% of the value of the projected past service liabilities, assessed on an ongoing basis, allowing for future salary increases for active members.

The most recently completed triennial actuarial valuation of the Scheme was performed by an independent actuary for the trustees of the Scheme and was carried out as at 30 April 2014. In September 2015, the Company and the Trustees agreed the actuarial valuation deficit of £13.8m. As part of that agreement, the Company agreed to make deficit recovery contributions at the rate of £1.5m per annum until 2028.

The weighted average duration of the defined benefit obligation is 24 years (2015: 24 years). The next triennial valuation is expected to take place with an effective date no later than 30 April 2017.

## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 19. Pensions and other post-employment benefits continued

##### Nature and extent of the risks arising from financial instruments held by the Scheme

The expected return on the Scheme's assets is based on market expectations at the beginning of the financial period for returns over the life of the related obligation. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value. Some of these bond investments are issued by the UK Government and the risk of default on these is very small. The trustees also hold bond investments issued by public companies. There is a more significant risk of default on these which is assessed by various rating agencies. The trustees also have a substantial holding of equity and hedge fund investments, with a target of 60% of the Scheme's assets being invested in these funds. The investment return related to these is variable, and they are generally considered much "riskier" investments. It is generally accepted that the yield on these investments will contain a premium ("the equity risk premium") to compensate investors for the additional risk of holding this type of investment. There is significant uncertainty about the likely size of this risk premium.

The majority of the equities held by the Scheme are in international blue chip entities. The aim is to hold a globally diversified portfolio of equities, with a target of 22% of equities being held in the UK, 27% in the rest of Europe, 20% in North American equities, 10% in each of Japanese and Pacific Basin equities and 11% in emerging markets.

As part of the investment strategy review, the trustees, in conjunction with the Company, have carried out an asset-liability review for the Scheme. These studies are used to assist the trustees and the Company in determining the optimal long-term asset allocation with regard to the structure of liabilities within the Scheme. The results of the study are used to assist the trustees in managing the volatility in the underlying investment performance and the risk of a significant increase in the Scheme's deficit by providing information used to determine the pension scheme's investment strategy.

#### 20. Called up share capital and share premium account

	Called up Share Capital Ordinary shares of 10p each		Share premium account
	Number	£000	£000
Share capital issued and fully paid			
At 30 April 2015 and 30 April 2016	398,500,021	39,850	6,000

## BESPAK EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued

#### 21. Commitments

	2016 £000	2015 £000
(i) Capital expenditure contracted for but not provided for in the financial statements	2,118	5,716

#### (ii) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
- Within one year	392	327
- Within two to five years	1,717	796
- Within six to twenty-five years	389	260
	2,498	1,383

#### 22. Share-based payments

Details of the share based payment scheme of the Consort Medical plc Group, in which Bepak Europe Limited employees participate can be found in the financial statements of Consort Medical plc, which do not form part of these financial statements.

#### 23. Parent undertaking and controlling party

The Company is a subsidiary undertaking of Consort Medical plc which is deemed to be the ultimate parent, controlling party and the smallest and largest group undertaking to consolidate these financial statements is Consort Medical plc which is incorporated in England and Wales. The financial statements of Consort Medical plc can be obtained from the Company Secretary, Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ.

#### 24. Contingent liabilities

The Company is party to a cross-guarantee agreement to its ultimate parent's (Consort Medical PLC) undertakings to Barclays Bank plc, the Royal Bank of Scotland, Lloyds Bank plc and Santander plc in respect of the Group's borrowings. The outstanding balance of borrowings amounted to £114.5m (2015: £146.1m) at 30 April 2016.