

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
FOCAL POINT FIRES PLC**

Scodie Deyong LLP
Chartered Accountants
Registered Auditors
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85 Frampton Street
London
NW8 8NQ

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FOR THE YEAR ENDED 31 DECEMBER 2012**

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FOCAL POINT FIRES PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS:

I B Mitchell Esq
C J Richards Esq
M Moody Esq
R Stokes Esq
S J Hammond Esq

SECRETARY:

S J Hammond Esq

REGISTERED OFFICE:

2nd Floor
85 Frampton Street
London
NW8 8NQ

REGISTERED NUMBER:

01726619 (England and Wales)

AUDITORS:

Scodie Deyong LLP
Chartered Accountants
Registered Auditors
2nd Floor
85 Frampton Street
London
NW8 8NQ

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

The prospects for the UK economy and the housing sector in 2012/13 are still relatively pessimistic, as the impact of the debt/financial crisis remains entrenched across the globe. As a result, the UK outlook remains uncertain, particularly as budget cuts continue to impact on public sector spending and jobs. Confidence continues to remain fragile, with consumers suffering pressure on their disposable incomes, which inevitably impacts upon consumer spending.

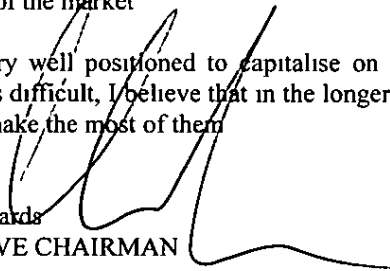
In terms of construction, neither house building nor house moving have seen any substantial recovery in 2012 and the low level of property transactions and housing starts continue to have a negative impact on the market sector overall. The expected continuation of this will continue to impact on a wide range of products.

Rather than relying upon any market improvement, we have remained focused on the design and development of innovative new products and responded with robust management of costs to capitalise on the ever emerging Omni channel world.

The outlook for 2013 is moderately positive, with slow growth anticipated, and medium-longer term prospects are dependent upon the timing, speed and scale of recovery in the UK economy. With the rollout of smart metering in UK homes on the horizon, this will provide householders a better understanding of energy usage and cost(s) associated for each fuel type. Inevitably, this will provide future opportunities in the gas fire market as there will be more focus on efficient energy using products.

Our electric and gas fires are likely to continue to demonstrate underlying growth, motivated by ease of control and convenience. Flueless gas fires are particularly popular as they offer an affordable way to update a room, and are intended to make a statement in home décor, and we continue to broaden both our product range and customer base for this sector of the market.

We are very well positioned to capitalise on renewed consumer confidence to emerge, and although the economic backdrop is difficult, I believe that in the longer term, challenges present opportunities and Focal Point Fires plc is well placed to make the most of them.


Carl J Richards
EXECUTIVE CHAIRMAN

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors present their report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of gas fires and electrical appliances

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the financial statements

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012

RESEARCH AND DEVELOPMENT

The company continues to invest in the development of new products

DIRECTORS

The directors during the year under review were

I B Mitchell Esq

C J Richards Esq

M Moody Esq

R Stokes Esq

S J Hammond Esq

- appointed 6 4 2012

The beneficial interests of the directors holding office on 31 December 2012 in the issued share capital of the company were as follows

	31 12 12	1 1 12 or date of appointment if later
Ordinary £1 shares		
I B Mitchell Esq	34,000	34,000
C J Richards Esq	2,000	2,000
M Moody Esq	2,000	2,000
R Stokes Esq	2,000	2,000
S J Hammond Esq	-	-

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy to settle approved invoices from independent suppliers, by the end of the month following the month of approval, or in accordance with specific terms where these have been agreed at the time of determination of the terms of each transaction. The company takes on average 90 days to pay its suppliers

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable 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.

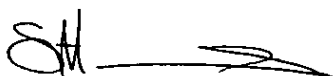
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Scodie Deyong LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



S J Hammond Esq - Secretary

21 June 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOCAL POINT FIRES PLC

We have audited the financial statements of Focal Point Fires Plc for the year ended 31 December 2012 on pages seven to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FOCAL POINT FIRES PLC**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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



L S Deyong FCA (Senior Statutory Auditor)
for and on behalf of Scodie Deyong LLP
Chartered Accountants
Registered Auditors
2nd Floor
85 Frampton Street
London
NW8 8NQ

21 June 2013

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
TURNOVER	2	8,134,863	9,803,382
Cost of sales		4,893,304	5,685,129
GROSS PROFIT		3,241,559	4,118,253
Administrative expenses		3,508,696	4,134,125
		(267,137)	(15,872)
Other operating income		-	40,005
OPERATING (LOSS)/PROFIT	4	(267,137)	24,133
Exceptional items		424,238	-
		157,101	24,133
Interest receivable and similar income		11	7,593
		157,112	31,726
Interest payable and similar charges	5	103,856	104,783
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		53,256	(73,057)
Tax on profit/(loss) on ordinary activities	6	12,960	(6,078)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		40,296	(66,979)
Retained profit brought forward		812,255	879,234
RETAINED PROFIT CARRIED FORWARD		852,551	812,255

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit the current year and the loss for the previous year

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

BALANCE SHEET
31 DECEMBER 2012

		2012	2011
	Notes	£	£
FIXED ASSETS			
Intangible assets	7	494,825	546,741
Tangible assets	8	649,651	720,252
Investments	9	12,500	12,500
		<u>1,156,976</u>	<u>1,279,493</u>
CURRENT ASSETS			
Stocks	10	1,781,581	1,854,871
Debtors	11	985,304	1,250,079
Cash at bank and in hand		6,190	17,111
		<u>2,773,075</u>	<u>3,122,061</u>
CREDITORS			
Amounts falling due within one year	12	<u>2,914,233</u>	<u>3,437,187</u>
NET CURRENT LIABILITIES		<u>(141,158)</u>	<u>(315,126)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,015,818</u>	<u>964,367</u>
CREDITORS			
Amounts falling due after more than one year	13	(27,393)	(3,385)
PROVISIONS FOR LIABILITIES	17	<u>(85,874)</u>	<u>(98,727)</u>
NET ASSETS		<u><u>902,551</u></u>	<u><u>862,255</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	50,000	50,000
Profit and loss account		<u>852,551</u>	<u>812,255</u>
SHAREHOLDERS' FUNDS	20	<u><u>902,551</u></u>	<u><u>862,255</u></u>

The financial statements were approved by the Board of Directors on 21 June 2013 and were signed on its behalf by


I B Mitchell Esq - Director

C J Richards Esq - Director



The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

		2012	2011
	Notes	£	£
Net cash inflow/(outflow) from operating activities	1	9,890	(427,168)
Returns on investments and servicing of finance	2	(103,845)	(97,190)
Taxation		-	(10,000)
Capital expenditure	2	(10,656)	(203,288)
		(104,611)	(737,646)
Financing	2	68,843	1,026,501
(Decrease)/increase in cash in the period		(35,768)	288,855
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/increase in cash in the period		(35,768)	288,855
Cash inflow from increase in debt and lease financing		(257,570)	(549,905)
Change in net debt resulting from cash flows		(293,338)	(261,050)
New finance leases		(42,053)	-
Movement in net debt in the period		(335,391)	(261,050)
Net debt at 1 January		(1,079,454)	(818,404)
Net debt at 31 December		(1,414,845)	(1,079,454)

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

**1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES**

	2012	2011
	£	£
Operating (loss)/profit	(267,137)	24,133
Depreciation charges	171,645	477,752
Loss on disposal of fixed assets	3,581	10,449
Exceptional items	424,238	-
Decrease in stocks	73,290	192,447
Decrease in debtors	264,776	139,292
Decrease in creditors	(660,503)	(1,271,241)
Net cash inflow/(outflow) from operating activities	9,890	(427,168)

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	11	7,593
Interest paid	(96,793)	(93,982)
Interest element of hire purchase payments	(7,063)	(10,801)
Net cash outflow for returns on investments and servicing of finance	(103,845)	(97,190)
Capital expenditure		
Purchase of intangible fixed assets	(2,408)	(209,191)
Purchase of tangible fixed assets	(12,652)	(19,327)
Sale of tangible fixed assets	4,404	25,230
Net cash outflow for capital expenditure	(10,656)	(203,288)
Financing		
Additional factor advances	75,616	67,532
Trade loan advances	221,990	556,648
Capital repayments in year	(40,036)	(74,275)
Amount introduced by directors	500,000	788,057
Amount withdrawn by directors	(688,727)	(311,461)
Net cash inflow from financing	68,843	1,026,501

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 12 £	Cash flow £	Other non-cash changes £	At 31 12 12 £
Net cash				
Cash at bank and in hand	17,111	(10,921)		6,190
Bank overdraft	-	(24,847)		(24,847)
	<u>17,111</u>	<u>(35,768)</u>		<u>(18,657)</u>
Debt				
Hire purchase	(41,459)	40,036	(42,053)	(43,476)
Debts falling due within one year	<u>(1,055,106)</u>	<u>(297,606)</u>	<u>-</u>	<u>(1,352,712)</u>
	<u>(1,096,565)</u>	<u>(257,570)</u>	<u>(42,053)</u>	<u>(1,396,188)</u>
Total	<u>(1,079,454)</u>	<u>(293,338)</u>	<u>(42,053)</u>	<u>(1,414,845)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES

Going concern

The company's balance sheet shows a deficit of net current liabilities totalling £141,158 (2011 £315,126). The company has renewed its financing facilities to March 2014 which have been guaranteed by first legal charges over properties owned by director I B Mitchell Esq and a personal guarantee of £50,000 by director C J Richards Esq. For this reason the accounts have been prepared on a going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Acquired goodwill is capitalised and retained at cost in the financial statements.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold and improvements	- evenly over the period of lease
Plant and machinery	- 25% on a reducing balance basis
Fixtures and fittings	- 25% on a reducing balance basis
Motor vehicles	- 25% on a reducing balance basis

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

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

Research and development

Over the years the company have capitalised research and development expenditure on the basis of the technical, commercial and financial viability of individual projects. The company amortised this cost over 4 years on a straight line basis in line with the expectation of the time line of a range of fires.

The directors are of the view that the existing development expenditure will generate financial benefit over a period of 10 years. As a result the directors have decided to amortise the net book value at the start of the year on a straight line basis over the next 10 years. This also considers the view that a range of fires have proved to exceed their time line from 4 years to 10 years.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The subsidiary undertaking has not commenced trading and is dormant at the balance sheet date. The company has therefore taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare group accounts on the basis of immateriality.

Investments

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

2 TURNOVER

The turnover and profit (2011 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below.

	2012	2011
	£	£
United Kingdom	8,007,173	9,522,232
European Union	99,815	95,558
USA	27,875	185,592
	<u>8,134,863</u>	<u>9,803,382</u>

3 STAFF COSTS

	2012	2011
	£	£
Wages and salaries	1,137,509	1,464,016
Social security costs	92,369	115,765
Other pension costs	2,042	-
	<u>1,231,920</u>	<u>1,579,781</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

3 STAFF COSTS - continued

The average monthly number of employees during the year was as follows

	2012	2011
Production	38	47
Sales	4	3
Administration	9	10
	<u>51</u>	<u>60</u>

4 OPERATING (LOSS)/PROFIT

The operating loss (2011 - operating profit) is stated after charging/(crediting)

	2012 £	2011 £
Other operating leases	99,613	156,713
Depreciation - owned assets	102,715	100,961
Depreciation - assets on hire purchase contracts	14,606	35,126
Loss on disposal of fixed assets	3,581	10,449
Development expenditure amortisation	54,324	341,665
Auditors' remuneration	17,700	19,500
Foreign exchange differences	-	183
Development cost capitalised	-	(163,919)
Hire of equipment	14,896	14,896
	<u>96,741</u>	<u>220,200</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>1</u>	<u>1</u>
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5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Bank interest	12,791	32,468
Factoring interest	13,216	12,694
Other interest	67,679	48,820
Interest payable	3,107	-
Hire purchase	7,063	10,801
	<u>103,856</u>	<u>104,783</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

6 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows

	2012	2011
	£	£
Current tax		
UK corporation tax	25,813	21,083
Deferred tax	(12,853)	(27,161)
Tax on profit/(loss) on ordinary activities	<u>12,960</u>	<u>(6,078)</u>

Factors affecting the tax charge/(credit)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2012	2011
	£	£
Profit/(loss) on ordinary activities before tax	<u>53,256</u>	<u>(73,057)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 20.247%)	10,651	(14,792)
Effects of		
Non deductible expenses	460	4,281
Depreciation	34,329	96,730
Capital allowances	(20,343)	(65,136)
Disposal of assets	716	-
Current tax charge/(credit)	<u>25,813</u>	<u>21,083</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

7 INTANGIBLE FIXED ASSETS

	Goodwill £	Development expenditure £	Patents £	Totals £
COST				
At 1 January 2012	3,500	1,201,714	-	1,205,214
Additions	-	-	2,408	2,408
Disposals	-	(658,473)	-	(658,473)
At 31 December 2012	3,500	543,241	2,408	549,149
AMORTISATION				
At 1 January 2012	-	658,473	-	658,473
Amortisation for year	-	54,324	-	54,324
Eliminated on disposal	-	(658,473)	-	(658,473)
At 31 December 2012	-	54,324	-	54,324
NET BOOK VALUE				
At 31 December 2012	3,500	488,917	2,408	494,825
At 31 December 2011	3,500	543,241	-	546,741

8 TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2012	691,528	537,662	419,591	144,322	1,793,103
Additions	-	12,651	14,913	27,141	54,705
Disposals	-	-	-	(32,205)	(32,205)
At 31 December 2012	691,528	550,313	434,504	139,258	1,815,603
DEPRECIATION					
At 1 January 2012	271,841	426,850	286,756	87,404	1,072,851
Charge for year	37,154	29,535	34,141	16,491	117,321
Eliminated on disposal	-	-	-	(24,220)	(24,220)
At 31 December 2012	308,995	456,385	320,897	79,675	1,165,952
NET BOOK VALUE					
At 31 December 2012	382,533	93,928	113,607	59,583	649,651
At 31 December 2011	419,687	110,812	132,835	56,918	720,252

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

8 TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2012	100,407	77,439	177,846
Additions	14,913	27,140	42,053
Disposals	-	(11,538)	(11,538)
At 31 December 2012	115,320	93,041	208,361
DEPRECIATION			
At 1 January 2012	54,760	36,979	91,739
Charge for year	12,344	2,262	14,606
Eliminated on disposal	-	(6,772)	(6,772)
At 31 December 2012	67,104	32,469	99,573
NET BOOK VALUE			
At 31 December 2012	48,216	60,572	108,788
At 31 December 2011	45,647	40,460	86,107

9 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2012 and 31 December 2012	12,500
NET BOOK VALUE	
At 31 December 2012	12,500
At 31 December 2011	12,500

The company's investments at the balance sheet date in the share capital of companies include the following

British Fires PLC

Nature of business Dormant

	% holding 100 00	2012 £	2011 £
Class of shares			
Ordinary			
Aggregate capital and reserves		12,500	12,500

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

10 STOCKS

	2012	2011
	£	£
Finished goods	737,776	706,253
Raw materials	1,043,805	1,148,618
	<u>1,781,581</u>	<u>1,854,871</u>

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade debtors	814,488	1,035,620
Other debtors	75,092	-
Prepayments	95,724	214,459
	<u>985,304</u>	<u>1,250,079</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Bank loans and overdrafts (see note 14)	1,377,559	1,055,106
Hire purchase contracts (see note 15)	16,083	38,074
Trade creditors	1,128,434	1,412,739
Sundry creditors	12,500	12,500
Taxation	77,344	51,531
Social security and other taxes	21,303	454,451
VAT	143,141	135,029
Directors' current accounts	-	188,727
Accruals and deferred income	137,869	89,030
	<u>2,914,233</u>	<u>3,437,187</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Hire purchase contracts (see note 15)	<u>27,393</u>	<u>3,385</u>

14 LOANS

An analysis of the maturity of loans is given below

	2012	2011
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	24,847	-
Factoring account	574,075	498,459
Trade loan	778,637	556,647
	<u>1,377,559</u>	<u>1,055,106</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2012	2011
	£	£
Gross obligations repayable		
Within one year	18,755	44,565
Between one and five years	31,577	4,108
	<u>50,332</u>	<u>48,673</u>
Finance charges repayable		
Within one year	2,672	6,491
Between one and five years	4,184	723
	<u>6,856</u>	<u>7,214</u>
Net obligations repayable		
Within one year	16,083	38,074
Between one and five years	27,393	3,385
	<u>43,476</u>	<u>41,459</u>

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2012	2011	2012	2011
	£	£	£	£
Expiring				
Between one and five years	224,500	224,500	14,896	14,896
In more than five years	125,613	125,613	-	-
	<u>350,113</u>	<u>350,113</u>	<u>14,896</u>	<u>14,896</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

16 SECURED DEBTS

The following secured debts are included within creditors

	2012	2011
	£	£
Bank overdraft	24,847	-
Hire purchase contracts	43,476	41,459
Factoring account	574,075	498,459
Trade loan	778,637	556,647
	<u>1,421,035</u>	<u>1,096,565</u>

Bank indebtedness including the trade loan is secured by a debenture deed comprising a fixed and floating charge over the assets owned by the company. The factoring account is secured by a fixed charge over book debts owed to the company, and a debenture over the assets of the company. The hire purchase liabilities are secured by a charge over the relevant assets. The trade loan is an additional facility made available by the company's bankers to enable earlier payments for creditors generally.

17 PROVISIONS FOR LIABILITIES

	2012	2011
	£	£
Deferred tax	<u>85,874</u>	<u>98,727</u>
		Deferred tax
		£
Balance at 1 January 2012		98,727
Depreciation in excess capital allowances		(12,853)
Balance at 31 December 2012		<u>85,874</u>

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2012	2011
Number	Class	Nominal value	£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

19 RELATED PARTY DISCLOSURES

C J Richards Esq
Director and shareholder of the company

The company's factor facilities were secured by a personal guarantee amounting to £50,000

I B Mitchell Esq
Director and shareholder of the company

The bank indebtedness is secured on properties owned personally by I B Mitchell Esq

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

19 RELATED PARTY DISCLOSURES - continued

British Fires PLC

A wholly owned subsidiary of the company

There were no transactions between the parties during the year

	2012	2011
	£	£
Amount due to related party at the balance sheet date	12,500	12,500

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit/(loss) for the financial year	40,296	(66,979)
Net addition/(reduction) to shareholders' funds	40,296	(66,979)
Opening shareholders' funds	862,255	929,234
Closing shareholders' funds	902,551	862,255

21 EXCEPTIONAL ITEM

Exceptional item is the release of loans previously provided to the company by director I B Mitchell Esq