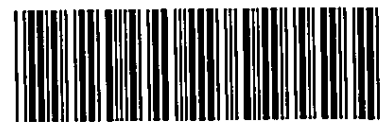


Company Registration No 05303875 (England and Wales)

PARAFIX HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

SATURDAY



A5BUCVA0

A24

23/07/2016

#228

COMPANIES HOUSE

PARAFIX HOLDINGS LIMITED

COMPANY INFORMATION

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

PARAFIX HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4
Income statement	5
Statement of comprehensive income	6
Group statement of financial position	7
Company statement of financial position	8
Group statement of changes in equity	9
Company statement of changes in equity	10
Group statement of cash flows	11
Notes to the financial statements	12 - 29

PARAFIX HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report for the year ended 31 December 2015

Fair review of the business

The results for the financial year ended 31 December 2015 are set out in the income statement. Sales for the year amounted to £11,149k (2014 £9,331k). The profit for the year before taxation amounted to £791k (2014 £189k).

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 19.5% (£1,818k) saw gross profit rise from £3,718k to £4,399k, an increase of 18.3% (£681k).

Distribution and administrative costs were carefully managed and were equivalent to those incurred in the prior year. Resulting operating profits therefore rose sharply, from £270k in 2014 to £893k in 2015, an increase of 231%. Fixed asset additions of £874k in the year allowed the group to significantly enhance its customer offering, with £631k invested in new plant and equipment.

The Directors consider that the year-end financial position was successful given the anticipated emergence of increased returns on investment undertaken over the previous 24 months.

2016 will see the group continue its strategy of considered investment and market focussed commercial activity.

- Investment in technology will provide increased throughput, deliver efficiencies and provide new capabilities to targeted market sectors.
- Investment in a second manufacturing base in Hungary will allow the group to significantly expand its manufacturing capacity.
- Marketing of the new website will increase the sales reach, bring increased customer enquiries and strengthen the group branding.
- Recruitment and training 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 marginal benefits obtained through continuous improvement, will deliver the objectives outlined in the group five year strategic plan. Improved gross margins and increased quote-to-order ratio are all expected in 2016.
- Investment in staff resource across Central and Eastern European regions will further increase sales growth in targeted industry sectors. Enquiries generated in 2015 will convert throughout 2016.

Management of risk remains critical for the group in delivering growth plans in 2016. Mitigating loss of manufacturing capacity and remaining technically competitive are considered key. Post Brexit, foreign currency management will become significant during a period of uncertainty.

2016 is expected to be a record year in respect of group revenues. Group sales performance for the first five months of 2016 is 21% ahead of 2015.

On behalf of the board



Mr M A Punter

Director

21-07-2016

PARAFIX HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and financial statements for the year ended 31 December 2015

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 5

An interim ordinary dividend was paid amounting to £100,000. 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 involves the use of foreign exchange forward contracts

Auditor

In accordance with the company's articles, a resolution proposing that 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 2015

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

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

21-07-2016

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 2015 which comprise the Group Income Statement, 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 2015 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 the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 Carpenter Box
Chartered Accountants
Statutory Auditor
Worthing

21/07/16

PARAFIX HOLDINGS LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Revenue	3	11,148,533	9,331,210
Cost of sales		(6,749,557)	(5,613,497)
Gross profit		4,398,976	3,717,713
Distribution costs		(791,180)	(773,963)
Administrative expenses		(2,715,012)	(2,674,095)
Operating profit	4	892,784	269,655
Investment income	8	4	8
Finance costs	9	(102,241)	(80,884)
Profit before taxation		790,547	188,779
Taxation	10	(100,466)	(36,464)
Profit for the financial year		690,081	152,315

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

PARAFIX HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Profit for the year	690,081	152,315
Other comprehensive income		
Revaluation of property, plant and equipment	-	399,360
Total comprehensive income for the year	<u>690,081</u>	<u>551,675</u>

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

PARAFIX HOLDINGS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Intangible assets	12		7,468		10,862
Property, plant and equipment	13		4,675,358		4,413,464
			<u>4,682,826</u>		<u>4,424,326</u>
Current assets					
Inventories	18	1,542,350		1,154,314	
Trade and other receivables	19	2,377,747		1,729,990	
Cash at bank and in hand		103,215		80,339	
		<u>4,023,312</u>		<u>2,964,643</u>	
Current liabilities	20	<u>(4,912,930)</u>		<u>(3,850,174)</u>	
Net current liabilities			<u>(889,618)</u>		<u>(885,531)</u>
Total assets less current liabilities			<u>3,793,208</u>		<u>3,538,795</u>
Non-current liabilities	21		(1,430,447)		(1,783,848)
Provisions for liabilities	24		<u>(208,547)</u>		<u>(190,814)</u>
Net assets			<u>2,154,214</u>		<u>1,564,133</u>
Equity					
Called up share capital	27		100,000		100,000
Revaluation reserve			399,360		399,360
Retained earnings			<u>1,654,854</u>		<u>1,064,773</u>
Total equity			<u>2,154,214</u>		<u>1,564,133</u>

The financial statements were approved by the board of directors and authorised for issue on 21-07-2016 and are signed on its behalf by

Mr M A Punter
Director

Mr C P Wills
Director

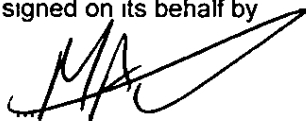
PARAFIX HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
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		481		512	
Current liabilities	20	<u>(4,389,067)</u>		<u>(4,394,009)</u>	
Net current liabilities			(4,388,586)		(4,393,497)
Total assets less current liabilities			944,379		939,468
Non-current liabilities	21		(188,000)		(229,350)
Net assets			<u>756,379</u>		<u>710,118</u>
Equity					
Called up share capital	27	100,000		100,000	
Revaluation reserve		399,360		399,360	
Retained earnings		257,019		210,758	
Total equity			<u>756,379</u>		<u>710,118</u>

The financial statements were approved by the board of directors and authorised for issue on 21-07-2016 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 2015

	Notes	Share capital £	Revaluation reserve £	Retained earnings £	Total £
Balance at 1 January 2014		100,000	-	1,012,458	1,112,458
Year ended 31 December 2014					
Profit for the year		-	-	152,315	152,315
Other comprehensive income					
Revaluation of property, plant and equipment		-	399,360	-	399,360
Total comprehensive income for the year		-	399,360	152,315	551,675
Dividends	11	-	-	(100,000)	(100,000)
Balance at 31 December 2014		100,000	399,360	1,064,773	1,564,133
Year ended 31 December 2015					
Profit and 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

PARAFIX HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Revaluation reserve £	Retained earnings £	Total £
Balance at 1 January 2014		100,000	-	154,937	254,937
Period ended 31 December 2014:					
Profit for the year		-	-	155,821	155,821
Other comprehensive income					
Revaluation of property, plant and equipment		-	399,360	-	399,360
Total comprehensive income for the year	-		399,360	155,821	555,181
Dividends	11	-	-	(100,000)	(100,000)
Balance at 31 December 2014		100,000	399,360	210,758	710,118
Period 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

PARAFIX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	33	1,366,423		1,085,947	
Interest paid		(102,241)		(80,884)	
Income taxes refunded		1,173		5,557	
Net cash inflow from operating activities		1,265,355		1,010,620	
Investing activities					
Purchase of intangible assets		(16,288)		(4,259)	
Purchase of property, plant and equipment		(852,709)		(1,625,383)	
Proceeds on disposal of property, plant and equipment		117,845		5,185	
Interest received		4		8	
Net cash used in investing activities		(751,148)		(1,624,449)	
Financing activities					
Repayment of borrowings		(18,230)		(98,725)	
Proceeds of new bank loans		138,920		1,120,647	
Repayment of bank loans		(318,975)		223,716	
Payment of finance leases obligations		(72,354)		(528,317)	
Dividends paid to equity shareholders		(100,000)		(100,000)	
Net cash (used in)/generated from financing activities		(370,639)		617,321	
Net increase in cash and cash equivalents		143,568		3,492	
Cash and cash equivalents at beginning of year		(40,353)		(43,845)	
Cash and cash equivalents at end of year		103,215		(40,353)	
Relating to:					
Cash at bank and in hand		103,215		80,339	
Bank overdrafts included in creditors payable within one year		-		(120,692)	

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

The group consists of Parafix Holdings Limited and all of its subsidiaries.

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 £.

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.

These group and company financial statements for the year ended 31 December 2015 are the first financial statements of Parafix Holdings Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance of the consolidated accounts for the previous period are not affected by the transition to FRS 102. The company accounts have seen the reclassification of the freehold property as an investment property. This reclassification does not have a material impact upon the carrying value of the property.

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 £146,261 (2014 - £155,821 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 2015.

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.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. The company is able to meet any liabilities as they fall due through the support of its subsidiaries.

1.3 Revenue

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised when the right to consideration is obtained in exchange for the goods and services provided.

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:

Land and buildings freehold	2% per annum on a straight line basis - buildings element only
Land and buildings leasehold	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 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 2015

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) 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 (or cash-generating unit) 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.

17 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.

18 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.

19 Financial instruments

The company 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 2015

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.

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.

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies 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 receipts discounted at a market rate of interest.

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. Accounts 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.

1.10 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.

1.11 Taxation

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

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.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1 16 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 17 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:

	2015 £	2014 £
Turnover		
Sale of goods	11,148,533	9,331,210
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	4	8
	<u> </u>	<u> </u>
Revenue analysed by geographical market		
	2015 £	2014 £
United Kingdom	5,993,788	5,020,511
Overseas	5,154,745	4,310,699
	<u>11,148,533</u>	<u>9,331,210</u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

4 Operating profit

	2015 £	2014 £
Operating profit is stated after charging/(crediting)		
Exchange losses	68,714	136,597
Research and development costs	1,022	2,814
Depreciation of owned property, plant and equipment	265,121	190,911
Depreciation of property, plant and equipment held under finance leases	92,023	96,913
Profit/(loss) on disposal of property, plant and equipment	(5,437)	2,760
Amortisation of intangible assets	18,479	11,338
Cost of inventories recognised as an expense	5,532,919	4,668,689
Operating lease charges	40,338	40,444
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2015 £	2014 £
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 company's subsidiaries	16,500	16,500
	<u> </u>	<u> </u>
	23,500	23,500
	<u> </u>	<u> </u>

6 Employees

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

	2015 Number	2014 Number
Production	88	87
Sales and administration	44	38
	<u> </u>	<u> </u>
	132	125
	<u> </u>	<u> </u>

Their aggregate remuneration comprised

	2015 £	2014 £
Wages and salaries	2,695,274	2,531,465
Social security costs	182,228	162,683
Pension costs	204,078	125,389
	<u> </u>	<u> </u>
	3,081,580	2,819,537
	<u> </u>	<u> </u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

7 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	75,053	73,737
Company pension contributions to defined contribution schemes	87,429	19,050
	<u>162,482</u>	<u>92,787</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2014 - 2)

8 Investment income

	2015 £	2014 £
Interest income		
Interest on bank deposits	<u>4</u>	<u>8</u>

Investment income includes the following

Interest on financial assets not measured at fair value through profit or loss	<u>4</u>	<u>8</u>
--	----------	----------

9 Finance costs

	2015 £	2014 £
Interest on financial liabilities measured at amortised cost		
Interest on bank overdrafts and loans	1,290	38
Interest on finance leases and hire purchase contracts	31,161	18,562
Other interest on financial liabilities	<u>35,482</u>	<u>30,877</u>
	67,933	49,477
Other finance costs		
Other interest	<u>34,308</u>	<u>31,407</u>
Total finance costs	<u>102,241</u>	<u>80,884</u>

10 Taxation

	2015 £	2014 £
Current tax		
UK income tax	11,565	-
Foreign current tax on profits for the current period	<u>7,601</u>	<u>2,164</u>
Total current tax	<u>19,166</u>	<u>2,164</u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	81,300	34,300
	<u> </u>	<u> </u>
Total tax charge	100,466	36,464
	<u> </u>	<u> </u>

The charge for the year can be reconciled to the loss per the income statement as follows

	2015 £	2014 £
Profit before taxation	790,547	188,779
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 20.00%)	158,109	37,756
Tax effect of expenses that are not deductible in determining taxable profit	14,093	4,304
Tax effect of utilisation of tax losses not previously recognised	(67,881)	-
Unutilised tax losses carried forward	34,300	48,125
Change in unrecognised deferred tax assets	47,000	34,300
Permanent capital allowances in excess of depreciation	(16,802)	(52,246)
Research and development tax credit	(28,521)	(28,524)
Effect of overseas tax rates	(52,421)	(42,120)
Foreign exchange differences	11,306	21,979
Elimination of intra group profits	1,283	12,890
	<u> </u>	<u> </u>
Tax expense for the year	100,466	36,464
	<u> </u>	<u> </u>

11 Dividends

	2015 £	2014 £
Interim paid	100,000	100,000
	<u> </u>	<u> </u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

12 Intangible fixed assets

Group	Patents £
Cost	
At 1 January 2015	57,114
Additions - separately acquired	16,288
Exchange adjustments	(5,510)
	<hr/>
At 31 December 2015	67,892
	<hr/>
Amortisation and impairment	
At 1 January 2015	46,252
Amortisation charged for the year	18,479
Exchange adjustments	(4,307)
	<hr/>
At 31 December 2015	60,424
	<hr/>
Carrying amount	
At 31 December 2015	7,468
	<hr/>
At 31 December 2014	10,862
	<hr/>

The company had no intangible fixed assets at 31 December 2015 or 31 December 2014

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

13 Property, plant and equipment

Group	Land and buildings freehold	Land and buildings leasehold	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
Cost						
At 1 January 2015	2,731,106	95,641	3,169,681	810,312	300,047	7,106,787
Additions	54,356	-	630,838	136,760	51,853	873,807
Disposals	-	-	(231,084)	(49,443)	(20,329)	(300,856)
Exchange adjustments	(112,660)	-	(44,977)	(8,275)	(13,529)	(179,441)
At 31 December 2015	2,672,802	95,641	3,524,458	889,354	318,042	7,500,297
Depreciation and impairment						
At 1 January 2015	62,767	95,641	1,837,992	540,506	156,417	2,693,323
Depreciation charged in the year	45,368	-	200,609	69,532	41,635	357,144
Eliminated in respect of disposals	-	-	(118,676)	(49,443)	(20,329)	(188,448)
Exchange adjustments	(1,666)	-	(23,168)	(6,385)	(5,861)	(37,080)
At 31 December 2015	106,469	95,641	1,896,757	554,210	171,862	2,824,939
Carrying amount						
At 31 December 2015	2,566,333	-	1,627,701	335,144	146,180	4,675,358
At 31 December 2014	2,668,339	-	1,331,689	269,806	143,630	4,413,464

The company had no property, plant and equipment assets at 31 December 2015 or 31 December 2014

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 £	2014 £	Company 2015 £	2014 £
Plant and machinery	847,467	913,982	-	-
Motor vehicles	27,041	20,157	-	-
	<u>874,508</u>	<u>934,139</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	92,023	96,913	-	-

14 Investment property

	Group 2015 £	Company 2015 £
Fair value		
At 1 January 2015 and 31 December 2015	-	935,000
At 31 December 2015	<u>-</u>	<u>935,000</u>

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 at 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.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows

	2015 £	2014 £
Cost	825,000	825,000
Accumulated depreciation	<u>(361,700)</u>	<u>(325,530)</u>
Carrying amount	<u>463,300</u>	<u>499,470</u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

15 Fixed asset investments

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Investments in subsidiaries	16	-	-	4,397,965	4,397,965

Movements in non-current investments

Company	Shares £
Cost or valuation	
At 1 January 2015 & 31 December 2015	4,397,965
Carrying amount	
At 31 December 2015	4,397,965
At 31 December 2014	4,397,965

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2015 are as follows

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held	
				Direct	Indirect
Parafix Tapes and Conversions Limited	England	Conversion and resale of adhesive tape	Ordinary	100	00
Parafix Hungaria Kft	Hungary	Conversion and resale of adhesive tape	Ordinary	100	00
A T & C Limited	England	Dormant	Ordinary	100	00
Adhesive Tapes and Conversions Limited	England	Dormant	Ordinary	100	00
Thames Adhesive and Tapes Limited	England	Dormant	Ordinary	100	00
Parafix Limited	England	Dormant	Ordinary	100	00

17 Financial instruments

	Group 2015 £	2014 £	Company 2015 £	2014 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,139,421	1,543,390	-	-
Equity instruments measured at cost less impairment	-	-	4,397,965	4,397,965
Carrying amount of financial liabilities				
Measured at amortised cost	5,736,107	5,219,712	4,558,502	4,616,359

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

18 Inventories

	Group 2015 £	2014 £	Company 2015 £	2014 £
Raw materials and consumables	831,967	597,579	-	-
Work in progress	186,448	120,602	-	-
Finished goods and goods for resale	523,935	436,133	-	-
	<u>1,542,350</u>	<u>1,154,314</u>	<u>-</u>	<u>-</u>

19 Trade and other receivables

	Group 2015 £	2014 £	Company 2015 £	2014 £
Amounts falling due within one year.				
Trade receivables	2,018,252	1,509,355	-	-
Other receivables	121,169	34,035	-	-
Prepayments and accrued income	200,726	88,900	-	-
	<u>2,340,147</u>	<u>1,632,290</u>	<u>-</u>	<u>-</u>
Amounts falling due after one year				
Deferred tax asset (note 26)	37,600	97,700	-	-
	<u>2,377,747</u>	<u>1,729,990</u>	<u>-</u>	<u>-</u>

20 Current liabilities

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Bank loans and overdrafts	22	985,314	1,042,014	41,250	41,250
Obligations under finance leases	23	285,958	227,859	-	-
Trade payables		1,434,360	1,086,310	-	-
Amounts due to group undertakings		-	-	4,304,726	4,293,003
Corporation tax payable		28,060	7,721	11,565	-
Other taxation and social security		181,257	168,041	-	-
Other payables		1,600,028	1,079,681	24,526	52,756
Accruals and deferred income		397,953	238,548	7,000	7,000
		<u>4,912,930</u>	<u>3,850,174</u>	<u>4,389,067</u>	<u>4,394,009</u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

21 Non-current liabilities

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Bank loans and overdrafts	22	1,105,950	1,349,997	188,000	229,350
Obligations under finance leases	23	324,497	433,851	-	-
		<u>1,430,447</u>	<u>1,783,848</u>	<u>188,000</u>	<u>229,350</u>

22 Borrowings

	Group 2015 £	2014 £	Company 2015 £	2014 £
Bank loans	2,091,264	2,271,319	229,250	270,600
Bank overdrafts	-	120,692	-	-
	<u>2,091,264</u>	<u>2,392,011</u>	<u>229,250</u>	<u>270,600</u>
Payable within one year	985,314	1,042,014	41,250	41,250
Payable after one year	1,105,950	1,349,997	188,000	229,350

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 2015 £	2014 £	Company 2015 £	2014 £
Future minimum lease payments due under finance leases				
Within one year	285,958	227,859	-	-
In two to five years	324,497	433,851	-	-
	<u>610,455</u>	<u>661,710</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 2015

24 Provisions for liabilities

		Group 2015 £	2014 £	Company 2015 £	2014 £
Other		5,647	9,114	-	-
Deferred tax liabilities	26	202,900	181,700	-	-
		<u>202,900</u>	<u>181,700</u>	<u>-</u>	<u>-</u>

Movements on provisions

Group	£
At 1 January 2015	9,114
Utilisation of provision	(3,467)
At 31 December 2015	<u>5,647</u>

25 Retirement benefit schemes

Defined contribution schemes	2015 £	2014 £
Charge to profit and loss in respect of defined contribution schemes	204,078	125,389
	<u>204,078</u>	<u>125,389</u>

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

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

Group	Liabilities 2015 £	Liabilities 2014 £	Assets 2015 £	Assets 2014 £
Accelerated capital allowances	202,900	181,700	-	-
Tax losses	-	-	26,300	94,200
Retirement benefit obligations	-	-	11,300	3,500
	<u>202,900</u>	<u>181,700</u>	<u>37,600</u>	<u>97,700</u>

The company has no deferred tax assets or liabilities

There were no deferred tax movements in the year

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

26 Deferred taxation

(Continued)

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 £47,000 and relates to accelerated capital allowances that are expected to mature within this period.

27 Share capital

	Group and company	
	2015	2014
	£	£
Ordinary share capital		
Issued and fully paid		
100,000 ordinary shares of £1 each	100,000	100,000

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 2015 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 (2013 - 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 £229,250 at 31 December 2015 (2014 - £270,600). This guarantee is secured by an unlimited debenture over the group's assets.

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		Company	
	2015	2014	2015	2014
	£	£	£	£
Within one year	1,020	47,268	-	-
Between two and five years	77,671	124,380	-	-
	<u>78,691</u>	<u>171,648</u>	<u>-</u>	<u>-</u>

PARAFIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

30 Events after the reporting date

Since the balance sheet date dividends totalling £360,015 have been declared

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows

	2015 £	2014 £
Aggregate compensation	320,322	242,722

No guarantees have been given or received

At the balance sheet date a balance of £129,508 (2014 - £147,738) was due to Mr M A Punter

32 Directors' transactions

Dividends totalling £100,000 (2014 - £100,000) were paid in the year in respect of shares held by the company's directors

33 Cash generated from operations	2015 £	2014 £
Profit for the year after tax	690,081	152,315
Adjustments for		
Taxation charged	100,466	36,464
Finance costs	102,241	80,884
Investment income	(4)	(8)
(Gain)/loss on disposal of property, plant and equipment	(5,437)	2,760
Amortisation and impairment of intangible assets	18,479	11,338
Depreciation and impairment of property, plant and equipment	357,144	287,824
(Decrease)/increase in provisions	(3,467)	9,114
Movements in working capital		
(Increase) in inventories	(388,036)	(54,511)
(Increase) in trade and other receivables	(707,857)	(113,784)
Increase in trade and other payables	1,059,248	594,725
Non cash movement on foreign exchange	143,567	78,825
Cash generated from operations	1,366,425	1,085,946