

Bolt Equity Limited

Annual report and financial statements

**For the year ended
30 June 2015**

Registered Number 07151408

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Company Information

Directors

M Harris
J Grover
M Clark
T Karlsson
P Southwell
P Bulmer

Registered Office

Bampton Road
Harold Hill
Romford
Essex
RM3 8UG

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers

HSBC PLC
60 Queen Victoria Street
London
EC4N 4TR

Strategic report

The Directors present their strategic report of the Group for the year ended 30 June 2015.

Results and dividends

The results for the year are set out in the profit and loss account on page 14. The consolidated profit for the financial year amounted to £2,917,000 (2014: loss of £1,600,000). No dividends were paid during the year (2014: £nil). The Directors do not recommend the payment of a final dividend (2014: £nil).

Review of business

The Group strives to take advantage of the current climate for pharmaceuticals by leveraging its well respected and understood brand name through a reputation of supplying key medicines in priority areas of health spend. The success of the Group is underpinned by its strong relationships with strategic purchasers of pharmaceuticals in the primary and secondary care environments.

The Group is delivering across three areas:

- Building depth into key therapeutic areas by launching new products which complement our current product range and introducing new presentations of existing products – Tapclob®, an oral liquid formulation of clobazam which plays a key role in treating epilepsy especially in children and adolescents has been a major success in the year in the UK; Noyada®, an oral liquid formulation of captopril indicated principally in the treatment of chronic heart failure in neonates, infants and children has seen strong turnover growth in the year. Prenoxad® Injection, the world's first licensed emergency treatment for acute opioid related overdose for use at home or other non-medical settings has seen success in the UK and also in national opioid overdose programmes in other markets. At the end of the financial year the Group saw a UK marketing authorisation granted for Espranor® a patient-friendly and fast-dissolving oral lyophilisate dosage form of buprenorphine, a molecule indicated in all major markets for the treatment of opioid dependency within a framework of medical, social and psychological treatment;
- Re-positioning elements of the existing portfolio internationally; endeavouring to maximise growth potential by obtaining regulatory approvals for our core products in international markets which will allow us to expand potential customers. During the year there were some new products launched internationally for the first time as well as success in retaining and growing sales of existing products awarded for tenders for high growth markets like Saudi Arabia; and
- Continuing to improve the efficiency and quality of our supply chain – during the year significant investment has been made in infrastructure, particularly in respect of sterile ampoule manufacture at the Romford manufacturing site and the development of a new bespoke site manufacturing Unlicensed Medicines near the existing Romford facility. The Group outsourced its UK logistics and warehousing activities in late 2014, a practice common in the pharmaceuticals sector. Further progress has been made improving supply from certain key third party suppliers of finished products and raw materials during the year.

Strategic report (continued)

Review of business (continued)

During the financial year turnover has increased to £73.6 million (2014: £67.1 million). The business has achieved continued growth of new products and expansion into international markets in the year. Operating profit before exceptional items in the financial year was £14.3 million (2014: £11.9 million). EBITDA before exceptional items was £20.7 million (2014: £18.8 million). Exceptional items are outlined in Note 1 on Page 20.

On 4 March 2015 the Company allotted and issued 609,397 one penny ordinary V shares at par for cash to certain Directors and key management.

On 1 October 2014 and 1 April 2015, through its wholly owned subsidiary, Nut Bond Limited, the Group issued £2,157,199 and £2,288,572 Fixed Rate Unsecured PIK Loan Notes respectively as payment in lieu of cash interest accrued to certain holders of the Loan Notes. These Loan Notes were subsequently admitted to the Official List of the Channel Islands Securities Exchange Authority.

Principal risks and uncertainties facing the Group and Company

Management continues to review risks proactively to keep the Group at an acceptable level of overall business risk. The key strategic risks are quality compliance, regulatory approvals, failure to develop and introduce new products and exposure to economic conditions and competitor actions.

The Group operates in a pharmaceutical sector which is highly regulated. The Group has to meet stringent quality requirements in order to maintain its manufacturing licences. Constant monitoring of the supply chain is required to ensure customer satisfaction and the maintenance of trading relationships.

Regulatory requirements are a major factor in determining whether new products can be developed and existing products can be continued. The Group is required to comply with a wide range of regulatory controls over the manufacturing and testing of its products. The Group places high importance on its quality control procedures, both through maintenance of proper systems of control and appropriate qualifications and experience of quality control personnel.

The Group operates in a business sector which continually develops new products. In order to remain competitive the Group must continue to develop innovative products that satisfy customer needs. Developing new products is a costly, lengthy and uncertain process and potential products may not be brought to market for a number of reasons, such as failure to receive regulatory approval or competitor actions. Regular internal and market focused reviews are undertaken to ensure such risks are minimised and the Group uses a wide body of technical and medical experts to challenge and support its research and development activities.

The Group is impacted by underlying macro-economic events, particularly those that have a direct impact on the NHS in the UK where funding has been reduced in real terms. Changes to the set up and funding of the NHS are areas that the Group has to adapt to in respect of its commercial practices. The Group's sales and marketing team is sufficiently flexible to change its contact points within the NHS in order to be able to influence the relevant decision makers.

Strategic report (continued)

Principal risks and uncertainties facing the Group and Company (continued)

In addition there are several financial risks which are detailed in the Directors' report on page 7.

As the Company has no trade, but acts as a holding company, the Directors consider the principal risk is that of the performance of the Company's investments. The Directors of the Company closely monitor the performance of the subsidiary undertakings.

Key performance indicators (KPIs)

The Board monitors a number of key financial and non-financial performance indicators including turnover, gross margins, earnings before interest, tax, depreciation and amortisation (EBITDA) and operating cash flows.

- Turnover increased by 9.7% to £73.6 million principally due to continued strong growth of new products and expansion in international markets;
- Gross margin improved from 50.8% to 51.2% due to an improved turnover mix, efficiencies and cost savings; and
- EBITDA before exceptional items increased by 10.2% due to the profit impact of the increase in turnover.

In addition the Group measures, staff numbers, quality matters, customer complaints, and health and safety performance through an executive management committee process.

Strategy and future developments

The Group's strategy is to continue the transformation of Martindale Pharma from a supplier of commodity generic products focussed on the UK, to an international specialty pharmaceutical company. The execution of this strategy is based on the implementation of three strategies:

- Maximising the portfolio: focusing on core product areas; growing the patient base; increasing the market segments in which our products can compete and protecting our products from competition. In particular, this can be seen through the growth of the critical care and emergency care products (hospital and retail specialty products) and adding further sales through in-licencing of opportunities that are complementary to our existing portfolio ;
- Increasing the International scope of the Group: changing the Group skill set from a 'UK group doing export' to an internationally focused business concentrating on countries investing in healthcare. Endeavouring to build enduring relationships with strong local distributors to access the market and managed by a strong Regional Manager framework; and
- Creation of a global supply chain: to drive efficiencies in manufacture and distribution, effectively managing third party suppliers and improve consistency of supply to the customer.

Strategic report (continued)

Strategy and future developments (continued)

The Group continues to focus on six defined product areas:

- Which can generate significant turnover and profit;
- Have sustainable growth prospects;
- With clearly defined areas of unmet medical need;
- Where treatment is opinion – leader led; and
- Which have technical, commercial or IP-related barriers to entry.

Three product areas will provide the majority of our sales growth through the launch of current and new products in new countries, as well as the launch of new products in the UK; these product areas are Hospital Specialty Products, Retail Specialty Products and Critical Care. Three product areas that will continue to provide the platform for our business, where we will maximise the potential of these areas by improving product presentations, innovating our services and driving manufacturing efficiencies; these product areas are Unlicensed Medicines, Addiction and Ophthalmics.

Prospects for the Group in the UK market in the forthcoming year remain challenging as the NHS copes with lower funding and budgets. The Group is a leader in most of the markets that it operates in and continues to seek opportunities to develop its business both in the UK and overseas. Recent restructuring has resulted in a more focused and responsive organisation better placed to take advantage of opportunities in a rapidly changing environment.

Further infrastructure changes will be made in the year ending 30 June 2016 to improve the cost base of the business.

On 1 July 2015, through its wholly owned subsidiary Nut Bond Limited, the Group issued £1,196,033 Fixed Rate Unsecured PIK Loan Notes due 2018 as payment in lieu of cash interest to certain holders of the Loan Notes from 1 April 2015 to 30 June 2015. On 31 July 2015, Nut Bond Limited repaid £31,500,000 Fixed Rate Unsecured PIK Loan Notes due 2018 together with accrued interest thereon of £404,073, subsequent to the refinancing of its subsidiary undertaking Bolt Mezzanine Limited on 17 July 2015 under which it signed a £66.25 million bank facility with four banks.

Approved by the Board and signed on its behalf by



J Grover
Director
30 September 2015

Directors' report

The Directors present their report on the affairs of the Group together with the audited consolidated financial statements and auditors report for the year ending 30 June 2015.

Principal activities

The Group's business is the manufacture and sale of pharmaceutical products to hospitals, retail pharmacies and wholesalers in the UK and overseas. The Group trades as "Martindale Pharma".

Business environment

The Group continues to operate in a challenging economic and regulatory environment across all markets and continues to be responsive and adaptable to healthcare market needs, while actively seeking new product and service solutions and business development opportunities.

In the UK, against a continuing austerity undertone a decrease in real terms in National Health Service ('NHS') funding impacts drug pricing to hospitals, with Framework Agreements for the supply of medicines being reviewed more frequently, the increasing use of tenders to reduce acquisition costs and use of Health Technology Assessments to ensure only innovative medicines representing value for money can be prescribed. Further there have been increased pressures on reducing the prescribing of unlicensed medicines with a focus on price rather than quality and service.

Demographic-led changes for conditions such as diabetes and Alzheimer's disease will lead to non-NHS providers taking on patients and to improvements in care pathways. Innovative products which improve adherence to treatment or reduce time healthcare professionals need to spend with patients will be rapidly adopted.

Effective from January 2014 the pharmaceutical industry agreed to keep NHS expenditure on branded medicines in the Pharmaceutical Price Regulatory Scheme flat for two years and within agreed levels for a further three years. If the allowed growth rate is exceeded, companies will make quarterly retrospective cash payments based on their NHS net sales. For calendar year 2014 the levy paid to the Department of Health was 3.74% which was then increased to 10.36% for calendar year 2015, putting a significant financial burden on the Group. The relevant percentage for 2016 will be set at the end of 2015. This effective pharmaceutical sales tax creates further challenges for UK pharmaceutical companies.

In Europe, healthcare markets face continued downward pressure on pricing, not only from the economic environment, but also the changing demographic of an ageing population. There are increasing barriers to adoption of new products in those markets to ensure only new, cost-effective products are prescribed and also mechanisms to reduce spend on medicines include mandatory price decreases, a reduction in reimbursement coverage and generic substitution at pharmacy level. The Middle East and North Africa region, particularly the Gulf Co-operation Council states, will see significant increases in healthcare spend and in particular infrastructure spend for new hospitals which will lead to increased usage of hospital medicines. There are a number of other regions, particularly in Asia Pacific where spend on medicines is increasing particularly in the area of emergency care and there continues to be demand for low cost, high quality generic products, but with constraints from limited funding and growing populations.

Directors' report (continued)

Business environment (continued)

There remains opportunity for additional growth to that generated in the UK, as the Group's essential products portfolio, existing and new, addresses health care priorities in several major markets.

Future developments

The future developments of the Group have been disclosed in the Strategic report on pages 4 and 5.

Financial risk management

The Group undertakes a certain level of sales in foreign currencies, and also sources certain raw materials and finished products from non-UK based manufacturers. The Group's risk to foreign exchange rate fluctuations is reviewed on a regular basis. The Group manages its credit risk with the setting of appropriate credit limits and actively monitors its outstanding trade debtor balances.

In order to maintain liquidity to ensure sufficient funds are available for on-going operations and future developments, the Group uses a mixture of short term and long term debt finance. Surplus liquid funds are invested in short term deposits with financial institutions with high credit ratings assigned by international credit rating agencies.

There is a comprehensive budgeting system in place with an annual budget approved by the Board. Management information systems provide Directors with relevant and timely reports that identify significant deviations from approved plans and include regular re-forecasts for the year, in order to facilitate timely reaction to changes in economic conditions and competitor actions.

Corporate and social responsibility

The Group manages its Corporate Social Responsibility programme based on four key areas: Our Community, Our Environment, Our Marketplace and Our People. Within each of these areas, it has identified key priorities that reflect its values and support its objectives of building a sustainable Group and maintaining high ethical standards:

- Our Community - wherever the Group does business, its priority is to make a positive contribution to the communities that it serves. The Group contributes to its community and supports active engagement of employees with the local community and charitable fund raising activities;
- Our Environment - at a time when climate change is of increasing concern, the Group's highest environmental priority is to improve its carbon management, and as such it engages in activities to reduce its carbon footprint for all facilities and by focusing on efficient logistics activities which reduce emissions. In addition it focuses on activities to reduce waste and recycle materials;

Directors' report (continued)

Corporate and social responsibility (continued)

- Our Marketplace – the Group recognises the trust in it that is held by its customers and wider stakeholders. The Group aims to maintain the highest standards of integrity in everything it does. Its products have direct impacts on the quality of life, health and well-being of our ultimate customer, the patient. The Group takes this responsibility seriously; and
- Our People – the health and wellbeing of its employees is a very high priority. The Group has policies and a code of conduct that aims to cover a wide range of issues including:
 - Provision of a safe and hygienic working environment and taking steps to prevent accidents and injuries;
 - Ensuring pay is sufficient to meet basic needs and provide some discretionary income;
 - Ensuring working hours comply with national laws and benchmark industry standards, whichever affords greater protection;
 - Ensuring there is no discrimination in hiring, wages, access to training, promotion, termination or retirement based on race, national origin, religion, age, disability, gender, marital status, sexual orientation or union membership; and
 - Prohibiting and not tolerating actual, or the threat of, physical, verbal, sexual or other harassment or abuse or other forms of intimidation.

Employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal and informal meetings and an internal company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. We encourage the future interest and involvement of our people in the Group's future through reward schemes that are linked to business and individual performance.

Efforts are made to provide as much suitable employment as possible for disabled people. Depending on their skills and abilities employees have the same opportunities for training, career development and promotion as other employees. Wherever possible this includes the retraining and retention of staff who have become disabled during their employment.

Research and development

The Group continues to invest in research and development and the Directors regard investments in this area as a prerequisite for success in the medium to long term future. The cost incurred in the year amounted to £154,000 (2014: £258,000).

Directors' report (continued)

Directors

The Directors who held office during the year and up to the date of signing the consolidated financial statements are given below:

M Harris appointed 7 July 2014
J Grover
M Clark
T Karlsson
P Southwell
P Bulmer

Directors' indemnities

The Group maintained liability insurance for its Directors and officers throughout the financial year. Paul Southwell and Patrick Bulmer, directors of the Company, are the beneficiaries of a qualifying third party indemnity provision, as defined in section 234 of the Companies Act 2006, granted to them by the Company.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group 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 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 and the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

Statement of disclosure of information to the auditors

As at the date of this report, as far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken such steps as he should have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'J. Grover', with a horizontal line underneath.

J Grover
Director
30 September 2015

Independent auditors' report to the members of Bolt Equity Limited

Report on the financial statements

Our opinion

In our opinion, Bolt Equity Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2015 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the company and consolidated balance sheets as at 30 June 2015;
- the consolidated profit and loss account for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (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 year 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Bolt Equity Limited (continued)

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.

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 9, 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) ("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:

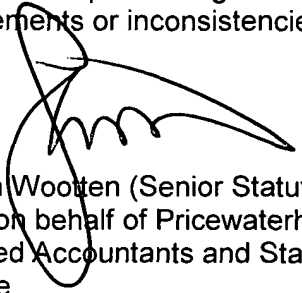
- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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.

Independent auditors' report
to the members of Bolt Equity Limited (continued)

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.



Stephen Wooten (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
30 September 2015

Consolidated profit and loss account for the year ended 30 June 2015

	Note	2015 £000	2014 £000
Turnover	2	73,632	67,095
Cost of sales		(35,918)	(32,993)
Gross profit		37,714	34,102
Distribution costs		(3,728)	(3,124)
Administrative expenses		(20,441)	(22,411)
Operating profit		13,545	8,567
Operating profit before exceptional items		14,287	11,922
Exceptional items	3	(742)	(3,355)
Operating profit after exceptional items		13,545	8,567
Finance charges (net)	4	(8,240)	(8,003)
Profit on ordinary activities before taxation	5	5,305	564
Tax on profit on ordinary activities	8	(2,388)	(2,164)
Profit / (loss) for the financial year		2,917	(1,600)

There is no difference between the profit on ordinary activities before taxation and the profit / (loss) for the financial years stated above and their historical cost equivalents.

All of the Group's operations during the year related to continuing operations.

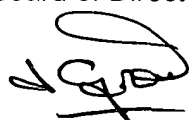
There were no recognised gains or losses other than those reported in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

Consolidated Balance Sheet

as at 30 June 2015

	Note	2015 £000	2014 £000
Fixed assets			
Intangible assets	10	6,489	5,640
Goodwill	11	56,069	59,852
Tangible assets	12	11,638	11,113
		<u>74,196</u>	<u>76,605</u>
Current assets			
Stocks	14	8,486	9,059
Debtors	15	15,702	13,643
Cash at bank and in hand		10,092	7,535
		<u>34,280</u>	<u>30,237</u>
Creditors: amounts falling due within one year	16	(23,245)	(24,759)
Net current assets		<u>11,035</u>	<u>5,478</u>
Total assets less current liabilities		85,231	82,083
Creditors: amounts falling due after more than one year	17	(79,743)	(79,142)
Provisions for liabilities	18	(1,383)	(1,759)
Net assets		<u>4,105</u>	<u>1,182</u>
Capital and reserves			
Called up share capital	19	534	528
Share premium account	20	2,805	2,805
Profit and loss account	20	766	(2,151)
Total shareholders' funds	21	<u>4,105</u>	<u>1,182</u>

The consolidated financial statements on pages 14 to 37 were approved by the Board of Directors and were signed on its behalf by:



J Grover
Director
30 September 2015
Registered number: 07151408

Company Balance Sheet

as at 30 June 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	13	21,784	21,784
		<u>21,784</u>	<u>21,784</u>
Current assets			
Debtors	15	15,454	85
Cash at bank and in hand		20	13
		<u>15,474</u>	<u>98</u>
Creditors: amounts falling due within one year	16	(8,679)	(7,013)
Net current assets / (liabilities)		<u>6,795</u>	<u>(6,915)</u>
Total assets less current liabilities		28,579	14,869
Creditors: amounts falling due after more than one year	17	(18,541)	(18,541)
Net assets / (liabilities)		<u>10,038</u>	<u>(3,672)</u>
Capital and reserves			
Called up share capital	19	534	528
Share premium account	20	2,805	2,805
Profit and loss account	20	6,699	(7,005)
Total shareholders' funds / (deficit)	21	<u>10,038</u>	<u>(3,672)</u>

The financial statements on pages 14 to 37 were approved by the Board of Directors and were signed on its behalf by:



J Grover
Director
30 September 2015
Registered number: 07151408

Consolidated cash flow statement
for the year ended 30 June 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	22	17,029	15,578
Returns on investments and servicing of finance	23	(1,479)	(1,773)
Taxation	23	(2,447)	(2,048)
Capital expenditure and financial investment	23	(4,033)	(6,006)
Cash inflow before management of liquid resources and financing		<u>9,070</u>	<u>5,751</u>
Financing	23	(6,513)	(6,204)
Increase / (decrease) in cash in the year		<u>2,557</u>	<u>(453)</u>
Opening cash and cash equivalents		<u>7,535</u>	<u>7,988</u>
Closing cash and cash equivalents		<u><u>10,092</u></u>	<u><u>7,535</u></u>

Notes to the financial statements for the year ended 30 June 2015

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the provisions of the Companies Act 2006.

Basis of preparation

The financial statements are prepared under the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

The Directors consider the Group has adequate resources to remain in operation for the foreseeable future, and have therefore continued to adopt the going concern basis for preparing the Group and Company financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date control passed. Acquisitions are accounted for under the acquisition method. Uniform Accounting policies are applied across the Group and any profits or losses on intra group transactions have been eliminated.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, unless settlement has been covered by a forward exchange contract, in which case the contract rate is used.

Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date or at the rate at which they are covered by matching forward exchange contracts. Gains and losses on retranslation are included in the profit and loss account.

Intangible assets - licences

Licences are valued at cost on acquisition and are amortised in equal annual instalments over their estimated useful economic lives with a maximum life of ten years. Provision is made for any impairment.

Intangible assets – development expenditure

Expenditure incurred in the research of the new products is written off to the profit and loss account as incurred. Development expenditure is also written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is typically up to a maximum of 10 years. Provision is made for any impairment.

Notes to the financial statements (continued)

for the year ended 30 June 2015

1. Accounting policies (continued)

Goodwill

In accordance with Financial Reporting Standard Number 10 "Goodwill and Intangible Assets", goodwill relating to the acquisition of businesses is capitalised and amortised in equal annual instalments over its estimated useful life. Goodwill is being amortised over 20 years. The Directors undertake an impairment review in each financial year where events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable in full.

Tangible assets and depreciation

Tangible fixed assets are stated at costs or valuation, net of depreciation and any provision for impairment. Cost includes the original purchase price of the assets and the cost attributable to bring the asset to its working condition for its intended use.

Depreciation is provided so as to write off the cost or valuation, less estimated residual value of tangible fixed assets over their estimated useful lives. The principal rates used are as follows:

Short leasehold improvements	Period of the lease or an appropriate shorter period
Fixtures, fittings & equipment	
Fixtures, fittings	10-20% on a straight line basis
Computer equipment	20-33% on a straight line basis
Motor vehicles	25% on a straight line basis

Fixed asset investments

Investments in subsidiary undertaking are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of work in progress and finished goods includes an appropriate proportion of attributable overheads. The stock valuation method used is standard cost. Provision is made for obsolete, slow moving, shorted dated or defective items where appropriate.

Borrowings

Bank loans, loan notes and overdrafts are stated at the amount repayable at the balance sheet date, net of directly attributable issue costs which are amortised over the period of the relevant loans. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

A provision is recognised as a liability when the Group has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. The amount provided for is management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The Group recognises dilapidation provisions when: property leases have a legal or constructive obligation to reinstate any alteration or to make good dilapidations at the end of the lease; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Dilapidations provisions are not discounted.

Notes to the financial statements (continued)

for the year ended 30 June 2015

1. Accounting policies (continued)

Turnover

Turnover represents cash and credit sales net of value added tax, trade discounts and rebates and is recognised at the point of dispatch of goods to the customer.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the Group's management consider should be disclosed separately to enable a full understanding of the Group's results. An amount of £0.7 million (2014: £3.4 million) has been charged to the Group's profit and loss account principally in respect of costs incurred in restructuring the business and provisions made for onerous contracts.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reserved at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- i. Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- ii. Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses.
- iii. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

Pension costs in respect of the Group's defined contribution schemes are charged to the profit and loss account as incurred.

Notes to the financial statements (continued)

for the year ended 30 June 2015

2. Turnover

The analysis of turnover by destination of geographical market is stated below:

	2015 £000	2014 £000
Turnover		
United Kingdom	61,045	57,294
Rest of World	12,587	9,801
	<u>73,632</u>	<u>67,095</u>

The Group operates in a single segment which is the manufacturing and sales of pharmaceutical and controlled drugs.

3. Exceptional items

The analysis of exceptional costs is stated below:

	2015 £000	2014 £000
Restructuring costs	575	1,220
Loss on write-off of tangible fixed assets	-	167
Impairment of fixed assets	-	863
Dilapidations	42	805
Onerous contract	125	300
	<u>742</u>	<u>3,355</u>

Restructuring costs consist of consultancy fees, legal fees, interim staff fees and redundancy costs. The dilapidations costs relate to two property leases in Brentwood, Essex, one of which was exited during the year. The onerous contract cost was in respect of a cancelled commercial arrangement settled in the year.

4. Finance charges (net)

	2015 £000	2014 £000
Interest payable and similar charges	8,267	8,037
Interest receivable and similar income	<u>(27)</u>	<u>(34)</u>
	<u>8,240</u>	<u>8,003</u>

Notes to the financial statements (continued)

for the year ended 30 June 2015

4. Finance charges (net) (continued)

Interest payable and similar charges	2015 £000	2014 £000
Bank loans	1,476	1,758
9% Cumulative preference share dividend	1,669	1,669
Unsecured PIK loan notes	4,605	4,093
Amortisation of bank loan fees	517	517
	<u>8,267</u>	<u>8,037</u>

The Group's and Company's preference shares are included in the balance sheet as a liability and accordingly the dividends on them are included as finance charges.

Interest receivable and similar income	2015 £000	2014 £000
Bank interest	<u>27</u>	<u>34</u>

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Note	2015 £000	2014 £000
Amortisation of intangible fixed assets	10	157	89
Amortisation of goodwill	11	3,783	3,783
Depreciation of owned tangible fixed assets	12	2,494	2,999
Impairment of tangible fixed assets		-	863
(Profit)/loss on disposal of tangible fixed assets		(13)	91
Loss on write-off of tangible fixed assets	12	8	167
Auditors' remuneration			
- audit		95	100
- audit services		19	14
- taxation compliance services		42	57
Foreign exchange losses		164	233
Operating lease rentals:			
- land and buildings		1,195	489
- plant and machinery		171	168
- car leases		249	214
Research and development		154	258
Amortisation of loan fees		517	517
		<u></u>	<u></u>

Notes to the financial statements (continued)

for the year ended 30 June 2015

6. Employee information

The average monthly number of people (including executive Directors) employed by the Group during the year was:

	2015 Number	2014 Number
Manufacturing and distribution	349	353
Administration	44	46
	<u>393</u>	<u>399</u>

Their aggregate remuneration comprised:

	2015 £000	2014 £000
Wages & salaries	15,897	14,417
Social security costs	1,590	1,447
Other pension costs	392	324
	<u>17,879</u>	<u>16,188</u>

The Company had no employees during either year.

7. Directors' remuneration

	2015 £000	2014 £000
Aggregate emoluments	1,158	686
Compensation for loss of office	-	176
Company contribution to personal pension or money purchase pension schemes	4	1
	<u>1,162</u>	<u>863</u>

The number of Directors who

	2015	2014
Company paid contributions to personal pension or money purchase pension schemes	<u>2</u>	<u>1</u>

	2015 £000	2014 £000
Highest paid Director		
Aggregate emoluments	403	176
Compensation for loss of office	<u>-</u>	<u>176</u>

Details of transactions with directors during the year are disclosed in note 28.

Notes to the financial statements (continued)

for the year ended 30 June 2015

8. Tax on profit on ordinary activities

a) The tax charge comprises:

	2015 £000	2014 £000
UK corporation tax		
Current year	2,419	2,183
Adjustment in respect of prior years	(5)	197
Total current tax	<u>2,414</u>	<u>2,380</u>
Deferred taxation – UK		
Origination and reversal of timing differences	(51)	(160)
Effects of changes in tax rates	2	(11)
Adjustments in respect of prior years	23	(45)
Total deferred tax	<u>(26)</u>	<u>(216)</u>
Tax on profit of ordinary activities	<u>2,388</u>	<u>2,164</u>

b) The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax of 20.75% (2014: 22.5%). The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2015 £000	2014 £000
Profit on ordinary activities before tax	<u>5,305</u>	<u>564</u>
Profit on ordinary activities multiplied by standard rate in the UK of 20.75% (2014: 22.5%)	1,101	127
Effects of:		
Permanent differences	78	451
Timing differences between capital allowances and depreciation	48	154
Goodwill amortisation	785	851
Dividends on preference shares	346	375
Non-deductible interest	53	252
Other timing differences	8	(27)
Adjustments in respect of prior years	(5)	197
Current tax charge for the year	<u>2,414</u>	<u>2,380</u>

Notes to the financial statements (continued)

for the year ended 30 June 2015

8. Tax on profit on ordinary activities (continued)

c) Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for the accounting period are taxed at an effective rate of 20.75%.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

9. Profit attributable to the Company

The profit for the financial year dealt with in the financial statements of the parent Company was £13.7 million (2014: £1.7 million loss). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented.

10. Intangible assets

	Development expenditure £000	Licences £000	Total £000
Cost:			
At 1 July 2014	4,053	2,854	6,907
Additions	998	8	1,006
Disposals	-	(996)	(996)
At 30 June 2015	5,051	1,866	6,917
Accumulated amortisation:			
At 1 July 2014	-	1,267	1,267
Amortisation charge	-	157	157
Disposals	-	(996)	(996)
At 30 June 2015	-	428	428
Net book value:			
At 30 June 2015	5,051	1,438	6,489
At 30 June 2014	4,053	1,587	5,640

The additions in the year relate to costs associated with the acquisition of product licences from third parties and costs for new product development. The disposals in the year relate to product development which has been discontinued.

The Company had no intangible fixed assets at 30 June 2015 and at 30 June 2014.

Notes to the financial statements (continued)

for the year ended 30 June 2015

11. Goodwill

	2015 £000
Cost:	
At 30 June 2014 and 30 June 2015	75,480
Accumulated amortisation:	
At 1 July 2014	15,628
Amortisation charge	3,783
At 30 June 2015	19,411
Net book value:	
At 30 June 2015	56,069
At 30 June 2014	59,852

12. Tangible assets

	Short leasehold improvements £000	Fixtures fittings & equipment £000	Total £000
Cost:			
At 1 July 2014	5,999	14,755	20,754
Additions	94	2,933	3,027
Disposals	-	(8)	(8)
At 30 June 2015	6,093	17,680	23,773
Accumulated depreciation:			
At 1 July 2014	3,053	6,588	9,641
Charge for the year	466	2,028	2,494
Disposals	-	-	-
At 30 June 2015	3,519	8,616	12,135
Net book value:			
At 30 June 2015	2,574	9,064	11,638
At 30 June 2014	2,946	8,167	11,113

Short leasehold improvements include an asset of £610,000 recognised on establishment of dilapidations provisions in prior years (2014: £610,000)

The Company had no tangible fixed assets at 30 June 2015 or at 30 June 2014.

Notes to the financial statements (continued)

for the year ended 30 June 2015

13. Fixed asset investments

Company		
Investments in subsidiary undertakings		
	2015	2014
	£000	£000
Investments at cost	21,784	21,784

At 30 June 2015, the Company held the whole of the issued share capital either directly or indirectly of the following subsidiaries which are incorporated in England and Wales.

	Principal Activity	Number and value of share capital held
Nut Bond Limited	Holding company	100,000 1p ordinary shares
Bolt Mezzanine Limited*	Holding company	100,000 1p ordinary shares
Martindale Pharma (Holdings 1) Limited*	Holding company	100,000 1p ordinary shares
Macarths Laboratories Limited*	Pharmaceutical manufacturing	3,501,000 £1 ordinary shares
Martindale Pharmaceuticals Limited*	Dormant	100 £1 ordinary shares
Aurum Pharmaceuticals Limited*	Dormant	100 £1 ordinary shares

* Held by subsidiary undertaking.

In the opinion of the Directors the values of the above investments are at least equal to the amounts at which they are stated in the balance sheet.

As part of a Group simplification on 28 November 2014 Nut Bond Limited undertook a capital reduction.

Notes to the financial statements (continued)

for the year ended 30 June 2015

14. Stocks

	Group 2015 £000	Group 2014 £000
Raw materials and consumables	2,013	2,186
Work in progress	496	648
Finished goods and goods for resale	5,977	6,225
	<u>8,486</u>	<u>9,059</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

15. Debtors:

	Group 2015 £000	2014 £000	Company 2015 £000	2014 £000
Trade debtors	14,284	12,207	-	-
Amounts owed by Group undertakings	-	-	15,454	19
Other debtors	63	267	-	66
Prepayments and accrued income	1,355	1,169	-	-
	<u>15,702</u>	<u>13,643</u>	<u>15,454</u>	<u>85</u>

Of the Amounts owed by Group undertakings, £15,376,000 (2014: nil) is due after more than one year, attracts interest at 6% per annum and is unsecured, with the balance being interest free, repayable on demand and unsecured.

16. Creditors: amount falling due within one year

	Group 2015 £000	2014 £000	Company 2015 £000	2014 £000
Bank loans and overdrafts	4,361	6,519	-	-
Trade creditors	2,199	3,339	-	-
Amounts owed to group undertakings	-	-	98	98
Corporation tax	1,070	1,111	-	-
Other creditors	1,050	312	-	-
Other taxation and social security	1,103	1,469	-	-
Accruals and deferred income	13,462	12,009	8,581	6,915
	<u>23,245</u>	<u>24,759</u>	<u>8,679</u>	<u>7,013</u>

Amounts owed to group undertakings are not secured, are repayable on demand and do not accrue interest.

Notes to the financial statements (continued)

for the year ended 30 June 2015

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bank loans	21,885	26,246	-	-
Unamortised loan fees	(683)	(1,200)	-	-
Unsecured PIK loan notes	40,000	35,555	-	-
Cumulative redeemable preference	18,541	18,541	18,541	18,541
	<u>79,743</u>	<u>79,142</u>	<u>18,541</u>	<u>18,541</u>
Borrowings are repayable as follows:				
	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Unsecured PIK loan notes				
Between two and five years	<u>40,000</u>	<u>35,555</u>	<u>-</u>	<u>-</u>
9% Redeemable preference shares				
Between two and five years	<u>18,541</u>	<u>18,541</u>	<u>18,541</u>	<u>18,541</u>
Bank loans				
Between one and two years	21,885	4,361	-	-
Between two and five years	-	21,885	-	-
	<u>21,885</u>	<u>26,246</u>	<u>-</u>	<u>-</u>
On demand or within one year	4,361	6,519	-	-
	<u>26,246</u>	<u>32,765</u>	<u>-</u>	<u>-</u>
Total borrowings				
Between one and two years	21,885	4,361	-	-
Between two and five years	<u>58,541</u>	<u>75,981</u>	<u>18,541</u>	<u>18,541</u>
	80,426	80,342	18,541	18,541
On demand on within one year	4,361	6,519	-	-
	<u>84,787</u>	<u>86,861</u>	<u>18,541</u>	<u>18,541</u>

Notes to the financial statements (continued)

for the year ended 30 June 2015

17. Creditors: amounts falling due after more than one year (continued)

Bank loans are secured by fixed and floating charges over the assets of the Group. The bank loans are repayable by instalments and are repayable by May 2017. The interest rate on the loans is LIBOR plus a margin and is paid quarterly. Interest rate swaps have been entered into that effectively fix a proportion of the interest charge on the bank loans.

On 1 October 2014 and 1 April 2015, through its wholly owned subsidiary, Nut Bond Limited, the Group issued £2,157,199 and £2,288,572, Fixed Rate Unsecured PIK Loan Notes respectively as payment in lieu of cash interest accrued to certain holders of the Loan Notes. These Loan Notes were subsequently admitted to the Official List of the Channel Islands Securities Exchange Authority. The loan notes are repayable on 30 April 2018. Interest accrues at a rate of 3% per quarter and compounds quarterly if the interest is not paid.

On 1 July 2015, through its wholly owned subsidiary Nut Bond Limited, the Group issued £1,196,033 Fixed Rate Unsecured PIK Loan Notes due 2018 as payment in lieu of cash interest to certain holders of the Loan Notes from 1 April 2015 to 30 June 2015. On 31 July 2015, Nut Bond Limited repaid £31,500,000 Fixed Rate Unsecured PIK Loan Notes due 2018 together with accrued interest thereon of £404,073, subsequent to the refinancing of its subsidiary undertaking Bolt Mezzanine Limited on 17 July 2015 under which it signed a £66.25 million bank facility with four banks.

The Group has an undrawn committed borrowing facility available at 30 June 2015 of £0.75 million (2014: £0.75 million), which is at a floating rate and expires in more than two years.

18. Provisions for liabilities

Group

	Deferred taxation £000	Onerous contracts £000	Dilapidations £000	Total £000
At 1 July 2014	49	300	1,410	1,759
Profit and loss account	(26)	125	35	134
Utilisation of provision	-	(425)	(85)	(510)
At 30 June 2015	23	-	1,360	1,383

Onerous contract

The opening onerous contract provision was created in respect of a cancelled commercial arrangement, the net obligations under which were resolved during the year.

Dilapidations

The dilapidations provision relates to anticipated costs of restoring the leasehold properties to their original condition at the end of the present leases. The provision will be utilised at the end of the leases if they are not renewed. The provision utilised during the year followed the exiting of a leased property in Brentwood.

Notes to the financial statements (continued)

for the year ended 30 June 2015

18. Provisions for liabilities (continued)

Deferred taxation

Deferred taxation is provided as follows:

	£000
At 1 July 2014	49
Other short term timing difference	(51)
Effects of change in tax rate	2
Prior year adjustment	23
	<u>23</u>
At 30 June 2015	<u>23</u>

The amounts provided for deferred taxation and the amounts unprovided are set out below:

	2015 Provided £000	Unprovided £000	2014 Provided £000	Unprovided £000
Accelerated capital allowances	90	-	63	-
Short term timing differences	(67)	-	(14)	-
Chargeable gains rolled over	-	1,044	-	1,044
At 30 June	<u>23</u>	<u>1,044</u>	<u>49</u>	<u>1,044</u>

The unprovided deferred tax relates primarily to a chargeable gain rolled over into replacement assets. The deferred tax asset will be recognised when the directors believe the company will make sufficient profits for the asset to be utilised.

The Company had £nil (2014: £nil) provisions for liabilities.

19. Called up share capital

Group and Company

Authorised

	2015 Number	£	2014 Number	£
Ordinary shares of £1.00 each	500,000	500,000	500,000	500,000
A Ordinary shares of 1p each	2,833,333	28,333	2,833,333	28,333
V Ordinary shares of 1p each	609,397	6,094	-	-
		<u>534,427</u>		<u>528,333</u>

Notes to the financial statements (continued)

for the year ended 30 June 2015

19. Called up share capital (continued)

Called up, allotted and fully paid

	2015		2014	
	Number	£	Number	£
Ordinary shares of £1.00 each	500,000	500,000	500,000	500,000
A Ordinary shares of 1p each	2,833,333	28,333	2,833,333	28,333
V Ordinary shares of 1p each	609,397	6,094	-	-
		<u>534,427</u>		<u>528,333</u>

On 4 March 2015 the Company allotted and issued 609,397 one penny V Ordinary shares at par for cash.

20. Reserves

Group

	Share premium account	Profit and loss account	Total
	£000	£000	£000
At 1 July 2014	2,805	(2,151)	654
Profit for the financial year	-	2,917	2,917
At 30 June 2015	<u>2,805</u>	<u>766</u>	<u>3,571</u>

Company

	Share premium account	Profit and loss account	Total
	£000	£000	£000
At 1 July 2014	2,805	(7,005)	(4,200)
Profit for the financial year	-	13,704	13,704
At 30 June 2015	<u>2,805</u>	<u>6,699</u>	<u>9,504</u>

21. Reconciliation of movements in total shareholders' funds / (deficit)

	Group £000	Company £000
At 1 July 2014	1,182	(3,672)
Issue of ordinary share capital	6	6
Profit for the financial year	<u>2,917</u>	<u>13,704</u>
At 30 June 2015	<u>4,105</u>	<u>10,038</u>

Notes to the financial statements (continued)

for the year ended 30 June 2015

22. Reconciliation of operating profit to operating cash flows

	2015 £000	2014 £000
Operating profit	13,545	8,567
Depreciation, amortisation and impairment	6,437	7,992
Other non-cash items	5	1,100
Decrease / (increase) in stocks	573	(995)
(Increase) / decrease in debtors	(2,067)	337
Decrease in creditors	(1,114)	(1,368)
Decrease in provisions	(350)	(55)
Net cash inflow from operating activities	17,029	15,578

23. Analysis of cash flows

	2015 £000	2014 £000
Returns on investments and servicing of finance		
Interest received	27	34
Interest paid	(1,506)	(1,807)
Net cash outflow from returns on investments and servicing of finance	(1,479)	(1,773)
Taxation		
UK corporation tax paid	(2,447)	(2,048)
Net cash outflow from taxation	(2,447)	(2,048)
Capital expenditure and financial investment		
Purchase of intangible assets	(1,006)	(2,286)
Purchase of tangible assets	(3,027)	(3,738)
Proceeds from sale of tangible assets	-	18
Net cash outflow from capital expenditure and financial investment	(4,033)	(6,006)
	2015 £000	2014 £000
Financing		
Issue of ordinary share capital	6	-
Repayment of bank loan	(6,519)	(6,204)
Net cash outflow from financing	(6,513)	(6,204)

Notes to the financial statements (continued)

for the year ended 30 June 2015

24. Analysis and reconciliation of net debt

	Cash at bank and in hand £000	Debt due within one year £000	Debt due after one year £000	Net debt £000
At 1 July 2014	7,535	(6,519)	(79,142)	(78,126)
Repayment of debt	-	6,519	-	6,519
Maturity adjustment	-	(4,361)	4,361	-
PIK loan note issued for non-cash consideration	-	-	(4,446)	(4,446)
Amortisation of capitalised finance costs	-	-	(517)	(517)
Net increase in cash and cash equivalents	2,557	-	-	2,557
At 30 June 2015	10,092	(4,361)	(79,744)	(74,013)

	2015 £000	2014 £000
(Increase) / decrease in cash	(2,557)	453
Decrease in debt	(6,519)	(6,204)
Change in net debt resulting from cash flows	(9,076)	(5,751)
Amortisation of capitalised loan fees	517	517
PIK loan notes issued for non-cash consideration	4,446	3,950
Movement in net debt in the year	(4,113)	(1,284)
Net debt at 1 July 2014	78,126	79,410
Net debt at 30 June 2015	74,013	78,126

Notes to the financial statements (continued)

for the year ended 30 June 2015

25. Financial instruments

Interest rate swap contracts

Under interest rate swap contracts the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts	Average Contract fixed Interest rate %	Notional Principal value £000	Fair value £000
At 30 June 2015			
Between two to five years	0.795	<u>18,000</u>	<u>(10)</u>
At 30 June 2014			
Between two to five years	0.795	<u>22,000</u>	<u>(2)</u>

Unsecured PIK loan notes

The loan notes are registered on the Channel Island Securities Exchange Authority, they are held but not traded and therefore there is no market for them. The Directors consider that their fair value is par plus the value of accrued interest.

Notes to the financial statements (continued)

for the year ended 30 June 2015

26. Financial commitments

Group

Capital commitments are as follows:

	2015 £000	2014 £000
Contracted for but not provided for	1,603	346

At 30 June 2015 and 2014 the company had £nil capital commitments.

At 30 June 2015 the Group has lease agreements in respect of properties, vehicles, plant and equipment, to which the payments extend over a number of years.

Annual commitments under non-cancellable operating leases are as follows:

Group	Land and buildings		Other assets	
	2015 £000	2014 £000	2015 £000	2014 £000
Commitments which expire:				
Within one year	195	81	123	130
Within two to five years	20	396	248	206
After more than five years	1,106	1,031	-	-
	<u>1,321</u>	<u>1,508</u>	<u>371</u>	<u>336</u>

The charge to the profit and loss account relating to operating leases for land and buildings differs to the note above due to the accounting treatment of the rent free period for two of the Company's sites, the difference amounts to £296,000, (2014: £720,000).

Company

At 30 June 2015 the Company had £nil (2014: £nil) lease commitments.

27. Pension commitments

The Group's current United Kingdom pension arrangements provide for contributions towards personal money purchase pension plans administered by Aegon on behalf of the employees. At the end of the year, contributions of £91,000 (2014: £73,000), representing the unpaid contributions for June 2015, were outstanding and included in the accruals.

Notes to the financial statements (continued)

for the year ended 30 June 2015

28. Related party transactions

Advantage has been taken of the exemption under FRS 8 "Related Party Transactions" to not disclose transactions with entities that are wholly owned by the Bolt Equity Limited group on the grounds that all the voting rights are controlled by that company.

During the year AAC Capital UK LLP, an affiliate of the Group's major shareholder, charged the Group a management fee of £61,344 (2014: £61,212), £nil was owed at the year end (2014: £nil).

In the year 609,397 (2014: nil) V Ordinary shares (2014: nil) in the Company were subscribed for by certain Directors and key management. Further, 66,668 (2014: 61,667) Ordinary shares in the Company were sold and purchased by certain Directors and key management.

29. Contingent liabilities

The Group has guaranteed bank and other borrowings amounting to £84.7 million (2014: £86.9 million).

At the 30 June 2015 the Group had the following additional contingent liabilities:

Guarantee for duty deferment in favour of HM Customs and Excise for £300,000 (2014: £200,000) with recourse.

Guarantees with recourse in favour of various commercial counterparties, principally in the Middle East region, totalling £148,240 (2014: £89,306).

30. Ultimate parent undertaking and controlling party

Bolt Equity Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2015. The consolidated financial statements of Bolt Equity Limited can be obtained from Building A2 Glory Park, Glory Park Avenue, Wooburn Green, High Wycombe, Buckinghamshire HP10 0DF.

AAC Capital NEBO Feeder II LP, a partnership registered in the United Kingdom, is the Company's ultimate parent and controlling party, and is the parent undertaking of the Group.