

COMPANY REGISTRATION NUMBER: 01179371

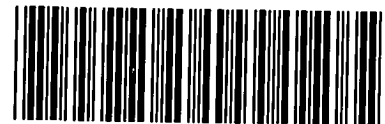
A F SWITCHGEAR LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

LANGARD LIFFORD HALL LIMITED

Accountants and Registered Auditors

Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

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A F SWITCHGEAR LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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A F SWITCHGEAR LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

I H Foster
M G Harris
R Thompson
M S Slack

Company secretary

M S Slack

Registered office

Nunn Brook Road
Sutton-in-Ashfield
Nottinghamshire
NG17 2HU

Auditor

Langard Lifford Hall Limited
Accountants and Registered Auditors
Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

Bankers

HSBC Bank Plc
1 King Street
Alfreton
Derbyshire
DE55 7DB

A F SWITCHGEAR LIMITED**STRATEGIC REPORT****YEAR ENDED 31 DECEMBER 2017**

The company's balance sheet as detailed on page 8 shows a satisfactory position, with shareholders' funds amounting to £7,540,098.

The company has seen an increase in turnover during the year ended 2017, but with pressured margins on contracts during the financial year, as well as increased overheads, lower trading profits have resulted. The directors are monitoring the ongoing trading conditions.

The company's key financial performance indicators during the year are as follows:

	2017 (£000)	2016 (£000)
	£	£
Turnover	32,882	26,319
Gross profit %	18	28
Profit on ordinary activities before tax	1,175	2,452
Shareholder's funds	7,540	6,533

Financial risk management objectives and policies

The directors continually review the risks to the company but believe that the quality of the company's products and customer service will mitigate these risks, resulting in continued growth and satisfactory trading performance.

Future developments

The directors intend to consolidate the company's position with regards to its traditional core business, whilst continuing to promote its bespoke busbar systems.

This report was approved by the board of directors on 17 July 2018 and signed on behalf of the board by:



M S Slack
Director

Registered office:
Nunn Brook Road
Sutton-in-Ashfield
Nottinghamshire
NG17 2HU

A F SWITCHGEAR LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

I H Foster
M G Harris
R Thompson
M S Slack

Dividends

Particulars of recommended dividends are detailed in note 15 to the financial statements.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 17 July 2018 and signed on behalf of the board by:



M S Slack
Director

Registered office:
Nunn Brook Road
Sutton-in-Ashfield
Nottinghamshire
NG17 2HU

A F SWITCHGEAR LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
YEAR ENDED 31 DECEMBER 2017

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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A F SWITCHGEAR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

A F SWITCHGEAR LIMITED

YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of A F Switchgear Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

A F SWITCHGEAR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF A F SWITCHGEAR LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2017

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



K S Chambers (Senior Statutory Auditor)

For and on behalf of

Langard Lifford Hall Limited

Accountants and Registered Auditors

Lifford Hall, Lifford Lane

Kings Norton

Birmingham B30 3JN

17 July 2018

A F SWITCHGEAR LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	32,881,561	26,319,350
Cost of sales		26,813,475	19,081,166
Gross profit		6,068,086	7,238,184
Administrative expenses		5,211,814	5,077,597
Other operating income	5	65,759	-
Operating profit	6	922,031	2,160,587
Income from shares in group undertakings	10	300,000	300,000
Other interest receivable and similar income	11	4,630	6,366
Amounts written off investments	12	37,331	-
Interest payable and similar expenses	13	14,241	14,917
Profit before taxation		1,175,089	2,452,036
Tax on profit	14	167,969	465,939
Profit for the financial year and total comprehensive income		1,007,120	1,986,097
Dividends paid and payable	15	-	(1,750,000)
Retained earnings at the start of the year		6,527,978	6,291,881
Retained earnings at the end of the year		7,535,098	6,527,978

All the activities of the company are from continuing operations.

The notes on pages 10 to 21 form part of these financial statements.

A F SWITCHGEAR LIMITED
STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	17	164,337	222,427
Investments	18	110	110
		<u>164,447</u>	<u>222,537</u>
Current assets			
Stocks	19	3,453,693	1,656,676
Debtors	20	10,262,411	7,909,541
Investments	21	-	37,331
Cash at bank and in hand		4,407,221	6,874,628
		<u>18,123,325</u>	<u>16,478,176</u>
Creditors: amounts falling due within one year	22	<u>10,309,154</u>	<u>9,853,279</u>
Net current assets		<u>7,814,171</u>	<u>6,624,897</u>
Total assets less current liabilities		<u>7,978,618</u>	<u>6,847,434</u>
Creditors: amounts falling due after more than one year	23	<u>438,520</u>	<u>314,456</u>
Net assets		<u><u>7,540,098</u></u>	<u><u>6,532,978</u></u>
Capital and reserves			
Called up share capital	26	5,000	5,000
Profit and loss account	27	7,535,098	6,527,978
Shareholder funds		<u><u>7,540,098</u></u>	<u><u>6,532,978</u></u>

These financial statements were approved by the board of directors and authorised for issue on 17 July 2018, and are signed on behalf of the board by:



M S Slack
Director

Company registration number: 01179371

The notes on pages 10 to 21 form part of these financial statements.

A F SWITCHGEAR LIMITED**STATEMENT OF CASH FLOWS****YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		1,007,120	1,986,097
<i>Adjustments for:</i>			
Depreciation of tangible assets		86,409	86,153
Income from shares in group undertakings		(300,000)	(300,000)
Other interest receivable and similar income		(4,630)	(6,366)
Interest payable and similar expenses		14,241	14,917
(Gains)/loss on disposal of tangible assets		(15,864)	9,022
Tax on profit		167,969	465,939
Accrued expenses/(income)		368,771	(11,196)
<i>Changes in:</i>			
Stocks		(1,797,017)	(602,839)
Trade and other debtors		(2,352,870)	3,966,461
Trade and other creditors		1,618,627	(733,791)
Cash generated from operations		(1,207,244)	4,874,397
Interest paid		(14,241)	(14,917)
Interest received		4,630	6,366
Tax paid		(483,842)	(629,305)
Net cash (used in)/from operating activities		(1,700,697)	4,236,541
Cash flows from investing activities			
Purchase of tangible assets		(226,111)	(417,058)
Proceeds from sale of tangible assets		213,656	447,681
Proceeds from sale of other investments		37,331	-
Dividends received		300,000	300,000
Net cash from investing activities		324,876	330,623
Cash flows from financing activities			
Proceeds from borrowings		148,884	310,083
Proceeds from loans from group undertakings		(1,241,881)	176,555
Payments of finance lease liabilities		1,411	(42,289)
Dividends paid		-	(1,750,000)
Net cash used in financing activities		(1,091,586)	(1,305,651)
Net (decrease)/increase in cash and cash equivalents		(2,467,407)	3,261,513
Cash and cash equivalents at beginning of year		6,874,628	3,613,115
Cash and cash equivalents at end of year		4,407,221	6,874,628

The notes on pages 10 to 21 form part of these financial statements.

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Nunn Brook Road, Sutton-in-Ashfield, Nottinghamshire, NG17 2HU.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

The turnover shown in the profit and loss account represents the realisable value of goods and services rendered during the year, net of discounts and exclusive of Value Added Tax.

Income tax

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date.

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

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

3. Accounting policies *(continued)*

Intangible assets *(continued)*

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Patents	-	10% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	10 - 33.3% Straight line
Motor vehicles	-	20 - 32.5% Reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

3. Accounting policies *(continued)*

Investments in associates *(continued)*

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

3. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	<u>32,881,561</u>	<u>26,319,350</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017	2016
	£	£
United Kingdom	31,869,127	26,212,881
Overseas	<u>1,012,434</u>	<u>106,469</u>
	<u>32,881,561</u>	<u>26,319,350</u>

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

5. Other operating income

	2017	2016
	£	£
Other operating income	<u>65,759</u>	<u>-</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2017	2016
	£	£
Depreciation of tangible assets	86,409	86,153
(Gains)/loss on disposal of tangible assets	(15,864)	9,022
Impairment of trade debtors	54,675	127,046
Foreign exchange differences	<u>(5,365)</u>	<u>(19,737)</u>

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>17,650</u>	<u>17,650</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Production staff	72	72
Number of other staff	59	57
	<u>131</u>	<u>129</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	<u>6,781,665</u>	<u>6,222,008</u>

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	686,633	847,015
Company contributions to defined contribution pension plans	48,073	25,038
	<u>734,706</u>	<u>872,053</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	<u>4</u>	<u>4</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017	2016
	£	£
Aggregate remuneration	254,695	374,570
Company contributions to defined contribution pension plans	11,640	7,961
	<u>266,335</u>	<u>382,531</u>

10. Income from shares in group undertakings

	2017	2016
	£	£
Income from group undertakings	<u>300,000</u>	<u>300,000</u>

11. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>4,630</u>	<u>6,366</u>

12. Amounts written off investments

	2017	2016
	£	£
Amounts written off current asset investments	<u>37,331</u>	<u>-</u>

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

13. Interest payable and similar expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	10,116	6,772
Interest on obligations under finance leases and hire purchase contracts	4,125	8,145
	<u>14,241</u>	<u>14,917</u>

14. Tax on profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	218,123	468,248
Adjustments in respect of prior periods	(50,154)	(2,309)
Total current tax	<u>167,969</u>	<u>465,939</u>
Tax on profit	<u>167,969</u>	<u>465,939</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	<u>1,175,089</u>	<u>2,452,036</u>
Profit on ordinary activities by rate of tax	226,165	490,407
Adjustment to tax charge in respect of prior periods	(50,154)	(2,309)
Effect of expenses not deductible for tax purposes	41,575	21,249
Effect of capital allowances and depreciation	8,123	24,617
Effect of revenue exempt from tax	(57,740)	(60,000)
Utilisation of tax losses	-	(8,025)
Tax on profit	<u>167,969</u>	<u>465,939</u>

15. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017	2016
	£	£
Final dividends paid on ordinary shares	<u>-</u>	<u>1,750,000</u>

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

16. Intangible assets

	Development costs £
Cost	
At 1 January 2017 and 31 December 2017	<u>3,247</u>
Amortisation	
At 1 January 2017 and 31 December 2017	<u>3,247</u>
Carrying amount	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>-</u>

17. Tangible assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 January 2017	462,326	191,905	654,231
Additions	192,516	33,595	226,111
Disposals	(192,516)	(34,789)	(227,305)
At 31 December 2017	<u>462,326</u>	<u>190,711</u>	<u>653,037</u>
Depreciation			
At 1 January 2017	314,879	116,925	431,804
Charge for the year	56,935	29,474	86,409
Disposals	-	(29,513)	(29,513)
At 31 December 2017	<u>371,814</u>	<u>116,886</u>	<u>488,700</u>
Carrying amount			
At 31 December 2017	<u>90,512</u>	<u>73,825</u>	<u>164,337</u>
At 31 December 2016	<u>147,447</u>	<u>74,980</u>	<u>222,427</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £	Motor vehicles £	Total £
At 31 December 2017	<u>26</u>	<u>22,824</u>	<u>22,850</u>
At 31 December 2016	<u>90,285</u>	<u>14,789</u>	<u>105,074</u>
Capital commitments			
		2017 £	2016 £
Contracted for but not provided for in the financial statements		<u>41,650</u>	<u>-</u>

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

18. Investments

	Shares in group undertaking s £
Cost	
At 1 January 2017 and 31 December 2017	110
Impairment	
At 1 January 2017 and 31 December 2017	-
Carrying amount	
At 31 December 2017	110
At 31 December 2016	110

19. Stocks

	2017 £	2016 £
Raw materials and consumables	770,156	526,813
Work in progress	2,683,537	1,129,863
	<u>3,453,693</u>	<u>1,656,676</u>

20. Debtors

	2017 £	2016 £
Trade debtors	9,995,776	7,667,782
Prepayments and accrued income	231,797	241,759
Corporation tax repayable	34,838	-
	<u>10,262,411</u>	<u>7,909,541</u>

21. Investments

	2017 £	2016 £
Other investments	-	37,331

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

22. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	74,284	47,331
Trade creditors	7,454,611	5,672,149
Amounts owed to group undertakings	1,466,243	2,708,124
Accruals and deferred income	808,560	439,789
Corporation tax	-	315,873
Social security and other taxes	491,542	655,377
Obligations under finance leases and hire purchase contracts	13,914	14,636
	<u>10,309,154</u>	<u>9,853,279</u>

Bank and other borrowing

The aggregate amount of secured liabilities falling due within one year amounted to £88,198 at the balance sheet date (2016: £61,967).

The bank borrowing is secured by fixed and floating debenture charges against the company's assets and against the freehold property owned by A F Switchgear (Holdings) Limited. There is also a multilateral guarantee in place between A F Switchgear (Holdings) Limited, A F Switchgear Limited, A F Fabrications Limited and Preedcrete Limited in favour of HSBC Bank plc.

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

	2017	2016
	£	£
Bank loans and overdrafts	421,659	299,728
Obligations under finance leases and hire purchase contracts	16,861	14,728
	<u>438,520</u>	<u>314,456</u>

Bank and other borrowing

The aggregate amount of secured liabilities falling due after more than one year amounted to £438,520 at the balance sheet date (2016: £314,456).

The bank borrowing is secured by fixed and floating debenture charges against the company's assets and against the freehold property owned by A F Switchgear (Holdings) Limited. There is also a multilateral guarantee in place between A F Switchgear (Holdings) Limited, A F Switchgear Limited, A F Fabrications Limited and Preedcrete Limited in favour of HSBC Bank plc.

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

24. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2017	2016
	£	£
Not later than 1 year	15,259	16,066
Later than 1 year and not later than 5 years	17,444	15,724
	<u>32,703</u>	<u>31,790</u>
Less: future finance charges	(1,928)	(2,426)
Present value of minimum lease payments	<u>30,775</u>	<u>29,364</u>

25. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017	2016
	£	£
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value through profit or loss	<u>9,995,776</u>	<u>7,667,782</u>
Financial liabilities measured at fair value through profit or loss		
Financial liabilities measured at fair value through profit or loss	<u>8,263,171</u>	<u>6,111,940</u>

26. Called up share capital**Authorised share capital**

	2017		2016	
	No.	£	No.	£
Ordinary "A" shares of £1 each	2,500	2,500	2,500	2,500
Ordinary "B" shares of £1 each	2,500	2,500	2,500	2,500
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary "A" shares of £1 each	2,500	2,500	2,500	2,500
Ordinary "B" shares of £1 each	2,500	2,500	2,500	2,500
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

27. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

28. Operating leases

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

	2017	2016
	£	£
Not later than 1 year	208,692	211,757
Later than 1 year and not later than 5 years	489,330	512,135
Later than 5 years	500,000	600,000
	<u>1,198,022</u>	<u>1,323,892</u>

29. Related party transactions**Control relationships**

The company is controlled by I H Foster by way of his directorship and shareholding in the parent company.

30. Controlling party

The ultimate parent company is A F Switchgear (Holdings) Limited, a company registered in England and Wales.