

COMPANY REGISTRATION NUMBER: 01606954

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY
Financial Statements
30 September 2017



THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Financial Statements

Year ended 30 September 2017

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THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Officers and Professional Advisers

The board of directors

A S Gee
P D Gee
B Needle

Company secretary

S Owen

Registered office

Tolerant House
Bellringer Road
Trentham Lakes South
Stoke-on-Trent
Staffordshire
ST4 8GZ

Auditor

DPC Accountants Limited
Chartered accountant & statutory auditor
Vernon Road
Stoke on Trent
Staffordshire
ST4 2QY

Bankers

National Westminster Bank Plc
26 Market Place
Uttoxeter
Staffordshire
ST14 8HX

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Strategic Report

Year ended 30 September 2017

It gives me great pleasure to present my report for the year ended 30th September 2017.

The Group's principal activity is the provision of security services.

2017 was the companies 40th year of trading, over that time we have witnessed plenty of "highs and lows", in a year which should of ended in celebration ended in great sadness. In August 2017 my father and co-founder of the business Derek, unexpectedly passed away. Having worked within the security industry for some 60 years his knowledge and passion have been invaluable to how our industry has developed, working closely with industry bodies both nationally and internationally to promote our industry and improve it's profile. More importantly he has nurtured and guided many of our senior staff, myself included, giving us the knowledge and confidence to help drive the business forward for many years to come. I feel extremely privileged to have had the opportunity to not only have him as my father, but to work closely with him for the last 33 years.

He will be sadly missed!

This year we have seen a significant increase in revenue and gross profit.

| | 2017 | 2016 | Change |
|--------------|---------------|--------------|---------------|
| | £'000 | £'000 | % |
| Turnover | 38,357 | 34,568 | 11 |
| Gross Profit | 19,892 | 18,066 | 10.1 |

All 8 operational depots continue to perform well, especially given some of the challenges they have faced throughout the year. The impact on our operations from the introduction of the new polymer bank notes, then the new £1 coin has been significant, even with the substantial investment we have made into new equipment, often meaning the same job has to be done twice due to the co-circulation of notes/coins, and the fact that our counting and sorting machinery are only able to count one type of note/coin at a time, adding significant extra time and cost into the business, most of which cannot be recovered from the customers.

As highlighted in last year's report, we moved into our new Head Office at Trentham in mid-December 2016, 12 months on, we are seeing the benefits of moving into a city, we are attracting a better calibre of staff, with a lot more choice.

This year has also seen another significant move, our first depot in Hanley, Stoke on Trent, which had purpose built in 1982 had become too small for us to continue operating from. We were approached by a local developer from Uttoxeter who wanted to purchase our old Head Office, The Manor House in Uttoxeter, once we got talking we quickly found that he had an existing building and land in Burslem, Stoke on Trent, one and a half miles from our Hanley depot. We struck a deal that he would have The Manor House in Uttoxeter and in return, he would renovate and construct his building in Burslem to our specification, and basically swap the buildings for minimal cost. Our plan for the old Hanley depot is to have it refurbished and turn it into our training centre, another big step forward for our training facilities.

This year the industry has suffered 212 robberies on our crews, an increase of 32% on the previous year, representing a total cash loss of £3.45 million; with this increase we have seen a significant rise in violence towards our staff, with more and more weapons being used! Our robberies have reduced slightly, suffering 16 attacks of which only 8 have resulted in a loss, our total loss for the year was £62,000. These statistics again pay testament to our Smoke and Dye Carrying Cases, our investment into continual training, and the calibre of our staff.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Strategic Report *(continued)*

Year ended 30 September 2017

The decision to outsource our vehicle building to The Holdcroft Group has proven to be good for us, this year they have produced and delivered a total of 42 new vehicles of different specifications, bringing our total fleet size to 332 vehicles.

Our service levels continue to be by far the best within our industry, consistently completing over 44,000 movements per week with overall service levels running at 99.8%, something which we are immensely proud of. The continued relationship with Contract Security remains strong, allowing us to further increase our offering to our existing and new customers.

I am sure that 2018 will bring more challenges, for which I feel we are more than prepared to meet head on and further enhance our position in the marketplace!

Finally, on behalf of myself and the Board of Directors, I would like to thank each and everyone of our staff and their families for their continued commitment and support!

This report was approved by the board of directors on 22 March 2018 and signed on behalf of the board by:



A S Gee
Director

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Directors' Report

Year ended 30 September 2017

The directors present their report and the financial statements of the group for the year ended 30 September 2017.

Directors

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

A S Gee
P D Gee
B Needle
D E Gee (Died 23 August 2017)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Future developments

Likely future developments in the business of the entity have been disclosed in the strategic report of the financial statements.

Employment of disabled persons

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The Group is committed to good communication with its employees. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Financial instruments

Information relating to financial risk management is included in the strategic report.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 30 to the financial statements.

Research and development

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

Disclosure of information in the strategic report

The Group has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Group's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The strategic report can be found on page 2 of these financial statements.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Directors' Report *(continued)*

Year ended 30 September 2017

Directors' responsibilities statement

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 group and the company and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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 group and 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 group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 22 March 2018 and signed on behalf of the board by:



A S Gee
Director

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Independent Auditor's Report to the Members of THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Year ended 30 September 2017

Opinion

We have audited the financial statements of THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2017 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated 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 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2017 and of the group's 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 group 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 group's or the parent 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.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Independent Auditor's Report to the Members of THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY *(continued)*

Year ended 30 September 2017

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.

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 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 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 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.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Independent Auditor's Report to the Members of THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY (continued)

Year ended 30 September 2017

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 group's and the parent 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 group or the parent 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Independent Auditor's Report to the Members of THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY *(continued)*

Year ended 30 September 2017

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Valerie Wood (Senior Statutory Auditor)

27th March 2018

For and on behalf of
DPC Accountants Limited
Chartered accountant & statutory auditor
Vernon Road
Stoke on Trent
Staffordshire
ST4 2QY

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Consolidated Statement of Comprehensive Income

Year ended 30 September 2017

| | Note | 2017 £ | 2016 £ |
|--|-----------|--------------------|--------------------|
| Turnover | 4 | 38,356,993 | 34,568,377 |
| Cost of sales | | (18,464,512) | (16,502,158) |
| Gross profit | | 19,892,481 | 18,066,219 |
| Distribution costs | | (5,264,621) | (4,357,733) |
| Administrative expenses | | (7,738,207) | (7,196,120) |
| Operating profit | 5 | 6,889,653 | 6,512,366 |
| Other interest receivable and similar income | 9 | 2,152 | 19,054 |
| Interest payable and similar expenses | 10 | (66,327) | (43,466) |
| Profit before taxation | | 6,825,478 | 6,487,954 |
| Tax on profit | 11 | (1,327,557) | (1,286,320) |
| Profit for the financial year | | 5,497,921 | 5,201,634 |
| Reclassification from revaluation reserve to profit and loss account | | – | 23,125 |
| Total comprehensive income for the year | | 5,497,921 | 5,224,759 |

All the activities of the group are from continuing operations.

The notes on pages 16 to 31 form part of these financial statements.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Consolidated Statement of Financial Position

30 September 2017

| | Note | 2017 £ | 2016 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 8,656,369 | 6,759,233 |
| Current assets | | | |
| Stocks | 16 | 52,500 | 56,300 |
| Debtors | 17 | 5,834,702 | 5,711,874 |
| Cash at bank and in hand | | 2,289,457 | 2,034,201 |
| | | <u>8,176,659</u> | <u>7,802,375</u> |
| Creditors: amounts falling due within one year | 18 | <u>(6,367,379)</u> | <u>(5,914,672)</u> |
| Net current assets | | <u>1,809,280</u> | <u>1,887,703</u> |
| Total assets less current liabilities | | <u>10,465,649</u> | <u>8,646,936</u> |
| Creditors: amounts falling due after more than one year | 19 | <u>(691,779)</u> | <u>(712,577)</u> |
| Provisions | | | |
| Taxation including deferred tax | 21 | (2,931) | (2,931) |
| Other provisions | 21 | <u>(284,885)</u> | <u>(284,885)</u> |
| | | <u>(287,816)</u> | <u>(287,816)</u> |
| Net assets | | <u>9,486,054</u> | <u>7,646,543</u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 50,500 | 50,500 |
| Revaluation reserve | 26 | 414,660 | 414,660 |
| Capital redemption reserve | 26 | 100 | 100 |
| Profit and loss account | 26 | 9,020,794 | 7,181,283 |
| Shareholders funds | | <u>9,486,054</u> | <u>7,646,543</u> |

These financial statements were approved by the board of directors and authorised for issue on 22 March 2018, and are signed on behalf of the board by:



A S Gee
Director

Company registration number: 01606954

The notes on pages 16 to 31 form part of these financial statements.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Company Statement of Financial Position

30 September 2017

| | Note | 2017 £ | 2016 £ |
|---|------|--------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 2,495,777 | 2,120,371 |
| Investments | 15 | 20,000,000 | 20,000,000 |
| | | <u>22,495,777</u> | <u>22,120,371</u> |
| Current assets | | | |
| Debtors | 17 | 5,920,151 | 4,699,122 |
| Creditors: amounts falling due within one year | 18 | <u>(1,297,669)</u> | <u>(947,215)</u> |
| Net current assets | | <u>4,622,482</u> | <u>3,751,907</u> |
| Total assets less current liabilities | | <u>27,118,259</u> | <u>25,872,278</u> |
| Provisions | | | |
| Taxation including deferred tax | 21 | (2,931) | (2,931) |
| Other provisions | 21 | <u>(284,885)</u> | <u>(284,885)</u> |
| | | <u>(287,816)</u> | <u>(287,816)</u> |
| Net assets | | <u>26,830,443</u> | <u>25,584,462</u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 50,500 | 50,500 |
| Revaluation reserve | 26 | 19,913,110 | 19,913,110 |
| Profit and loss account | 26 | 6,866,833 | 5,620,852 |
| Shareholders funds | | <u>26,830,443</u> | <u>25,584,462</u> |

The profit for the financial year of the parent company was £4,904,391 (2016: £4,784,290).

These financial statements were approved by the board of directors and authorised for issue on 22 March 2018, and are signed on behalf of the board by:



A S Gee
Director

Company registration number: 01606954

The notes on pages 16 to 31 form part of these financial statements.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Consolidated Statement of Changes in Equity

Year ended 30 September 2017

| | Called up share capital £ | Revaluation reserve £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|--|------------------------------------|-----------------------------|---------------------------------------|------------------------------------|-------------------------|
| At 1 October 2015 | 50,500 | 393,727 | 100 | 4,472,457 | 4,916,784 |
| Profit for the year | | | | 5,201,634 | 5,201,634 |
| Other comprehensive income for the year: | | | | | |
| Reclassification from revaluation reserve to profit and loss account | — | 20,933 | — | 2,192 | 23,125 |
| Total comprehensive income for the year | — | 20,933 | — | 5,203,826 | 5,224,759 |
| Dividends paid and payable 12 | — | — | — | (2,495,000) | (2,495,000) |
| Total investments by and distributions to owners | — | — | — | (2,495,000) | (2,495,000) |
| At 30 September 2016 | 50,500 | 414,660 | 100 | 7,181,283 | 7,646,543 |
| Profit for the year | | | | 5,497,921 | 5,497,921 |
| Total comprehensive income for the year | — | — | — | 5,497,921 | 5,497,921 |
| Dividends paid and payable 12 | — | — | — | (3,658,410) | (3,658,410) |
| Total investments by and distributions to owners | — | — | — | (3,658,410) | (3,658,410) |
| At 30 September 2017 | <u>50,500</u> | <u>414,660</u> | <u>100</u> | <u>9,020,794</u> | <u>9,486,054</u> |

The notes on pages 16 to 31 form part of these financial statements.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Company Statement of Changes in Equity

Year ended 30 September 2017

| | | Called up share capital £ | Revaluation reserve £ | Profit and loss account £ | Total £ |
|---|----|------------------------------------|-----------------------------|------------------------------------|-------------------|
| At 1 October 2015 | | 50,500 | 19,892,177 | 3,352,495 | 23,295,172 |
| Profit for the year | | | | 4,784,290 | 4,784,290 |
| Other comprehensive income for the year: | | | | | |
| Reclassification from revaluation reserve to profit and loss account | | — | 20,933 | (20,933) | — |
| Total comprehensive income for the year | | — | 20,933 | 4,763,357 | 4,784,290 |
| Dividends paid and payable | 12 | — | — | (2,495,000) | (2,495,000) |
| Total investments by and distributions to owners | | — | — | (2,495,000) | (2,495,000) |
| At 30 September 2016 | | 50,500 | 19,913,110 | 5,620,852 | 25,584,462 |
| Profit for the year | | | | 4,904,391 | 4,904,391 |
| Total comprehensive income for the year | | — | — | 4,904,391 | 4,904,391 |
| Dividends paid and payable | 12 | — | — | (3,658,410) | (3,658,410) |
| Total investments by and distributions to owners | | — | — | (3,658,410) | (3,658,410) |
| At 30 September 2017 | | <u>50,500</u> | <u>19,913,110</u> | <u>6,866,833</u> | <u>26,830,443</u> |

The notes on pages 16 to 31 form part of these financial statements.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Consolidated Statement of Cash Flows

Year ended 30 September 2017

| | 2017 £ | 2016 £ |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 5,497,921 | 5,201,634 |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible assets | 1,858,086 | 1,473,399 |
| Other interest receivable and similar income | (2,152) | (19,054) |
| Interest payable and similar expenses | 66,327 | 43,466 |
| Gains on disposal of tangible assets | (33,029) | (164,917) |
| Tax on profit | 1,327,557 | 1,286,320 |
| Accrued (income)/expenses | (1,008,217) | 1,083,839 |
| <i>Changes in:</i> | | |
| Stocks | 3,800 | (26,303) |
| Trade and other debtors | (122,828) | (1,256,318) |
| Trade and other creditors | 858,908 | (304,290) |
| Cash generated from operations | 8,446,373 | 7,317,776 |
| Interest paid | (66,327) | (43,466) |
| Interest received | 2,152 | 19,054 |
| Tax paid | (1,363,976) | (824,054) |
| Net cash from operating activities | <u>7,018,222</u> | <u>6,469,310</u> |
| Cash flows from investing activities | | |
| Purchase of tangible assets | (3,391,653) | (3,229,802) |
| Proceeds from sale of tangible assets | 174,338 | 353,600 |
| Net cash used in investing activities | <u>(3,217,315)</u> | <u>(2,876,202)</u> |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 480,140 | (130,778) |
| Payments of finance lease liabilities | (367,381) | (691,488) |
| Dividends paid | (3,658,410) | (2,495,000) |
| Net cash used in financing activities | <u>(3,545,651)</u> | <u>(3,317,266)</u> |
| Net increase in cash and cash equivalents | 255,256 | 275,842 |
| Cash and cash equivalents at beginning of year | 2,034,201 | 1,758,359 |
| Cash and cash equivalents at end of year | <u>2,289,457</u> | <u>2,034,201</u> |

The notes on pages 16 to 31 form part of these financial statements.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements

Year ended 30 September 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 Tolerant House, Bellringer Road, Trentham Lakes South, Stoke-on-Trent, Staffordshire, ST4 8GZ.

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.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Employee benefits

The company provides a range of benefits to employees. Short term benefits, including holiday pay, are recognised as an expense in the profit and loss account in the period in which they are incurred.

Consolidation

The group financial statements consolidate the accounts of The Abbotshurst Group Plc and all its subsidiary undertakings made up to 30 September 2017; the group profit and loss account includes the results of all subsidiary undertakings for the period.

Turnover and profits arising on trading between group companies are excluded.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

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.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: As described in the accounting policies of the financial statements, depreciation of intangible and tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take in to account actual asset lives and residual values as evidenced by disposals during current and prior accounting periods. Investment properties are included at market value based on independent valuations.

Revenue recognition

The Group provides security services. Income is recognised in the period that the services are provided. When services are billed in advance, the income is deferred to the period when the service is provided. The turnover presented in the profit and loss account is exclusive of Value Added Tax.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

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:

Goodwill on consolidation - Straight line over 20 years

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:

Leasehold property - Straight line over the life of the lease
Fixtures fittings and equipment - 20% - 50% Straight line
Motor vehicles - 12.5% - 50% Straight line

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

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.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Consumable items such as bags and seals are expensed to the Profit and Loss Account in the period that they are purchased.

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.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

| | 2017 £ | 2016 £ |
|-----------------------|-------------------|-------------------|
| Rendering of services | <u>38,356,993</u> | <u>34,568,377</u> |

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

| | 2017 £ | 2016 £ |
|--------------------------------------|-----------|---------------|
| Depreciation of tangible assets | 1,858,086 | 1,473,399 |
| Gains on disposal of tangible assets | (33,029) | (164,917) |
| Impairment of trade debtors | <u>–</u> | <u>16,032</u> |

6. Auditor's remuneration

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Fees payable for the audit of the financial statements | <u>13,800</u> | <u>13,800</u> |

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

7. Staff costs

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

| | 2017 No. | 2016 No. |
|------------------|-------------|-------------|
| Management staff | 112 | 107 |
| Security | 712 | 677 |
| | <u>824</u> | <u>784</u> |

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

| | 2017 £ | 2016 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 20,158,023 | 18,055,626 |
| Social security costs | 1,653,454 | 1,464,702 |
| Other pension costs | 207,014 | 147,685 |
| | <u>22,018,491</u> | <u>19,668,013</u> |

8. Directors' remuneration

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

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Remuneration | 478,550 | 383,776 |
| Company contributions to defined contribution pension plans | 4,153 | 3,939 |
| | <u>482,703</u> | <u>387,715</u> |

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

| | 2017 No. | 2016 No. |
|----------------------------|-------------|-------------|
| Defined contribution plans | <u>1</u> | <u>1</u> |

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

| | 2017 £ | 2016 £ |
|------------------------|----------------|----------------|
| Aggregate remuneration | <u>154,566</u> | <u>125,681</u> |

9. Other interest receivable and similar income

| | 2017 £ | 2016 £ |
|---------------------------------------|--------------|---------------|
| Interest on cash and cash equivalents | 2,152 | 17,257 |
| Corporation tax interest received | — | 1,797 |
| | <u>2,152</u> | <u>19,054</u> |

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

10. Interest payable and similar expenses

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Interest on obligations under finance leases and hire purchase contracts | <u>66,327</u> | <u>43,466</u> |

11. Tax on profit

Major components of tax expense

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Current tax: | | |
| UK current tax expense | 1,327,557 | 1,284,128 |
| Deferred tax: | | |
| Origination and reversal of timing differences | – | 2,192 |
| Tax on profit | <u>1,327,557</u> | <u>1,286,320</u> |

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Profit on ordinary activities before taxation | <u>6,825,478</u> | <u>6,487,954</u> |
| Profit on ordinary activities by rate of tax | 1,296,841 | 1,297,591 |
| Effect of expenses not deductible for tax purposes | 13,031 | 4,557 |
| Effect of capital allowances and depreciation | (16,265) | (15,828) |
| Tax chargeable at higher rates | <u>33,950</u> | <u>–</u> |
| Tax on profit | <u>1,327,557</u> | <u>1,286,320</u> |

12. Dividends

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

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Equity dividends on Ordinary shares | <u>3,658,410</u> | <u>2,495,000</u> |

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

13. Intangible assets

| Group | Goodwill £ |
|---|---------------|
| Cost | |
| At 1 October 2016 and 30 September 2017 | <u>85,640</u> |
| Amortisation | |
| At 1 October 2016 and 30 September 2017 | <u>85,640</u> |
| Carrying amount | |
| At 1 October 2016 and 30 September 2017 | <u>-</u> |
| At 30 September 2016 | <u>-</u> |

The company has no intangible assets.

14. Tangible assets

| Group | Freehold property £ | Short leasehold property £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|-----------------------------|---------------------------|-------------------------------------|-------------------------------|------------------------|-------------------|
| Cost | | | | | |
| At 1 October 2016 | 2,120,371 | 499,554 | 3,886,755 | 8,790,474 | 15,297,154 |
| Additions | 375,406 | - | 569,759 | 2,951,366 | 3,896,531 |
| Disposals | - | - | (231,124) | (434,652) | (665,776) |
| At 30 September 2017 | <u>2,495,777</u> | <u>499,554</u> | <u>4,225,390</u> | <u>11,307,188</u> | <u>18,527,909</u> |
| Depreciation | | | | | |
| At 1 October 2016 | - | 466,737 | 3,264,116 | 4,807,068 | 8,537,921 |
| Charge for the year | - | 6,796 | 297,963 | 1,553,327 | 1,858,086 |
| Disposals | - | - | (231,124) | (293,343) | (524,467) |
| At 30 September 2017 | <u>-</u> | <u>473,533</u> | <u>3,330,955</u> | <u>6,067,052</u> | <u>9,871,540</u> |
| Carrying amount | | | | | |
| At 30 September 2017 | <u>2,495,777</u> | <u>26,021</u> | <u>894,435</u> | <u>5,240,136</u> | <u>8,656,369</u> |
| At 30 September 2016 | <u>2,120,371</u> | <u>32,817</u> | <u>622,639</u> | <u>3,983,406</u> | <u>6,759,233</u> |

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

14. Tangible assets *(continued)*

| Company | Freehold property £ |
|---|------------------------|
| Cost | |
| At 1 October 2016 | 2,120,371 |
| Additions | 375,406 |
| At 30 September 2017 | 2,495,777 |
| Depreciation | |
| At 1 October 2016 and 30 September 2017 | — |
| Carrying amount | |
| At 30 September 2017 | 2,495,777 |
| At 30 September 2016 | 2,120,371 |

Included within the above is investment property as follows:

| | Group £ | Company £ |
|---|------------|--------------|
| At 1 October 2016 and 30 September 2017 | — | 2,120,371 |
| Additions | — | 375,406 |
| At 1 October 2016 | — | 2,495,777 |

At the year end the company was in negotiations to swap the property known as The Manor House for a property in Burslem, Staffordshire. At 30 September 2017 the company had incurred renovation and construction expenditure for the new Burslem site. The transfer of ownership is expected to happen in the coming months. These costs are included within the above additions value.

Some of the land and buildings were revalued by Kingston Commercial Property Consultants LLP, an external valuer and RICS member, on 14 March 2014 based upon the open market value of the properties.

Please see below for particulars relating to revalued assets.

Land and buildings - Sampson Street

At 14 March 2014 the open market value was £185,000 (2016: £185,000), the directors do not consider that there has been a material change in the market value. The historical cost of the revalued asset is £68,305 (2016: £68,305) and the historical net book value is £68,305 (2016: £68,305).

Land and buildings - The Manor House

At 14 March 2014 the open market value was £700,000 (2016: £700,000). The historical cost of the revalued asset is £468,818 (2016: £468,818) and the historical net book value is £468,818 (2016: £468,818). At 30 September 2016 the property was revalued to £725,000. The directors do not consider that there has been a material change in the market value at 30 September 2017.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

14. Tangible assets *(continued)*

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:

| Group | Motor vehicles £ |
|----------------------|---------------------|
| At 30 September 2017 | 4,482,723 |
| At 30 September 2016 | 3,322,404 |

The company has no tangible assets held under finance lease or hire purchase agreements.

15. Investments

The group has no investments.

| Company | Shares in group undertakings £ |
|---|-----------------------------------|
| Cost | |
| At 1 October 2016 and 30 September 2017 | 20,000,000 |
| Impairment | |
| At 1 October 2016 and 30 September 2017 | - |
| Carrying amount | |
| At 1 October 2016 and 30 September 2017 | 20,000,000 |
| At 30 September 2016 | 20,000,000 |

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

| Subsidiary undertakings | Class of share | Percentage of shares held |
|-------------------------|----------------|---------------------------|
| Security Plus Limited | Ordinary | 100 |

16. Stocks

| | Group | | Company | |
|-------------------------------------|-----------|-----------|-----------|-----------|
| | 2017 £ | 2016 £ | 2017 £ | 2016 £ |
| Finished goods and goods for resale | 52,500 | 56,300 | - | - |

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

16. Stocks *(continued)*

The company holds no stock.

17. Debtors

| | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Trade debtors | 4,197,777 | 4,159,759 | – | – |
| Amounts owed by group undertakings | – | – | 5,918,881 | 4,697,852 |
| Deferred tax asset | 271,135 | 271,135 | – | – |
| Prepayments and accrued income | 1,365,790 | 1,280,980 | 1,270 | 1,270 |
| | <u>5,834,702</u> | <u>5,711,874</u> | <u>5,920,151</u> | <u>4,699,122</u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. Creditors: amounts falling due within one year

| | Group | | Company | |
|--|------------------|------------------|------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Trade creditors | 1,444,802 | 717,069 | – | – |
| Accruals and deferred income | 744,215 | 1,752,432 | 3,216 | 12,692 |
| Corporation tax | 677,797 | 714,216 | 499,486 | 619,696 |
| Social security and other taxes | 1,463,515 | 1,333,778 | – | – |
| Obligations under finance leases and hire purchase contracts | 1,112,710 | 954,415 | – | – |
| Director loan accounts | 794,967 | 314,827 | 794,967 | 314,827 |
| Other creditors | 129,373 | 127,935 | – | – |
| | <u>6,367,379</u> | <u>5,914,672</u> | <u>1,297,669</u> | <u>947,215</u> |

Amounts due to directors are unsecured, interest free and repayable on demand.

There is also a mortgage debenture dated 26 January 2006 giving a fixed and floating charge over all the assets of Security Plus Limited.

An inter company guarantee dated 26 January 2006 exists between the company and its subsidiary, Security Plus Limited.

The aggregate amounts of obligations under finance leases and hire purchase contracts due within one year that are secured are £1,112,710 (2016: £954,415). This creditor is secured on the assets to which they relate.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

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

| | Group | | Company | |
|--|----------------|----------------|----------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Obligations under finance leases and hire purchase contracts | <u>691,779</u> | <u>712,577</u> | <u>-</u> | <u>-</u> |

The aggregate amounts of obligations under finance leases and hire purchase contracts due after more than one year that are secured are £691,779 (2016: £712,577). This creditor is secured on the assets to which they relate.

20. Finance leases and hire purchase contracts

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

| | Group | | Company | |
|--|------------------|------------------|----------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Not later than 1 year | 1,164,510 | 1,001,621 | - | - |
| Later than 1 year and not later than 5 years | <u>723,983</u> | <u>747,058</u> | <u>-</u> | <u>-</u> |
| | 1,888,493 | 1,748,679 | - | - |
| Less: future finance charges | <u>(84,004)</u> | <u>(81,687)</u> | <u>-</u> | <u>-</u> |
| Present value of minimum lease payments | <u>1,804,489</u> | <u>1,666,992</u> | <u>-</u> | <u>-</u> |

21. Provisions

| Group and company | Deferred tax (note 22) £ | Other provisions £ | Total £ |
|---|--------------------------------|--------------------------|----------------|
| At 1 October 2016 and 30 September 2017 | <u>2,931</u> | <u>284,885</u> | <u>287,816</u> |

The other provision relates to tax that may be due in respect of prior years and is based on assessments raised by HM Revenue and Customs.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

| | Group | | Company | |
|----------------------------------|-----------------------|----------------|-----------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Included in debtors (note 17) | 271,135 | 271,135 | – | – |
| Included in provisions (note 21) | (2,931) | (2,931) | (2,931) | (2,931) |
| | <u>268,204</u> | <u>268,204</u> | <u>(2,931)</u> | <u>(2,931)</u> |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | Group | | Company | |
|--|-------------------------|------------------|---------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | (271,135) | (271,135) | – | – |
| Fair value adjustment of investment property | 2,931 | 2,931 | 2,931 | 2,931 |
| | <u>(268,204)</u> | <u>(268,204)</u> | <u>2,931</u> | <u>2,931</u> |

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £207,014 (2016: £147,685).

24. Financial instruments

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

Financial assets that are debt instruments measured at amortised cost

| | Group | |
|---|-------------------------|------------------|
| | 2017 | 2016 |
| | £ | £ |
| Financial assets that are debt instruments measured at amortised cost | <u>4,197,777</u> | <u>4,159,759</u> |

Financial liabilities measured at amortised cost

| | Group | |
|--|-------------------------|------------------|
| | 2017 | 2016 |
| | £ | £ |
| Financial liabilities measured at amortised cost | <u>4,173,631</u> | <u>2,826,823</u> |

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

24. Financial instruments *(continued)*

Financial assets include:

| | 2017 £ | 2016 £ |
|---------------|------------------|------------------|
| Trade debtors | <u>4,197,777</u> | <u>4,159,759</u> |

Financial liabilities include:

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Trade creditors | 1,444,802 | 717,069 |
| Obligations under finance leases and hire purchase contracts | 1,804,489 | 1,666,992 |
| Directors' loan accounts | 794,967 | 314,827 |
| Other creditors | 129,373 | 127,935 |
| | <u>4,173,631</u> | <u>2,826,823</u> |

25. Called up share capital

Authorised share capital

| | 2017 | | 2016 | |
|------------------------------|---------------|---------------|---------------|---------------|
| | No. | £ | No. | £ |
| Ordinary A shares of £1 each | 250 | 250 | 250 | 250 |
| Ordinary B shares of £1 each | 250 | 250 | 250 | 250 |
| Ordinary C shares of £1 each | 17,425 | 17,425 | 17,425 | 17,425 |
| Ordinary D shares of £1 each | 19,950 | 19,950 | 19,950 | 19,950 |
| Ordinary E shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| Ordinary F shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| Ordinary G shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| Ordinary H shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| Ordinary I shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| | <u>50,500</u> | <u>50,500</u> | <u>50,500</u> | <u>50,500</u> |

Issued, called up and fully paid

| | 2017 | | 2016 | |
|------------------------------|---------------|---------------|---------------|---------------|
| | No. | £ | No. | £ |
| Ordinary A shares of £1 each | 250 | 250 | 250 | 250 |
| Ordinary B shares of £1 each | 250 | 250 | 250 | 250 |
| Ordinary C shares of £1 each | 17,425 | 17,425 | 17,425 | 17,425 |
| Ordinary D shares of £1 each | 19,950 | 19,950 | 19,950 | 19,950 |
| Ordinary E shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| Ordinary F shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| Ordinary G shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| Ordinary H shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| Ordinary I shares of £1 each | 2,525 | 2,525 | 2,525 | 2,525 |
| | <u>50,500</u> | <u>50,500</u> | <u>50,500</u> | <u>50,500</u> |

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

25. Called up share capital *(continued)*

The Ordinary C, D, F, G, H and I shares are non-voting shares.

The Ordinary A shares do not entitle the holder to vote at any general meeting but, in all other respects, the shares rank pari passu with the Ordinary B and E shares.

The Ordinary B shares do not entitle the holder to receive notice of, attend, or vote at any general meeting but, in all other respects, the shares rank pari passu with the Ordinary A and E shares.

26. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets and the associated deferred tax provision.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

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

27. Capital commitments

There were none, either contracted, or authorised but not contracted.

28. Operating leases

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

| | Group | | Company | |
|--|------------------|------------------|----------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Not later than 1 year | 643,140 | 702,885 | - | - |
| Later than 1 year and not later than 5 years | 1,894,380 | 2,014,793 | - | - |
| Later than 5 years | 3,136,898 | 3,423,906 | - | - |
| | <u>5,674,418</u> | <u>6,141,584</u> | <u>-</u> | <u>-</u> |

29. Contingencies

The bank facilities are secured by a debenture and an intercompany guarantee between the company and Security Plus Limited. The contingent liability as at the balance sheet date was £nil (2016: £nil).

30. Events after the end of the reporting period

At the year end the company was in negotiations to swap the property known as The Manor House for a property in Burslem, Staffordshire. At 30 September 2017 the company had incurred renovation and construction expenditure for the new Burslem site. The transfer of ownership is expected to happen in the coming months.

There were no further material events up to 22 March 2018 being the date of approval of the financial statements by the Board.

THE ABBOTSHURST GROUP PUBLIC LIMITED COMPANY

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

31. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

| | 2017 | | |
|---------|------------------------------|---|--------------------------|
| | Balance brought forward £ | Advances/ (credits) to the directors £ | Balance outstanding £ |
| A S Gee | (248,612) | (380,099) | (628,711) |
| P D Gee | (66,215) | (100,041) | (166,256) |
| | <u>(314,827)</u> | <u>(480,140)</u> | <u>(794,967)</u> |

| | 2016 | | |
|---------|------------------------------|---|--------------------------|
| | Balance brought forward £ | Advances/ (credits) to the directors £ | Balance outstanding £ |
| A S Gee | (219,484) | (29,128) | (248,612) |
| P D Gee | (226,122) | 159,907 | (66,215) |
| | <u>(445,606)</u> | <u>130,779</u> | <u>(314,827)</u> |

32. Controlling party

The company considers A S Gee to be the ultimate controlling party by virtue of his shareholding in the company.