

Company Registration No. 05303875 (England and Wales)

PARAFIX HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

PARAFIX HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr M A Punter Mr C P Wills
Secretary	Mr C P Wills
Company number	05303875
Registered office	53 Spencer Road Lancing Business Park Lancing West Sussex BN15 8UA
Auditor	MHA Carpenter Box Amelia House Crescent Road Worthing West Sussex BN11 1QR

PARAFIX HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 7
Group statement of comprehensive income	8
Group statement of financial position	9
Company statement of financial position	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 34

PARAFIX HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

The results for the financial year ended 31 December 2016 are set out in the statement of comprehensive income. Sales for the year amounted to £13,397k (2015: £11,149k). The profit for the year before taxation amounted to £425k (2015: £747k).

Commercial success in strategically targeted markets such as healthcare, lighting, automotive, defence and life safety, saw demand for engineered adhesive components increase significantly. A rise in year-on-year group revenue of 20.2% (£2,249k) saw gross profit rise from £4,399k to £4,692k, an increase of 6.7%.

Operating profit margins were diluted from 8.5% in 2015 to 4.5% in 2016, with a considerable increase in the use of agency staff. The increase of complicated manufacturing jobs requiring manual inspection has risen markedly in the year and sets the tone for future business.

Fixed asset additions of £1,492k in the year allowed the group to significantly enhance its customer offering, with £1,223k invested in new plant and machinery.

The directors consider that the year end financial position was adequate given the planned, phased increase in direct staff and fixed asset additions to deliver growth in future periods.

2017 will see the group continue its strategy of market focussed commercial activity coupled with prudent investment in staff, premises and machinery.

- A third site in the United Kingdom will introduce 11,000 sq feet of manufacturing floor space. This will allow the expansion of the group's 'Class 7 cleanroom' to meet the increasing demand for medical components both now and in the future.
- Investment in a second manufacturing base in Hungary will allow the group to significantly expand its Central European manufacturing capacity.
- Investment in technology will provide increased throughput, deliver efficiencies and provide new capabilities to targeted market sectors.
- Continued enhancement of the hugely successful website will increase the sales reach, bring increased customer enquiries and strengthen the group branding.
- Investment in staff will allow the expansion of shift patterns, increasing the return on the group plant and machinery asset base and encouraging the culture of continuous development.
- Continued cost control measures will deliver further profit improvement. These opportunities, coupled with benefits obtained through continuous improvement, will deliver the objectives outlined in the group's five year strategic plan. The extension of the reach of the UK sales force, improved gross margins and increased quote-to-order ratio are all expected in 2017.

• Investment in staff across Central European regions will further increase sales growth in targeted industry sectors. Enquiries generated in 2016 will convert throughout 2017. Mitigating loss of manufacturing capacity and remaining technically competitive are considered key.

During the current period of European economic uncertainty, foreign currency management will become significant, particularly given the intention for fixed asset investment, much of which is procured in foreign currencies.

PARAFIX HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Development and performance

Performance in the first seven months of 2017 has seen a 24% increase in like for like sales with a 0.5% improvement in gross margins. Management expect that the unprecedented enquiry levels coupled with a healthy order book will see the trend of profitable outperformance continue throughout 2017.

On behalf of the board

Mr M A Punter

Director

14 September 2017

PARAFIX HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activities of the company continued to be those of property rental and a holding company.

The principal activity of the trading members of the group, being Parafix Tapes and Conversions Limited and Parafix Hungaria Kft, continued to be that of the conversion and sale of adhesive tape. The other members of the group, being A T & C Limited, Adhesive Tapes and Conversions Limited, Parafix Limited and Thames Adhesives and Tapes Limited, remained dormant.

Directors

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

Mr M A Punter

Mr C P Wills

Results and dividends

The results for the year are set out on page 8.

An interim ordinary dividend was paid amounting to £318,000. The directors do not recommend payment of a final dividend.

Financial instruments

Financial risk management objectives and policies

The group operates management policies designed to minimise its exposure to financial risk:

Credit risk

The group operates a number of policies and procedures designed to mitigate credit risk. In particular, before entering into a transaction with a customer a detailed credit review is undertaken to determine whether or not, in the opinion of the directors, the customer has the ability to meet its debts as they fall due.

Price risk

The group will only enter into a transaction with a customer on the basis of fixed, pre-agreed terms from suppliers and consequently is not exposed to price risk.

Liquidity and cash flow risk

The group operates a range of policies to ensure there is sufficient liquidity and cash to meet its liabilities as they fall due. Regular cash flow forecasts are prepared to ensure the group is able to pay its debts as they fall due.

Foreign currency risk

Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity would involve the use of foreign exchange forward contracts.

Research and development

Research and development expenditure amounts to £100,646 (2015 - £115,775). The directors consider that research and development will continue, in order to enhance the technical knowledge and product range currently available to customers.

Auditor

In accordance with the company's articles, a resolution proposing that MHA Carpenter Box be reappointed as auditor of the company will be put at a General Meeting.

PARAFIX HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board

Mr M A Punter

Director

14 September 2017

PARAFIX HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 company and of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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.

PARAFIX HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PARAFIX HOLDINGS LIMITED

We have audited the financial statements of Parafix Holdings Limited for the year ended 31 December 2016 which comprise the Group Statement of Comprehensive Income, the Group Statement Of Financial Position, the Company Statement Of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- • give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of its profit for the year then ended;
- • have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- • have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

PARAFIX HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PARAFIX HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- • adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- • the parent company financial statements are not in agreement with the accounting records and returns; or
- • certain disclosures of directors' remuneration specified by law are not made; or
- • we have not received all the information and explanations we require for our audit.

Robin Evans BA FCA CTA (Senior Statutory Auditor)
for and on behalf of MHA Carpenter Box
Chartered Accountants
Statutory Auditor
Worthing

22 September 2017

PARAFIX HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Notes	£	as restated £
Revenue	3	13,397,417	11,148,533
Cost of sales		(8,705,262)	(6,749,557)
Gross profit		4,692,155	4,398,976
Distribution costs		(581,586)	(791,180)
Administrative expenses		(3,506,567)	(2,658,479)
Operating profit	4	604,002	949,317
Investment income	8	459	4
Finance costs	9	(139,290)	(102,241)
Profit before taxation		465,171	847,080
Taxation	10	(40,440)	(100,466)
Profit for the financial year		424,731	746,614
Other comprehensive income			
Currency translation differences		232,824	(56,533)
Total comprehensive income for the year		657,555	690,081

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

PARAFIX HOLDINGS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	12	75,230	7,468
Property, plant and equipment	13	6,190,955	4,675,358
		<u>6,266,185</u>	<u>4,682,826</u>
Current assets			
Inventories	18	1,951,890	1,542,350
Trade and other receivables	19	3,151,112	2,377,747
Cash at bank and in hand		291,519	103,215
		<u>5,394,521</u>	<u>4,023,312</u>
Current liabilities	20	<u>(7,148,385)</u>	<u>(4,912,930)</u>
Net current liabilities		<u>(1,753,864)</u>	<u>(889,618)</u>
Total assets less current liabilities		<u>4,512,321</u>	<u>3,793,208</u>
Non-current liabilities	21	(1,807,964)	(1,430,447)
Provisions for liabilities	24	<u>(210,588)</u>	<u>(208,547)</u>
Net assets		<u><u>2,493,769</u></u>	<u><u>2,154,214</u></u>
Equity			
Called up share capital	27	100,000	100,000
Revaluation reserve		399,360	399,360
Retained earnings		1,994,409	1,654,854
Total equity		<u><u>2,493,769</u></u>	<u><u>2,154,214</u></u>

The financial statements were approved by the board of directors and authorised for issue on 14 September 2017 and are signed on its behalf by:

Mr M A Punter
Director

Mr C P Wills
Director

PARAFIX HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		2016		2015 as restated	
	Notes	£	£	£	£
Fixed assets					
Investment properties	14		935,000		935,000
Investments	15		4,397,965		4,397,965
			<u>5,332,965</u>		<u>5,332,965</u>
Current assets					
Cash at bank and in hand		405		481	
Current liabilities	20	(4,383,918)		(4,389,067)	
Net current liabilities			<u>(4,383,513)</u>		<u>(4,388,586)</u>
Total assets less current liabilities			949,452		944,379
Non-current liabilities	21		(145,454)		(188,000)
Net assets			<u>803,998</u>		<u>756,379</u>
Equity					
Called up share capital	27		100,000		100,000
Revaluation reserve			399,360		399,360
Retained earnings			304,638		257,019
Total equity			<u>803,998</u>		<u>756,379</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £365,619 (2015 - £146,261 profit).

The financial statements were approved by the board of directors and authorised for issue on 14 September 2017 and are signed on its behalf by:

Mr M A Punter
Director

Mr C P Wills
Director

Company Registration No. 05303875

PARAFIX HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Revaluation reserve £	Retained earnings £	Total £
As restated for the period ended 31 December 2015:					
Balance at 1 January 2015		100,000	399,360	1,064,773	1,564,133
Year ended 31 December 2015:					
Profit for the year		-	-	746,614	746,614
Other comprehensive income:					
Currency translation differences		-	-	(56,533)	(56,533)
Total comprehensive income for the year		-	-	690,081	690,081
Dividends	11	-	-	(100,000)	(100,000)
Balance at 31 December 2015		100,000	399,360	1,654,854	2,154,214
Year ended 31 December 2016:					
Profit for the year		-	-	424,731	424,731
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	232,824	232,824
Total comprehensive income for the year		-	-	657,555	657,555
Dividends	11	-	-	(318,000)	(318,000)
Balance at 31 December 2016		100,000	399,360	1,994,409	2,493,769

PARAFIX HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Revaluation reserve £	Retained earnings £	Total £
Balance at 1 January 2015		100,000	399,360	210,758	710,118
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	146,261	146,261
Dividends	11	-	-	(100,000)	(100,000)
Balance at 31 December 2015		100,000	399,360	257,019	756,379
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	365,619	365,619
Dividends	11	-	-	(318,000)	(318,000)
Balance at 31 December 2016		100,000	399,360	304,638	803,998

PARAFIX HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	32	634,990	1,366,425
Interest paid		(139,290)	(102,241)
Income taxes refunded		5,586	1,173
Net cash inflow from operating activities		501,286	1,265,357
Investing activities			
Purchase of intangible assets		(80,665)	(16,288)
Purchase of property, plant and equipment		(1,492,336)	(852,711)
Proceeds on disposal of property, plant and equipment		10,987	117,845
Interest received		459	4
Net cash used in investing activities		(1,561,555)	(751,150)
Financing activities			
Repayment of borrowings		-	(18,230)
Proceeds of new bank loans		1,675,940	138,920
Repayment of bank loans		(149,055)	(318,975)
Payment of finance leases obligations		(78,932)	(72,354)
Dividends paid to equity shareholders		(318,000)	(100,000)
Net cash generated from/(used in) financing activities		1,129,953	(370,639)
Net increase in cash and cash equivalents		69,684	143,568
Cash and cash equivalents at beginning of year		103,215	(40,353)
Cash and cash equivalents at end of year		172,899	103,215
Relating to:			
Cash at bank and in hand		291,519	103,215
Bank overdrafts included in creditors payable within one year		(118,620)	-

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Parafix Holdings Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is 53 Spencer Road, Lancing Business Park, Lancing, West Sussex, BN15 8UA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £365,619 (2015 - £146,261 profit).

The consolidated financial statements incorporate those of Parafix Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. The company is able to meet any liabilities as they fall due through the support of its subsidiaries. The group statement of financial position has a net current liability position due to the terms of borrowing with the Hungarian subsidiary's bankers. There is no expectation that the facilities in place at the balance sheet date will be withdrawn in the foreseeable future and therefore while the borrowing is technically short term in nature the directors believe that the support of the bank in the longer term is assured. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of intangible assets, less their residual values, over their useful lives.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	2% per annum on a straight line basis
Leasehold buildings	20% per annum on a straight line basis
Plant and machinery	10% per annum on a straight line basis
Fixtures, fittings and equipment	10% and 25% per annum on a straight line basis
Motor vehicles	20% per annum on a straight line basis

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Non-current investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of non-current assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends and other distributions payable on equity instruments are recognised as liabilities in the period in which the dividends are approved. These amounts are recognised in the statement of changes in equity.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the performance and financial position are presented in pounds sterling.

1.18 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2 Judgements and key sources of estimation uncertainty

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

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

3 Revenue

An analysis of the group's revenue is as follows:

	2016	2015
	£	£
Turnover		
Sale of goods	13,397,417	11,148,533

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3	Revenue	(Continued)	
	Revenue analysed by geographical market		
		2016	2015
		£	£
	United Kingdom	5,868,400	5,993,788
	Overseas	7,529,017	5,154,745
		<u>13,397,417</u>	<u>11,148,533</u>
		<u><u>13,397,417</u></u>	<u><u>11,148,533</u></u>
4	Operating profit		
		2016	2015
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange losses	53,022	12,181
	Research and development costs	100,646	115,775
	Depreciation of owned property, plant and equipment	326,774	243,997
	Depreciation of property, plant and equipment held under finance leases	114,234	113,147
	Loss/(profit) on disposal of property, plant and equipment	3,795	(5,437)
	Amortisation of intangible assets	15,829	18,479
	Cost of inventories recognised as an expense	7,402,740	5,532,919
	Operating lease charges	36,000	40,338
		<u>7,402,740</u>	<u>5,532,919</u>
		<u><u>7,402,740</u></u>	<u><u>5,532,919</u></u>
5	Auditor's remuneration		
		2016	2015
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	7,000	7,000
	Audit of the financial statements of the company's subsidiaries	16,500	16,500
		<u>23,500</u>	<u>23,500</u>
		<u><u>23,500</u></u>	<u><u>23,500</u></u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Production	93	88	-	-
Sales and administration	44	44	-	-
	<u>137</u>	<u>132</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	3,077,714	2,695,274	-	-
Social security costs	185,342	182,228	-	-
Pension costs	167,315	204,078	-	-
	<u>3,430,371</u>	<u>3,081,580</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	70,113	75,053
Company pension contributions to defined contribution schemes	44,571	87,429
	<u>114,684</u>	<u>162,482</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

8 Investment income

	2016 £	2015 £
Interest income		
Interest on bank deposits	<u>459</u>	<u>4</u>
 Interest on financial assets not measured at fair value through profit or loss	<u>459</u>	<u>4</u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9	Finance costs	2016	2015
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	2,498	1,290
	Interest on finance leases and hire purchase contracts	36,576	31,161
	Other interest on financial liabilities	69,591	35,482
		<u>108,665</u>	<u>67,933</u>
	Other finance costs:		
	Other interest	30,625	34,308
		<u>139,290</u>	<u>102,241</u>
	Total finance costs	<u>139,290</u>	<u>102,241</u>
10	Taxation	2016	2015
		£	£
	Current tax		
	UK corporation tax on profits for the current period	11,818	11,565
	Foreign current tax on profits for the current period	6,822	7,601
		<u>18,640</u>	<u>19,166</u>
	Total current tax	<u>18,640</u>	<u>19,166</u>
	Deferred tax		
	Origination and reversal of timing differences	21,800	81,300
		<u>21,800</u>	<u>81,300</u>
	Total tax charge	<u>40,440</u>	<u>100,466</u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	465,171	847,080
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	93,034	169,416
Tax effect of expenses that are not deductible in determining taxable profit	6,728	7,392
Permanent capital allowances in excess of depreciation	3,280	3,264
Research and development tax credit	(26,168)	(28,521)
Effect of overseas tax rates	(46,911)	(54,858)
Foreign exchange differences	10,604	2,436
Elimination of intra group profits	-	1,283
	(127)	54
Taxation charge for the year	40,440	100,466

11 Dividends

	2016 £	2015 £
Interim paid	318,000	100,000

12 Intangible fixed assets

Group	Patents £
Cost	
At 1 January 2016	67,892
Additions	80,665
Exchange adjustments	18,287
At 31 December 2016	166,844
Amortisation and impairment	
At 1 January 2016	60,424
Amortisation charged for the year	15,829
Exchange adjustments	15,361
At 31 December 2016	91,614

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12	Intangible fixed assets	(Continued)
	Carrying amount	
	At 31 December 2016	75,230
		<u><u> </u></u>
	At 31 December 2015	7,468
		<u><u> </u></u>

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Property, plant and equipment						
Group	Freehold buildings	Leasehold buildings	Plant and fixtures, machinery and equipment	Motor vehicles	Total	
	£	£	£	£	£	£
Cost						
At 1 January 2016	2,672,802	95,641	3,524,458	889,354	318,042	7,500,297
Additions	122,136	-	1,222,970	45,155	102,075	1,492,336
Disposals	-	-	(28,805)	-	(20,011)	(48,816)
Exchange adjustments	322,384	-	214,154	29,267	41,442	607,247
At 31 December 2016	3,117,322	95,641	4,932,777	963,776	441,548	9,551,064
Depreciation and impairment						
At 1 January 2016	106,469	95,641	1,896,757	554,210	171,862	2,824,939
Depreciation charged in the year	52,407	-	250,090	88,606	49,905	441,008
Eliminated in respect of disposals	-	-	(18,025)	-	(16,009)	(34,034)
Exchange adjustments	10,013	-	76,009	21,218	20,956	128,196
At 31 December 2016	168,889	95,641	2,204,831	664,034	226,714	3,360,109
Carrying amount						
At 31 December 2016	2,948,433	-	2,727,946	299,742	214,834	6,190,955
At 31 December 2015	2,566,333	-	1,627,701	335,144	146,180	4,675,358

The company had no property, plant and equipment assets at 31 December 2016 or 31 December 2015.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Property, plant and equipment

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2016 £	2015 £	Company 2016 £	2015 £
Plant and machinery	820,609	847,467	-	-
Motor vehicles	20,919	27,041	-	-
	<u>841,528</u>	<u>874,508</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	114,234	113,147	-	-

14 Investment property

	Group 2016 £	Company 2016 £
Fair value		
At 1 January 2016 and 31 December 2016	-	935,000

Investment property comprises land and buildings. The fair value of the investment property has been arrived at on the basis of a valuation carried out on 18 February 2015 by Stiles Harold Williams Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The directors consider this value to be a materially appropriate fair value of the property at the year end.

15 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	16	-	-	4,397,965	4,397,965

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Fixed asset investments (Continued)

Movements in non-current investments		Shares in group undertakings
Company		£
Cost or valuation		
At 1 January 2016 and 31 December 2016		4,397,965
Carrying amount		
At 31 December 2016		4,397,965
At 31 December 2015		4,397,965

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Parafix Tapes and Conversions Limited	Note 1	Conversion and resale of adhesive tape	Ordinary	100.00	
Parafix Hungaria Kft	Note 2	Conversion and resale of adhesive tape	Ordinary	100.00	
A T & C Limited	Note 1	Dormant	Ordinary	100.00	
Adhesive Tapes and Conversions Limited	Note 1	Dormant	Ordinary	100.00	
Thames Adhesive and Tapes Limited	Note 1	Dormant	Ordinary	100.00	
Parafix Limited	Note 1	Dormant	Ordinary	100.00	

Note 1) 53 Spencer Road, Lancing Business Park, Lancing, West Sussex, BN15 8UA.

Note2) Vegyesz utca 17-25, 1116 Budapest, Hungary.

17 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,992,098	2,139,421	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	8,671,460	5,736,107	4,517,554	4,558,502

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18 Inventories

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	1,001,132	831,967	-	-
Work in progress	154,239	186,448	-	-
Finished goods and goods for resale	796,519	523,935	-	-
	<u>1,951,890</u>	<u>1,542,350</u>	<u>-</u>	<u>-</u>

19 Trade and other receivables

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade receivables	2,724,687	2,018,252	-	-
Other receivables	267,411	121,169	-	-
Prepayments and accrued income	136,314	200,726	-	-
	<u>3,128,412</u>	<u>2,340,147</u>	<u>-</u>	<u>-</u>
Deferred tax asset (note 26)	22,700	37,600	-	-
	<u>3,151,112</u>	<u>2,377,747</u>	<u>-</u>	<u>-</u>

20 Current liabilities

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	22	2,158,523	985,314	41,250	41,250
Obligations under finance leases	23	301,805	285,958	-	-
Trade payables		1,514,021	1,434,360	-	-
Amounts due to group undertakings		-	-	4,073,610	4,304,726
Corporation tax payable		52,286	28,060	11,818	11,565
Other taxation and social security		232,603	181,257	-	-
Other payables		2,374,707	1,600,028	250,240	24,526
Accruals and deferred income		514,440	397,953	7,000	7,000
		<u>7,148,385</u>	<u>4,912,930</u>	<u>4,383,918</u>	<u>4,389,067</u>

The bank loans are secured by legal charges over the company's freehold property and by a debenture and a fixed and floating charge over the company's assets.

The net obligations under hire purchase contracts are secured upon the assets to which the finance relates.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

21 Non-current liabilities

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	22	1,578,246	1,105,950	145,454	188,000
Obligations under finance leases	23	229,718	324,497	-	-
		<u>1,807,964</u>	<u>1,430,447</u>	<u>145,454</u>	<u>188,000</u>

The net obligations under hire purchase contracts are secured upon the assets to which the finance relates.

22 Borrowings

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	3,618,149	2,091,264	186,704	229,250
Bank overdrafts	118,620	-	-	-
	<u>3,736,769</u>	<u>2,091,264</u>	<u>186,704</u>	<u>229,250</u>
Payable within one year	2,158,523	985,314	41,250	41,250
Payable after one year	1,578,246	1,105,950	145,454	188,000
	<u>3,736,769</u>	<u>2,091,264</u>	<u>186,704</u>	<u>229,250</u>

The bank loans are secured by legal charges over the company's freehold property and by a debenture and a fixed and floating charge over the company's assets.

23 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	301,805	285,958	-	-
In two to five years	229,718	324,497	-	-
	<u>531,523</u>	<u>610,455</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

24 Provisions for liabilities

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Other		788	5,647	-	-
Deferred tax liabilities	26	209,800	202,900	-	-
		<u>210,588</u>	<u>208,547</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Other £
At 1 January 2016	5,647
Utilisation of provision	(4,859)
At 31 December 2016	<u>788</u>

25 Retirement benefit schemes

Defined contribution schemes	2016 £	2015 £
Charge to profit or loss in respect of defined contribution schemes	160,801	196,650

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £85,000 (2015 - £56,429) were payable to the fund at the year end and are included in creditors.

26 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Group				
Accelerated capital allowances	209,800	202,900	-	-
Tax losses	-	-	5,700	26,300
Retirement benefit obligations	-	-	17,000	11,300
	<u>209,800</u>	<u>202,900</u>	<u>22,700</u>	<u>37,600</u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

26 Deferred taxation

(Continued)

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 January 2016	165,300	-
Charge to profit or loss	21,800	-
	<u>187,100</u>	<u>-</u>
Liability at 31 December 2016	<u>187,100</u>	<u>-</u>

The deferred tax assets set out above are expected to reverse within 12 months following the utilisation of tax losses against future expected profits and payment of accrued pension contributions. The net deferred tax liability expected to reverse within 12 months is £38,000 and relates to accelerated capital allowances that are expected to mature within this period.

27 Share capital

	Group and company 2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

On 25 April 2013 the company set up The Parafix Holdings Limited Enterprise Management Incentive Plan for the benefit of the group's senior employees. A fair value of £6 per ordinary share was established on this date, and 6,000 options were granted with an exercise price of £6. The options can only be exercised upon the sale of Parafix Holdings Limited. On this basis it has been calculated that the charge to the income statement for the year ended 31 December 2016 is immaterial. Accordingly, no charge has been made to the income statement of either Parafix Tapes and Conversions Limited or Parafix Hungaria Kft, the companies in which the option-holders are employees. At the balance sheet date 6,000 (2015 - 6,000) share options were outstanding.

28 Financial commitments, guarantees and contingent liabilities

The group's bankers hold an unlimited guarantee in respect of the borrowings of Parafix Holdings Limited, which amounted to £186,704 at 31 December 2016 (2015 - £229,250). This guarantee is secured by an unlimited debenture over the group's assets.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

29 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	41,040	41,520	-	-
Between two and five years	3,980	37,171	-	-
	<u>45,020</u>	<u>78,691</u>	<u>-</u>	<u>-</u>

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	<u>266,092</u>	<u>320,322</u>

At the balance sheet date £355,747 (2015 - £129,508) was due to key management personnel.

31 Directors' transactions

Dividends totalling £318,000 (2015 - £100,000) were paid in the year in respect of shares held by the company's directors.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

32 Cash generated from group operations

	2016 £	2015 as restated £
Profit for the year after tax	424,731	746,614
Adjustments for:		
Taxation charged	40,440	100,466
Finance costs	139,290	102,241
Investment income	(459)	(4)
Loss/(gain) on disposal of property, plant and equipment	3,795	(5,437)
Amortisation and impairment of intangible assets	15,829	18,479
Depreciation and impairment of property, plant and equipment	441,008	357,144
Non cash movement on foreign exchange	(249,153)	87,034
(Decrease) in provisions	(4,859)	(3,467)
Movements in working capital:		
(Increase) in inventories	(409,540)	(388,036)
(Increase) in trade and other receivables	(788,265)	(707,857)
Increase in trade and other payables	1,022,173	1,059,248
Cash generated from operations	634,990	1,366,425

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

33 Prior period adjustment

Changes to the income statement - group

	Period ended 31 December 2015		
	As previously reported	Adjustment	As restated
	£	£	£
Administrative expenses	(2,715,012)	56,533	(2,658,479)
	<u> </u>	<u> </u>	<u> </u>
Profit for the financial period	690,081	56,533	746,614
	<u> </u>	<u> </u>	<u> </u>

During the year the currency translation difference arising on conversion of the Parafix Hungaria Kft balance sheet to sterling has been reclassified from administrative expenses to other comprehensive income. As such the prior years administrative expenses are £56,533 lower and other comprehensive income is £56,533 higher than previously stated. There has been no impact on the net asset position.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.