Jackel International Limited

Annual report and financial statements

for the year ended 31 December 2017

Registered Number: 1894022

Jackel International Limited

Annual report and financial statements

for the year ended 31 December 2017

Contents

Directors and advisers for the year ended 31 December 2017 3
Strategic report for the year ended 31 December 2017 4
Directors' report for the year ended 31 December 2017 5
Independent auditors' report to the members of Jackel International Limited 7
Statement of comprehensive income for the year ended 31 December 2017 10
Statement of financial position as at 31 December 2017 11
Statement of cash flows for the year ended 31 December 2017 12
Statement of changes in equity for the year ended 31 December 2017 13
Statement of accounting policies for the year ended 31 December 2017 14
Notes to the financial statements for the year ended 31 December 2017 19

Jackel International Limited

Directors and advisers for the year ended 31 December 2017

Directors
Mark Hall (resigned 1 February 2017)
Peter Dowson (resigned 15 November 2017)
Steve Parkin
Edward Chapman
Gary Dalziel (resigned 31 December 2017)
James Taylor (appointed 21 April 2017)
Neal Austin (appointed 21 April 2017)

Company secretary
Peter Dowson (resigned 15 November 2017)

Registered office
Northumberland Business Park West
Dudley Lane
Cramlington
Northumberland
England
NE23 7RH
United Kingdom

Independent auditors
PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ
United Kingdom

Solicitors
DLA Piper UK LLP
1 St Peters Square
Manchester
M2 3DE
United Kingdom

Bankers
HSBC Bank plc
8 Canada Square,
London,
E14 5HQ
United Kingdom

Jackel International Limited

Strategic report for the year ended 31 December 2017

The directors present their strategic report on the company for the year ended 31 December 2017.

Principal activities and future outlook

The principal activity of the company is the design, manufacture and distribution of baby accessories (e.g. bottles, soothers, feeding cups). The company is particularly well known for its Tommee Tippee brand name and also supplies a small amount of customer branded products.

The company will continue to innovate its product offering in order to maintain and grow sales in existing markets and will actively work to develop new markets for its products, where there are opportunities to do so profitably.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and international baby accessories suppliers, employee retention and product availability.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The performance of the company was in line with expectations. The results and financial position as at the year end are set out in the statement of comprehensive income and statement of financial position on pages 8 and 9 respectively. No dividend was paid during the year (2016: £nil). The directors do not propose the payment of a final dividend for the year (2016: £nil).

On behalf of the board

S Parkin
Director
30 April 2018

Jackel International Limited

Directors' report for the year ended 31 December 2017

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2017.

Principal activities and future outlook
The principal activities and future outlook of the company have been discussed further in the strategic report on page 2.

Financial risk management policy
The company's exposure to currency and credit risk is discussed in note 1 to the financial statements.

Results and dividends
The results of the company and the financial position as at the year end are set out in the statement of comprehensive income and statement of financial position on pages 10 and 11 respectively. A dividend of £nil was paid during the year (2016: £nil).

The company has incurred exceptional costs in the year of £30.2m (2016: £3.6m). These principally covered the costs associated with the acquisition of the group by Success Bidco 2 Limited, and are more fully disclosed in note 3 to the financial statements

Research and development
The company will continue to invest in developing new products and in improving existing ones. Research costs are expensed in the statement of comprehensive income as incurred. Costs associated with development are capitalised and amortised, over their useful economic life of 5 years, from the launch of the related product.

Directors
The directors who held office during the year and up to the date of signing the financial statements are listed in the Directors and advisors for the year on page 1.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements (contined)

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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the board

S Parkin
Director
30 April 2018

Independent auditors' report to the members of Jackel International Limited

Report on the financial statements

Opinion

In our opinion, Jackel International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2017; the income statement, the Statement of comprehensive income, the Statement of cash flows, the Statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Jackel International Limited (continued)

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statement set out on page 5 and 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Jackel International Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting
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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
30 April 2018

Jackel International Limited

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Revenue		**102,454**	67,092
Cost of sales		**(70,302)**	(43,587)
Gross Profit		**32,152**	23,505
Admin expenses		**(18,518)**	(31,099)
Exceptional admin expenses	3	**30,163**	(3,611)
Total admin expenses		**11,645**	(34,710
Distribution cost		**(13,252)**	(9,803)
Other income		**5,114**	4,682
Operating profit/(loss)	4	**35,659**	(16,326)
Finance income	5	**3,210**	3,108
Finance costs	5	**(5,923)**	(2,709)
Profit/ (Loss) before taxation		**32,946**	(15,927)
Taxation	6	**414**	151
Profit / (Loss) for the year		**33,360**	(15,776)
Other comprehensive income/(expense)			
Profits/(losses) recognised directly in equity:			
Items that will not be reclassified to profit or loss -			
Remeasurements on defined benefit scheme	7	**1,282**	(957)
Tax on items that will not be reclassified to profit or loss		**(218)**	163
Items that may be subsequently reclassified to profit or loss -			
Cash flow hedges net of deferred taxation		**(825)**	356
Other comprehensive income/(expense) for the year		**239**	(438)
Total comprehensive income/ (expense) for the year		**33,599**	(16,214)

Jackel International Limited
Registered Number: 1894022

Statement of financial position as at 31 December 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Assets					
Non-current assets					
Property, plant and equipment	8		**2,855**		2,212
Intangible assets	9		**7,238**		6,214
Investments in subsidiaries	10		**48**		48
Deferred tax asset	11		**245**		504
Retirement benefit surplus	7		**4,996**		3,696
			15,382		12,674
Current assets					
Inventories	12	**10,603**		10,674	
Trade and other receivables	13	**102,299**		123,669	
Derivative financial instruments	14	**-**		56	
Cash and cash equivalents	15	**12,227**		9,367	
		125,129		143,766	
Total assets			**140,511**		156,440
Liabilities					
Current liabilities					
Trade and other payables	16	**(99,795)**		(153,540)	
Derivative financial instruments	14	**(937)**		-	
		(100,732)		(153,540)	
Non-current liabilities					
Deferred tax liability	11	**-**		(638)	
Total liabilities			**(100,732)**		(154,178)
Net assets			**39,779**		2,262
Shareholders' equity					
Called up share capital	17		**8,500**		8,500
Capital contribution			**5,001**		1,083
Hedging reserve			**(51)**		774
Accumulated Profit/loss			**26,329**		(8,095)
Total equity			**39,779**		2,262

The financial statements on pages 10 to 37 were approved by the Board on 30 April 2018 and signed on its behalf by

S Parkin
Director

Jackel International Limited

Statement of cash flows for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Cash flows generated from operating activities:			
Profit/ (Loss) before taxation		**32,946**	(15,927)
Adjustments for:			
Depreciation		**1,094**	853
Amortisation		**1,060**	677
Payments into/(Credits from) pension scheme in excess of current service cost		**88**	(1,670)
Pension interest less expected return on scheme assets		**(106)**	(146)
Finance income		**(3,210)**	(3,108)
Finance costs		**5,923**	2,709
Changes in working capital:			
Decrease/(increase) in inventories		**71**	(1,189)
(Increase)/decrease in trade and other receivables		**(1,447)**	880
Increase/(decrease) in trade and other payables		**7,486**	(14,572)
Decrease/(Increase) in intercompany receivables		**25,865**	(18,474)
(Decrease)/increase in intercompany payables		**(65,467)**	44,319
Cash generated from/(used in) operating activities		**4,303**	(5,648)
Interest paid		**(1,687)**	(8)
Tax received/(paid)		**27**	(25)
Net cash generated from/(used in) operating activities		**2,643**	(5,681)
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(1,737)**	(525)
Purchase of intangible assets		**(2,084)**	(1,234)
Interest received		**120**	149
Net cash generated from investing activities		**(3,701)**	(1,610)
Cash flows generated from financing activities:			
Capital contribution		**3,918**	1,083
Net cash generated from financing activities		**3,918**	1,083
Net increase/(decrease) in cash and cash equivalents		**2,860**	(6,208)
Cash and cash equivalents at beginning of the year	15	9,367	15,575
Cash and cash equivalents at end of the year	15	**12,227**	9,367

Jackel International Limited

Statement of changes in equity for the year ended 31 December 2017

	Capital contribution £'000	Called up share capital £'000	Hedging reserve £'000	Retained earnings/ (Accumulated losses) £'000	**Total equity £'000**
At 1 January 2016	-	8,500	418	8,475	**17,393**
Movement on hedging reserve net of deferred tax	-	-	356	-	**356**
Re-measurements on defined benefit scheme	-	-	-	(957)	**(957)**
Tax on items that will not reclassified to profit or loss	-	-	-	163	**163**
Capital contribution from parent	1,083	-	-	-	**1,083**
Loss for the year	-	-	-	(15,776)	**(15,776)**
At 31 December 2016	**1,083**	**8,500**	**774**	**(8,095)**	**2,262**
Movement on hedging reserve net of deferred tax	-	-	(825)	-	**(825)**
Re-measurements on defined benefit scheme	-	-	-	1,282	**1,282**
Tax on items that will not reclassified to profit or loss	-	-	-	(218)	**(218)**
Capital contribution from parent	3,918	-	-	-	**3,918**
Profit for the year	-	-	-	33,360	**33,360**
At 31 December 2017	**5,001**	**8,500**	**(51)**	**26,329**	**39,779**

Jackel International Limited

Statement of accounting policies for the year ended 31 December 2017

Jackel International Limited is a private company limited by shares which is incorporated and domiciled in the UK. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRS IC interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivatives) through fair value through profit or loss. A summary of the more important accounting policies is set out below together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

These separate financial statements contain information about Jackel International Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent company, Success Bidco 2 Limited.

Changes in accounting policy and disclosures
New standards, amendments and interpretations effective and adopted by the Group and Company:

- Amendments to IAS 7, Statement of cash flows on disclosure initiative
- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses
- Annual improvements 2014-2016 – IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group and Company:

- IFRS 15 'Revenue from contracts with customers' will be effective for the year ending 31 December 2018. The Group and Company is currently undertaking an assessment of the impact of the implementation of this standard.
- IFRS 9 'Financial instruments' will be effective for the year ending 31 December 2018 onwards. IFRS 9 introduces:
  - New requirements for the classification and measurement of financial assets and financial liabilities
  - A new model for recognising provisions based on expected credit losses; and
  - Simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

  The Group and Company is currently undertaking an impact assessment exercise of this new standard.

- IFRS 16 'Leases' will be effective for the year ending 31 December 19. As such, the Group and Company has not yet undertaken an impact assessment, and will do so in the coming year

Changes in accounting policy and disclosures (continued)

- Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions (effective 1 January 2018)
- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments'
- Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation
- Amendment to IFRS 15, 'Revenue from contracts with customers'
- Amendments to IAS 28
- Amendment to IAS 40, 'Investment property' relating to transfers of investment property

Annual improvements 2014–2016
- IFRS 17, 'Insurance contracts'
- IFRIC 22, 'Foreign currency transactions and advance consideration'
- IFRIC 23, 'Uncertainty over income tax treatments'

Other amendments to IFRS have no impact on the Company.

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Revenue is earned on the sale of baby accessories, and is stated net of value added tax and other discounts.

Other operating income
Other operating income represents the benefit of recharging other group companies for services undertaken on their behalf, and royalty payments made by other group companies for use of brand names owned by the company. It also includes foreign exchange gains arising from operating activities.

Foreign currency accounting
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Property, plant and equipment
Plant and equipment is included at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to the working condition for its intended use. Depreciation is provided on a straight line basis over the estimated useful life of the asset. The residual lives of the assets are reassessed annually by management for appropriateness.

The following rates per annum are used:

Leasehold improvements	10%
Equipment and vehicles	10 - 35%

Assets under construction are not depreciated

The carrying values of plant and equipment are reviewed for impairment either annually, or when events or changes in circumstances indicate the carrying value may not be recoverable (whichever is earlier). If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Intangible assets
Acquired brands are shown at historical cost. They have finite useful economic lives and are carried at cost less accumulated amortisation. Brands are amortised on a straight line basis to allocate the cost of a brand over its estimated useful life of between 10 and 30 years. Patents are amortised on a straight line basis to allocate the cost of a patent over its useful life of 20 years. Software is capitalised on the basis of costs incurred to acquire and bring it into use and amortised on a straight line basis over their useful economic lives of 4 years.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes an addition for production overheads where appropriate. Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make the sale.

Stock provisions are based on company current stock levels compared with future sales forecast.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "other operating charges". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "other operating charges" in the statement of comprehensive income.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Research and development costs
Research costs are expensed as incurred. Development costs are capitalised per IAS 38. Development costs are amortised on the launch of the project on a straight-line basis. The costs are amortised over their economic life, which is deemed to be 5 years.

Derivative financial instruments – Forward currency contracts
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resultant gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The company designates certain derivatives as cash flow hedges, being hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within "other gains/losses". Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss. When a hedging instrument expires, 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 statement of comprehensive income. 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 statement of comprehensive income.

Changes in the fair value of those derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

The fair value of the forward currency contracts is estimated using a discounted cash flow technique.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, and short term deposits with a maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Operating leases
Rental costs under operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

Pensions
The company operates a defined benefit pension scheme, the Baby & Child Retirement Plan, and a stakeholder plan. Contributions to the stakeholder scheme are charged to employee costs in the period in which they fall due.

The Baby & Child Retirement Benefit Plan is accounted for in full in this company's financial statements as the majority of the scheme participants are employees of the company, and although the scheme also relates to other group companies, the directors believe that these amounts are not material to the individual financial statements of the companies involved.

The company recognises the pension deficit or surplus in the statement of financial position. The surplus is the fair value of the scheme's assets less the present value of the accrued defined benefit obligations. Any surplus arising on the defined benefit pension scheme is restricted to the present value of the amount recoverable through future reductions in employer contributions. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality, long-dated corporate bonds that are denominated in the currency in which the benefits are paid.

The current service costs, past service costs, gains and losses on settlements and curtailments, and the interest cost on plan liabilities net of expected return on plan assets are included in employee costs.

Actuarial gains and losses are recognised as other comprehensive income in the period in which they arise.

Investments
The investment in subsidiary undertakings is carried in the statement of financial position at cost, less any impairment in value.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances.

Changes in assumptions made in valuing the defined benefit pension deficit could have a significant effect on profit for the year and the financial position. These assumptions are reviewed on an annual basis and the most appropriate assumptions selected based on actuarial advice. The assumptions used at the year end are disclosed in note 7.

Notes to the financial statements for the year ended 31 December 2017

1. Financial risk management

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's overall risk management programme seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures.

(a) Market risk

The company operates internationally and is exposed to foreign exchange risk, primarily with respect to the Euro, the US Dollar, the Hong Kong Dollar and the Australian Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Currency risk is managed in overall terms at a group level. The group has a net inflow of Euros arising from its trading activities and has established a policy of selling forward 12 months' worth of its Euro revenue. The group also has a net outflow of Hong Kong dollars arising from its trading activities and has established a policy of purchasing forward 12 months' worth of its Hong Kong dollar requirements. Certain forward contracts undertaken by the group under this policy are treated under IAS 39 as cash flow hedges where they meet the requirements of the standard.

Sensitivities have been performed below based on the movement in currency rates during the year.
At 31 December 2017, if the Euro had weakened/strengthened by 4.1% (2016: 15.1%) against the UK pound with all other variables held constant, post-tax loss for the year would have been £465,000 (2016: £850,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of euro-denominated trade receivables and intercompany payables. Equity would have been £465,000 (2016: £850,000) higher/lower.

At 31 December 2017, if the Hong Kong Dollar had strengthened/weakened by 9.3% (2016: 19.6%) against the UK pound with all other variables held constant, post-tax loss for the year would have been £346,000 (2016: £351,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HK dollar-denominated intercompany payables. Equity would have been £246,000 (2016: £351,000) higher/lower.

At 31 December 2017, if the US Dollar had weakened/strengthened by 8.7% (2016: 19.7%) against the UK pound with all other variables held constant, post-tax loss for the year would have been £29,000 (2016: £746,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated intercompany payables. Equity would have been £29,000 (2016: £746,000) higher/lower.

At 31 December 2017, if the Australian Dollar had weakened/strengthened by 0.9% (2016: 19.4%) against the UK pound with all other variables held constant, post-tax loss for the year would have been £25,000 (2016: £121,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Australian Dollar-denominated intercompany payables. Equity would have been £25,000 (2016: £121,000) higher/lower.

Interest bearing financial assets held by the company are restricted to cash balances which are subject to variable interest rates; income and cash flows are largely independent of the changes in market interest rates.

1 Financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, and derivative financial instruments, as well as credit exposures to wholesale and retail customers. The group has implemented policies that require appropriate credit checks on potential customers before sales are made, and credit limits are put in place as appropriate. Management monitors impairment through the utilisation of credit limits and payment history regularly. The credit risk to customers in the UK is deemed sufficiently low not to require insurance.

Credit risk on all export sales is minimised either through the company's export credit insurance policy, by obtaining letters of credit or requiring payment in advance of the delivery of goods.

At the year end, five customers (2016:five) had a closing balance of more than 5% (2016: more than 5%) of total trade receivables totalling £10,042,000 (2016: £10,126,000). No credit limits (2016: none) were exceeded during the reporting year unless authorised and management does not expect any losses from non-performance by these counterparties.

The table below shows the ageing analysis of trade receivables at the year end:

	Current £'000	0-3 months past due £'000	3-6 months past due £'000	Over 6 months past due £'000	Impaired £'000	**Total £'000**
At 31 December 2017	**16,327**	**2,165**	**156**	**232**	**(643)**	**18,237**
At 31 December 2016	15,415	2,350	101	68	(253)	17,681

All other receivables are considered to be current. Intercompany receivables are repayable on demand and are therefore classified as current until request for payment is made.

The carrying amounts of the company's trade receivables are denominated in the following currencies:

	2017 £'000	2016 £'000
Pounds	**9,472**	13,893
Euro	**6,974**	2,920
US Dollar	**1,791**	868
	18,237	17,681

1 Financial risk management (continued)

(b) Credit risk (continued)

Movements on the provision for impairment of trade receivables are as follows:

	2016 £'000	2015 £'000
At 1 January	**253**	592
Provisions created /(released)	**390**	(339)
At 31 December	**643**	253

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

(c) Liquidity risk

Management aims to manage liquidity risk through regular cash flow forecasting to ensure the company has sufficient available funds for operations and planned expansions. Liquidity risk can also be minimised through intercompany indebtedness within the Success Bidco 2 Limited group.

The table below analyses the company's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the accounting reference date to the contractual maturity date. The carrying value of financial liabilities is not considered to differ significantly from the contractual undiscounted cash flows.

At 31 December 2017	**Less than 1 year £'000**
Trade and other payables	**99,795**

At 31 December 2016	Less than 1 year £'000
Trade and other payables	153,540

1 Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the company's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

At 31 December 2017	**Less than 1 year £'000**	**Between 1-2 years £'000**
Forward foreign exchange contracts – cash flow hedges:		
Outflow	**34,161**	**-**
Inflow	**54,435**	**-**

At 31 December 2016	Less than 1 year £'000	Between 1-2 years £'000
Forward foreign exchange contracts – cash flow hedges:		
Outflow	18,556	-
Inflow	12,667	-

(d) Capital risk management

As a wholly owned operating subsidiary within the Success Bidco 2 Limited group, the company's capital structure is not actively monitored by management.

2 Employee benefit costs

	2017 £'000	2016 £'000
Wages and salaries	**8,814**	30,292
Social security costs	**889**	772
Other pension costs (note 7)	**941**	717
	10,644	31,781

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

By activity:	**2017 Number**	2016 Number
Sales and distribution	**28**	30
Administration	**122**	111
	150	141

2 Employee benefit costs (continued)

Directors' emoluments

	2017	2016
	£'000	£'000
Directors:		
Aggregate emoluments (excluding LTIP)	**889**	791
LTIP	**-**	15,372
Contributions to defined contribution scheme	**33**	18
The highest paid director:		
Aggregate emoluments	**330**	10,616

Retirement benefits are accruing to two directors under a defined benefit scheme (2016: one).

3 Exceptional items

The group has incurred the following exceptional costs in the year:

	2017	2016
	£'000	£'000
Product recall costs	**122**	52
Litigation costs	**177**	578
Strategic review of the business costs	**725**	797
Restructuring costs	**2,286**	-
Write off of amounts owed by fellow subsidiary undertakings	**30,000**	-
Write off of amounts owed to fellow subsidiary undertakings	**(64,627)**	-
Deal related costs	**1,154**	2,184
	(30,163)	3,611

The group has waived the requirement to repay any intercompany debt.

4 Operating profit/(loss)

	2017 £'000	2016 £'000
The operating profit/loss is stated after charging/(crediting):		
Changes in inventories of raw materials and WIP	**71**	(1,190)
Raw materials and consumables used	**71,109**	44,670
Employee benefit expenses	**10,644**	31,781
Depreciation, amortisation & impairment charges	**2,154**	1,530
Transportation expense	**1,469**	1,272
Advertising cost	**5,594**	4,667
Operating lease payments	**398**	390
Exceptional costs (Note 3)	**(30,163)**	3,611
Other expenses	**10,633**	1,369
Other income	**(5,114)**	(4,682)
Total cost of sales, distribution costs, exceptional admin expenses, admin expenses and other income	**66,795**	83,418

	2017 £'000	2016 £'000
Audit services:		
Audit fees in respect of statutory audit of the company	**44**	43

5 Finance income/(costs)

	2017 £'000	2016 £'000
Intercompany interest receivable	**3,090**	2,959
Bank interest receivable	**120**	149
Finance income	**3,210**	3,108
Intercompany interest payable	**(4,236)**	(2,701)
Bank interest payable	**(1,687)**	(8)
Finance costs	**(5,923)**	(2,709)

6 Taxation

(a) Analysis of credit in the year

	2017 £'000	2016 £'000
UK corporation tax	-	-
Adjustments in respect of prior years	15	(41)
Current taxation	15	(41)
Origination and reversal of timing differences	(285)	17
Change in tax rate	33	-
Adjustments in respect of prior years	(177)	(127)
Deferred taxation (note 11)	(429)	(110)
Total tax credit	**(414)**	(151)

(b) Factors affecting tax credit for the year

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

	2017 £'000	2016 £'000
Profit/(loss) before tax	**32,946**	(15,927)
Multiplied by the standard rate of corporation tax in the UK: 19.25% (2016: 20%)	6,342	(3,185)
Effects of:		
Adjustments in respect of prior years	(162)	(168)
Expenses not deductible for tax purposes	(6,664)	267
Group relief received not paid for	37	-
Change in tax rate	33	(37)
Tax losses arising in the year	-	2,972
Total tax credit	**(414)**	(151)

(c) Factors affecting future tax charges

The standard rate of corporation tax in the UK reduced to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting year are being taxed at an effective rate of 19.25%.

In the 2017 budget it was announced that the corporation tax rate will be reduced by a further 2% to 17% for the financial year beginning 1 April 2020.

7 Retirement benefit surplus

The company operates a defined benefit scheme, the Baby & Child Retirement Benefit Plan. The Plan is a final salary scheme which provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary and length of service. The scheme has been closed to new entrants since 1 October 2003.

The Plan is a registered scheme under UK legislation and is contracted out of the State Second Pension. It was established under trust and is governed by the Plan's trust deed and rules dated 19 October 2006. The Plan Trustees are responsible for the operation and governance of the Plan, including making decisions regarding funding and investment strategy in conjunction with the company. The Plan is subject to the scheme funding requirements outlined in UK legislation.

The company is exposed to a number of risks through the defined benefit scheme, the most significant of which are:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit and result in an increase in the required employer contribution rate. The company has mitigated the level of investment risk by investing in long-term fixed interest securities with maturities which match the benefit payments as they fall due.

Life expectancy and inflation: Unanticipated increases in life expectancy will result in an increase in the Plan's liabilities. Future mortality rates cannot be predicted with certainty. As pensions in payment are linked to inflation, inflationary increases also result in higher sensitivity to changes in life expectancy.

The last scheme funding valuation of the Plan was as at 30 September 2013 and revealed a surplus of £700,000. Contributions to the Plan in the year ending 31 December 2018 are expected to be £535,000 (year ended 31 December 2017: £151,000).

The company also operates a stakeholder plan. Contributions to the plan in the year ended 31 December 2017 were £366 (2016: £321,000), charged to employee benefit costs.

The amounts recognised in the statement of financial position are determined as follows:

	2017	2016
	£'000	£'000
Present value of funded obligations	**(29,701)**	(31,162)
Fair value of plan assets	**34,697**	34,858
Pension surplus	**4,996**	3,696

7 Retirement benefit surplus (continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2017 £'000	2016 £'000
Current service cost	**258**	181
Interest income on net surplus	**(106)**	(146)
Total included in employee benefit costs	**152**	35
Remeasurement profit/(loss)	**1,282**	(957)
Deferred tax thereon (note 11)	**(218)**	163
Net total included within other comprehensive expense/(income)	**1,064**	(794)
Cumulative remeasurement recognised in the statement of other comprehensive income	**979**	(85)

The movement in the present value of scheme liabilities over the year is as follows:

	2017 £'000	2016 £'000
At 1 January	**31,162**	24,814
Current service cost	**258**	181
Interest cost	**853**	953
Employee contributions	**72**	64
Remeasurement loss from change in financial assumptions	**510**	6,919
Remeasurement gain from changes in demographic assumptions	**(261)**	(944)
Experiences gains arising on liabilities	**(1,443)**	-
Benefits paid	**(1,450)**	(825)
At 31 December	**29,701**	31,162

The movement in the fair value of plan assets over the year is as follows:

	2017 £'000	2016 £'000
At 1 January	**34,858**	27,651
Interest income	**959**	1,099
Remeasurement gain	**88**	5,018
Employer contributions	**170**	1,851
Employee contributions	**72**	64
Benefits paid	**(1,450)**	(825)
At 31 December	**34,697**	34,858

7 Retirement benefit surplus (continued)

The principal actuarial assumptions used were as follows:

	2017	2016
Discount rate	**2.70%**	2.80%
Inflation – RPI	**3.20%**	3.25%
Inflation – CPI	**2.20%**	2.25%
Future salary increases	**2.20%**	2.00%
Future pension increases	**3.05%**	3.10%

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience.

The average longevity in years of a pensioner retiring at age 65 at the accounting date is as follows:

	2017	2016
Male	**21.9**	21.9
Female	**23.7**	24.2

The average longevity in years of a pensioner retiring at age 65, 20 years after the accounting date is as follows:

	2017	2016
Male	**23.0**	23.2
Female	**25.0**	25.7

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.5%	Decrease by £3m
Salary growth rate	Increase by 0.5%	Increase by £2.5m
Mortality improvement	Increase life expectancy by 1.25 year	Increase by £200k

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied consistently with calculating the pension liability recognised within the statement of financial position.

7 Retirement benefit surplus (continued)

Plan assets are comprised as follows:

	2017		2016	
	£'000	**%**	£'000	%
Corporate bonds	**21,093**	**60.79**	20,056	57.54
Inflation & Int bond	**10,334**	**29.78**	10,706	30.71
Diversified fund	**3,165**	**9.12**	3,658	10.49
Cash	**106**	**0.31**	438	1.26
	34,697	**100.00**	34,858	100.00

The plan assets are invested in pooled investment funds which are not considered to have a quoted market price in an active market as defined in IFRS 13. The underlying investments of these funds are corporate bonds.

8 Property, plant and equipment

	Leasehold improvements £'000	Equipment and vehicles £'000	Assets under the Course of Construction £'000	Total £'000
Cost				
At 1 January 2016	10	5,011	198	5,219
Additions	-	481	44	525
Disposals	-	(121)	-	(121)
At 31 December 2016	10	5,371	242	5,623
Additions	-	-	1,737	1,737
Transfers from assets under course of construction	158	1,624	(1,782)	-
Disposals	(158)	(63)	-	(221)
At 31 December 2017	**10**	**6,932**	**197**	**7,139**
Accumulated depreciation				
At 1 January 2016	10	2,669	-	2,679
Charged during the year	-	853	-	853
Disposals	-	(121)	-	(121)
At 31 December 2016	10	3,401	-	3,411
Charged during the year	158	936	-	1,094
Disposals	(158)	(63)	-	(221)
At 31 December 2017	**10**	**4,274**	**-**	**4,284**
Net book amount				
At 31 December 2015	-	2,342	198	2,540
At 31 December 2016	-	1,970	242	2,212
At 31 December 2017	**-**	**2,658**	**197**	**2,855**

9 Intangible assets

	Development £'000	Software £'000	Brands £'000	Total £'000
Cost				
At 1 January 2016	-	1,120	4,995	6,115
Additions	-	827	407	1,234
At 31 December 2016	-	1,947	5,402	7,349
Additions	943	1,141	-	2,084
At 31 December 2017	**943**	**3,088**	**5,402**	**9,433**
Accumulated Amortisation				
At 1 January 2016	-	39	419	458
Charged during the year	-	161	516	677
At 31 December 2016	-	200	935	1,135
Charged during the year	-	519	541	1,060
At 31 December 2017	**-**	**719**	**1,476**	**2,195**
Net book amount				
At 31 December 2015	-	1,081	4,576	5,657
At 31 December 2016	-	1,747	4,467	6,214
At 31 December 2017	**943**	**2,369**	**3,926**	**7,238**

10 Investments in subsidiaries

	2017 £'000	2016 £'000
Cost and net book value at 1 January and 31 December	**48**	48

The company has the following investments in subsidiaries:

Subsidiary companies	Main activities	% ordinary shares	Registered office
Cotton Bottoms Limited	Dormant	100%	Northumberland Business Park West, Dudley Lane, Cramlington, Northumberland, England, NE23 7RH
The Maws Group Limited	Dormant	100%	Capella Building (Tenth Floor), 60 York Street, Glasgow, G2 8JX,Scotland
Maws Suncare Limited	Dormant	100%	Capella Building (Tenth Floor), 60 York Street, Glasgow, G2 8JX,Scotland

10 Investments in subsidiaries (continued)

Subsidiary companies	Main activities	% ordinary shares	Registered office
Ravina Limited	Dormant	100%	Northumberland Business Park West, Dudley Lane, Cramlington, 8JX,Scotland
Mayborn Japan KK	Non trading	100%	c/o TA Lawyers GKJ, Shiroyama Trust Tower, Toranomon 4-3-1, Minato-ku, Tokyo, Japan

The directors believe that the book value of investments is supported by their underlying net assets.

11 Deferred tax asset/(liability)

	Depreciation in excess of capital allowances £'000	Other short term timing differences £'000	Cash flow hedges £'000	Retirement benefits scheme £'000	Total £'000
As at 1 January 2016	(28)	53	(83)	(539)	**(597)**
Adjustment in respect of prior years	282	(38)	(117)	-	**127**
(Credited)/charged to statement of comprehensive income	(43)	278	-	(252)	**(17)**
Tax on actuarial loss on retirement benefits scheme	-	-	-	163	**163**
Tax on fair value gain on hedging instruments	-	-	190	-	**190**
As at 31 December 2016	211	293	(10)	(628)	**(134)**
Adjustment in respect of prior years	162	15	-	-	**177**
(Credited)/charged to statement of comprehensive income	(30)	284	-	(3)	**252**
Tax on actuarial loss on retirement benefits scheme	-	-	-	(218)	**(218)**
Tax on fair value gain on hedging instruments	-	-	168	-	**168**
As at 31 December 2017	**343**	**592**	**158**	**(849)**	**245**

Deferred income tax assets are recognised to the extent that the realisation of the asset through future taxable profits is considered probable.

12 Inventories

	2017	2016
	£'000	£'000
Goods held for resale	**10,603**	10,674

The company consumed £71,180,000 (2016: £43,480,000) of inventories during the year.

Inventories are stated after a provision for impairment of £514,000 (2016: £1,356,000).

13 Trade and other receivables

	2017	2016
	£'000	£'000
Trade receivables	**18,880**	17,934
Less: provision for impairment of trade receivables	**(643)**	(253)
Net trade receivables	**18,237**	17,681
Owed by fellow subsidiary undertakings	**82,449**	105,224
Prepayments and accrued income	**576**	716
Corporation tax	**-**	42
Other debtors	**1,037**	6
	102,299	123,669

There is no significant difference between the carrying value and fair value of trade and other receivables.

The amounts owed by fellow subsidiary undertakings and the parent company are unsecured, repayable on demand and subject to interest at 3.7% (2016: 3.4%).

14 Derivative financial instruments

	2017		2016	
	Asset	**Liability**	Asset	Liability
	£'000	**£'000**	£'000	£'000
Forward foreign exchange contracts – cash flow hedges	-	937	56	-
Total	**-**	**937**	**56**	**-**

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedge item is more than 12 months,

14 Derivative financial instruments (continued)

and as a current asset or liability if the maturity of the hedge item is less than 12 months. The ineffective portion recognised in profit or loss amounts to £nil (2016: £nil).

The derivatives' fair value is categorised as Level 2, defined as inputs other than quoted prices that are observable for the asset or liability.

The hedged forecast transactions denominated in foreign currency are expected to occur at various dates during 2017.

15 Cash and cash equivalents

	2017	2016
	£'000	£'000
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:		
Cash at bank and in hand	**12,227**	9,367

16 Trade and other payables

	2017	2016
	£'000	£'000
Trade payables	**3,804**	3,450
Owed to fellow subsidiary undertakings	**80,729**	127,871
Owed to parent company	**-**	14,089
Taxation and social security	**560**	778
Other payables	**4,152**	232
Accruals and deferred income	**10,550**	7,120
	99,795	153,540

The amounts owed to fellow subsidiary undertakings are unsecured, repayable on demand and subject to interest at 3.7% (2016: 3.4%).

17 Called up share capital

	2017 £'000	2016 £'000
Authorised		
10,000,000 (2016: 10,000,000) ordinary shares of £1 each	**10,000**	10,000
Allotted, called up and fully paid		
8,500,002 (2016: 8,500,002) ordinary shares of £1 each	**8,500**	8,500

18 Contingent liabilities

Facilities agreement guarantee
The company and certain of its subsidiaries has jointly and severally agreed to the punctual performance of borrower or guarantors' obligations under the Facilities Agreement dated 20 June 2016, as signed with the Group's lenders. The total sum secured by these guarantees is £137,000,000 (2016: £130,000,000).

The Group has secured all monies due under the Facilities Agreement with fixed and floating charges over all property and assets of the company, together with the assets of certain subsidiaries, in favour of Lloyds Bank Plc, also in its capacity as security agent for the beneficiaries of the Facilities Agreement

19 Operating lease commitments

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

	2017 £'000	2016 £'000
Within one year	**354**	309
Between one year and five years	**566**	724
	920	1,033

20 Related party transactions

Balances outstanding at 31 December with other group companies are:

Amounts owed by related companies	2017 £'000	2016 £'000
Mayborn USA Inc	**5,450**	4,282
Mayborn ANZ Pty	**2,915**	241
Mayborn Morocco SARL	**-**	1,649
Mayborn France SARL	**3,000**	2,102
Jake Holdings Limited	**9,934**	8,996
Jake Investment Limited	**7,141**	6,876
Jake Acquisition Limited	**54,009**	81,078
	82,449	105,224

Amounts owed to related companies	2017 £'000	2016 £'000
Sangenic International Limited	**(39,944)**	(77,930)
Mayborn Group Limited	**-**	(14,089)
Mayborn Morocco SARL	**(366)**	-
Product Marketing Mayborn Limited	**(13,578)**	(25,268)
Jackel International (UK) Limited	**(501)**	(501)
Kindertec Limited	**(545)**	(534)
Steri-Bottle UK Limited	**(318)**	(311)
Cotton Bottoms Limited	**(39)**	(39)
Ravina Limited	**(5)**	(5)
Haditos Limited	**(2)**	(2)
Success Bidco 2 Limited	**(25,431)**	(23,281)
Jake Investment Limited	**-**	-
	(80,729)	(141,960)

These amounts owed to related companies are unsecured and repayable on demand. Interest is payable on trading balances at 3.7% (2016: 3.4%).

The following transactions were carried out during the year with related parties, all of whom are fellow subsidiary companies of the company's ultimate parent.

20 Related party transactions (continued)

	2017 £'000	2016 £'000
Sales of goods and services to fellow subsidiaries:		
Recharges for management and other services		
- Sangenic International Limited	**1,276**	1,137
- Kindertec Limited	**-**	183
- Mayborn France SARL	**454**	1,512
- Mayborn ANZ Pty	**855**	772
- Mayborn USA Inc	**1,604**	1,599
- Product Market Mayborn Limited	**1,027**	675
Amounts charged to fellow subsidiaries under distribution agreements		
- Mayborn USA Inc	**-**	3,175
-Product Marketing Mayborn	**-**	6,026
Purchases of goods from fellow subsidiaries:		
Purchases of goods – Product Marketing Mayborn Limited	**(59,059)**	(43,457)

The company undertakes, under an agency agreement, the sales invoicing and debt collection activities for two fellow subsidiaries. The following sales invoicing transactions have taken place during the year however are excluded from turnover:

	2017 £'000	2016 £'000
Sangenic International Limited	**24,408**	27,832
Steri-Bottle Limited	**-**	5
The company has been charged royalties on products which it sells as follows:		
Kindertec Limited	**139**	204
Amounts charged by fellow subsidiaries under distribution agreements		
Mayborn France SARL	**1,558**	242
Mayborn USA Inc	**753**	-
Product Marketing Mayborn	**2,067**	-
Mayborn ANZ Pty	**-**	549

Key management compensation
Directors' emoluments are disclosed in note 2. There are no employees other than the directors who are considered to be key management.

21 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Success BidCo 2 Limited, a company registered in England and Wales. These financial statements are consolidated by Success BidCo 2 Limited. The ultimate parent company is Shanghai Jahwa United Co. Ltd, a company based in China. The ultimate controlling interest is held by Ping An Insurance (Group) Company of China Limited, a company based in China, due to their controlling interest in Shanghai Jahwa United Co. Ltd.

The largest group to consolidate these financial statements are those of Ping An Insurance (Group) Company of China Limited copies of which can be obtained from the company's website.