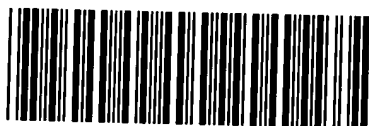


REGISTERED NUMBER: 01726619 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
FOCAL POINT FIRES PLC**

Scodie Deyong LLP
Chartered Accountants
Statutory Auditors
4 Prince Albert Road
London
NW1 7SN

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28/06/2017

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COMPANIES HOUSE

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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FOCAL POINT FIRES PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS:

I B Mitchell
C J Richards
S J Hammond
M P Wigmore

SECRETARY:

S J Hammond

REGISTERED OFFICE:

4 Prince Albert Road
London
NW1 7SN

REGISTERED NUMBER:

01726619 (England and Wales)

AUDITORS:

Scodie Deyong LLP
Chartered Accountants
Statutory Auditors
4 Prince Albert Road
London
NW1 7SN

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

Focal Point Fires delivered another solid performance for the year ending 31st December 2016, with turnover increasing by 5.6% on the previous year to £12.96m.

Despite the Brexit related uncertainty, sales and demand for our appliances remained strong throughout 2016 and whilst the sharp decline in the value of Sterling since June 2016 has created cost pressures on imported goods and materials, despite this, we remained vigilant in controlling our costs to protect profitability. We have a proven track record of managing our cost base and took decisive action in the year which was marked by seismic shifts in global economic conditions following Brexit. Against this backdrop, our performance in 2016 was satisfactory, with trading profit before tax rising to £222k.

Throughout 2016 we continued to introduce and develop new and innovative products which have allowed us to broaden both our product range and customer base. Products in development have also received very positive reaction and we are set to continue with our development programme throughout 2017 to allow us to create further opportunities.

The key business risks affecting the company is the impact of any potential downturn in consumer spending as a result of increased inflation and any significant exchange rate fluctuations which would lead further to increased costs in the purchase of raw materials and goods, this is minimised in the short to medium term by foreign exchange contracts.

The Company has reviewed its financial position in light of the economic conditions as part of its normal budgetary process and the Directors remain vigilant to changing trading and economic conditions and whilst no best laid plans or strategy is set in stone, we will take the opportunity to continually review the company's future direction and performance during the course of the year and take any appropriate action to ensure our continued success, independence and sustainability.

The political developments both in 2016 and 2017 have undoubtedly created significant uncertainties for the UK economy as a whole. However, we are well positioned and despite these uncertainties anticipated, including consumer spending and rising inflation throughout 2017, that some of our customers will actually benefit from the weaker pound as more people will stay in Britain for holidays. Staycations may help some consumers focus on higher value goods. We are hopeful that Sterling will stabilise at the current level in the medium term, which will ease the difficult trading conditions.

The Directors remain committed to our investment in design, research and development being necessary for the continuing future success of the business in both the medium and longer term. Continued support and investment in this area will be continued.

The progress of the UK's economic recovery will continue to provide us with both new challenges and opportunities as we enter 2017 and our management team are highly experienced in operating in a variety of market conditions and will always take the appropriate steps for the business, to react and take advantage of changes in market conditions. This coupled together with a clear strategy to remain focused and committed on delivering new products and propositions, we believe, will allow us to further strengthen and outperform in the markets in which we operate in.

Finally, I would like to thank all our valued employees who make our business what is today. It is their dedication and continued hard work and commitment that deliver improving results year-on-year and we are confident that Focal Point Fires will continue to make further progress in the year ahead.

ON BEHALF OF THE BOARD:



C J Richards - Director

21 June 2017

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

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.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

RESEARCH AND DEVELOPMENT

The company continues to invest in the development of new products and the enhancement of existing ones.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2016 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

M Moody Esq - resigned 4.10.2016

The beneficial interests of the directors holding office at 31 December 2016 in the shares of the company, according to the register of directors' interests, were as follows:

| | 31.12.16 | 1.1.16 |
|-----------------------------------|----------|--------|
| Ordinary shares of £1 each | | |
| I B Mitchell | 38,000 | 36,000 |
| C J Richards | 2,000 | 2,000 |
| S J Hammond | - | - |
| M P Wigmore | - | - |

These directors did not hold any non-beneficial interests in the shares of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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:

A handwritten signature in black ink, appearing to be 'S J Hammond', followed by a horizontal line.

S J Hammond - Director

21 June 2017

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 2016 on pages seven to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 three, 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 Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the 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
Statutory Auditors
4 Prince Albert Road
London
NW1 7SN

21 June 2017

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Notes | 2016 £ | 2015 £ |
|---------------------------------------|-------|------------|------------|
| TURNOVER | 3 | 12,956,950 | 12,265,392 |
| Cost of sales | | 8,668,040 | 7,907,891 |
| GROSS PROFIT | | 4,288,910 | 4,357,501 |
| Administrative expenses | | 3,948,284 | 4,045,316 |
| OPERATING PROFIT | 5 | 340,626 | 312,185 |
| Interest payable and similar expenses | 6 | 118,791 | 126,835 |
| PROFIT BEFORE TAXATION | | 221,835 | 185,350 |
| Tax on profit | 7 | 17,599 | 9,481 |
| PROFIT FOR THE FINANCIAL YEAR | | 204,236 | 175,869 |

The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Notes | 2016 £ | 2015 £ |
|--|-------|----------------|----------------|
| PROFIT FOR THE YEAR | | 204,236 | 175,869 |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>204,236</u> | <u>175,869</u> |

The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016**

| | Notes | 2016 £ | 2015 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Intangible assets | 9 | 288,107 | 338,412 |
| Tangible assets | 10 | 2,591,911 | 2,684,999 |
| Investments | 11 | 12,500 | 12,500 |
| | | <u>2,892,518</u> | <u>3,035,911</u> |
| CURRENT ASSETS | | | |
| Stocks | 12 | 2,150,572 | 2,087,282 |
| Debtors | 13 | 3,189,355 | 2,339,381 |
| Cash at bank and in hand | | 2,476 | 408,267 |
| | | <u>5,342,403</u> | <u>4,834,930</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | <u>5,818,584</u> | <u>5,555,660</u> |
| NET CURRENT LIABILITIES | | <u>(476,181)</u> | <u>(720,730)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,416,337</u> | <u>2,315,181</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 15 | (713,925) | (800,431) |
| PROVISIONS FOR LIABILITIES | 19 | <u>(59,614)</u> | <u>(76,188)</u> |
| NET ASSETS | | <u><u>1,642,798</u></u> | <u><u>1,438,562</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 20 | 50,000 | 50,000 |
| Retained earnings | 21 | 1,592,798 | 1,388,562 |
| SHAREHOLDERS' FUNDS | | <u><u>1,642,798</u></u> | <u><u>1,438,562</u></u> |

The financial statements were approved by the Board of Directors on 21 June 2017 and were signed on its behalf by:


C J Richards - Director


I B Mitchell - Director

The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 January 2015 | 50,000 | 1,227,693 | 1,277,693 |
| Changes in equity | | | |
| Dividends | - | (15,000) | (15,000) |
| Total comprehensive income | - | 175,869 | 175,869 |
| Balance at 31 December 2015 | 50,000 | 1,388,562 | 1,438,562 |
| Changes in equity | | | |
| Total comprehensive income | - | 204,236 | 204,236 |
| Balance at 31 December 2016 | 50,000 | 1,592,798 | 1,642,798 |

The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Notes | 2016 £ | 2015 £ |
|---|-------|---------------------------|-----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | (278,135) | (462,831) |
| Interest paid | | (117,510) | (124,671) |
| Interest element of hire purchase payments paid | | (1,281) | (2,164) |
| Tax paid | | (13,460) | 8,719 |
| Net cash from operating activities | | <u>(410,386)</u> | <u>(580,947)</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (4,020) | - |
| Purchase of tangible fixed assets | | (18,427) | (1,745,179) |
| Sale of tangible fixed assets | | - | 1,046 |
| Net cash from investing activities | | <u>(22,447)</u> | <u>(1,744,133)</u> |
| Cash flows from financing activities | | | |
| Additional factor advances | | 300,742 | 600,548 |
| Trade loan advances | | (806,423) | 541,280 |
| Capital repayments in year | | (9,688) | (15,357) |
| Amount introduced by directors | | - | 1,520,000 |
| Amount withdrawn by directors | | (646,075) | - |
| Equity dividends paid | | - | (15,000) |
| Net cash from financing activities | | <u>(1,161,444)</u> | <u>2,631,471</u> |
| (Decrease)/increase in cash and cash equivalents | | <u>(1,594,277)</u> | <u>306,391</u> |
| Cash and cash equivalents at beginning of year | 2 | 408,267 | 101,876 |
| Cash and cash equivalents at end of year | 2 | <u><u>(1,186,010)</u></u> | <u><u>408,267</u></u> |

The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2016 £ | 2015 £ |
|--|-------------------------|-------------------------|
| Profit before taxation | 221,835 | 185,350 |
| Depreciation charges | 147,810 | 155,904 |
| Loss on disposal of fixed assets | 18,030 | 1,317 |
| Finance costs | 118,791 | 126,835 |
| | <u>506,466</u> | <u>469,406</u> |
| (Increase)/decrease in stocks | (63,290) | 110,146 |
| Increase in trade and other debtors | (849,974) | (894,146) |
| Increase/(decrease) in trade and other creditors | 128,663 | (148,237) |
| | <u>128,663</u> | <u>(148,237)</u> |
| Cash generated from operations | <u>(278,135)</u> | <u>(462,831)</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2016

| | 31.12.16 £ | 1.1.16 £ |
|---------------------------|--------------------|----------------|
| Cash and cash equivalents | 2,476 | 408,267 |
| Bank overdrafts | (1,188,486) | - |
| | <u>(1,186,010)</u> | <u>408,267</u> |

Year ended 31 December 2015

| | 31.12.15 £ | 1.1.15 £ |
|---------------------------|---------------|-------------|
| Cash and cash equivalents | 408,267 | 101,876 |

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. STATUTORY INFORMATION

Focal Point Fires Plc is a public limited company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company's balance sheet shows a deficit of net current liabilities totalling £476,181 (2015: £720,730). The company has renewed its financing facilities during the year. These facilities together with the projected cashflow from the trading activities should ensure the company's net current liabilities will be met in the normal course of trade. For this reason the accounts have been prepared on a going concern basis.

Preparation of consolidated financial statements

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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

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

Development expenditure

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 is amortising this cost over 10 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. This also considers the view that a range of fires have proved to exceed their time line from 4 years to 10 years.

Patents

Patents are initially measured at cost. The patents will be amortised once there is future economic benefit to the company.

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.

| | |
|----------------------------------|-----------------------------------|
| Freehold property | - straight line basis |
| 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 |

Freehold property and improvements are included in the balance sheet at fair value in accordance with FRS102. While the improvements are depreciated in accordance with the standard, the property is not depreciated as the useful economic life is considered so long that the depreciation would be immaterial. In the opinion of the directors this is necessary for the financial statements to give a true and fair view in respect of the property value.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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.

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 profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss 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 profit or loss in the period to which they relate.

Investments

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

| | 2016 £ | 2015 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 11,774,648 | 11,081,206 |
| Europe | 54,789 | 65,784 |
| Asia | 1,127,513 | 1,118,402 |
| | <u>12,956,950</u> | <u>12,265,392</u> |

4. EMPLOYEES AND DIRECTORS

| | 2016 £ | 2015 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,636,948 | 1,619,561 |
| Social security costs | 140,537 | 132,057 |
| Other pension costs | 10,527 | 4,798 |
| | <u>1,788,012</u> | <u>1,756,416</u> |

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

| | 2016 | 2015 |
|----------------|-----------|-----------|
| Production | 47 | 44 |
| Sales | 3 | 3 |
| Administration | 14 | 14 |
| | <u>64</u> | <u>61</u> |

| | 2016 £ | 2015 £ |
|-------------------------|----------------|----------------|
| Directors' remuneration | <u>375,981</u> | <u>326,590</u> |

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

| | 2016 | 2015 |
|------------------------|----------|----------|
| Money purchase schemes | <u>1</u> | <u>1</u> |

Information regarding the highest paid director is as follows:

| | 2016 £ | 2015 £ |
|----------------|----------------|----------------|
| Emoluments etc | <u>139,583</u> | <u>125,000</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

5. OPERATING PROFIT

The operating profit is stated after charging:

| | 2016 | 2015 |
|--|----------------|---------------|
| | £ | £ |
| Other operating leases | 78,963 | 79,283 |
| Depreciation - owned assets | 88,451 | 94,866 |
| Depreciation - assets on hire purchase contracts | 5,035 | 6,714 |
| Loss on disposal of fixed assets | 18,030 | 1,317 |
| Development expenditure amortisation | 54,325 | 54,324 |
| Auditors' remuneration | 16,700 | 16,700 |
| Foreign exchange differences | 152,299 | 60,516 |
| | <u>152,299</u> | <u>60,516</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2016 | 2015 |
|--------------------|----------------|----------------|
| | £ | £ |
| Bank interest | 41,063 | 2,241 |
| Factoring interest | 17,711 | 24,134 |
| Other interest | 58,736 | 98,296 |
| Hire purchase | 1,281 | 2,164 |
| | <u>118,791</u> | <u>126,835</u> |

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

| | 2016 | 2015 |
|--------------------|---------------|--------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 34,173 | 13,460 |
| Deferred tax | (16,574) | (3,979) |
| Tax on profit | <u>17,599</u> | <u>9,481</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Profit before tax | 221,835 | 185,350 |
| Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%) | 44,367 | 37,070 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,302 | 1,895 |
| Depreciation in excess of capital allowances | 18,619 | 10,490 |
| Loss on disposal of assets | 3,606 | 263 |
| Enhanced research and development expenditure | (33,721) | (36,258) |
| Deferred tax | (16,574) | (3,979) |
| Total tax charge | 17,599 | 9,481 |

8. DIVIDENDS

| | 2016 £ | 2015 £ |
|---------|-----------|-----------|
| Interim | - | 15,000 |

9. INTANGIBLE FIXED ASSETS

| | Goodwill £ | Development expenditure £ | Patents £ | Totals £ |
|-----------------------|---------------|---------------------------------|--------------|-------------|
| COST | | | | |
| At 1 January 2016 | 3,500 | 543,241 | 8,967 | 555,708 |
| Additions | - | - | 4,020 | 4,020 |
| At 31 December 2016 | 3,500 | 543,241 | 12,987 | 559,728 |
| AMORTISATION | | | | |
| At 1 January 2016 | - | 217,296 | - | 217,296 |
| Amortisation for year | - | 54,325 | - | 54,325 |
| At 31 December 2016 | - | 271,621 | - | 271,621 |
| NET BOOK VALUE | | | | |
| At 31 December 2016 | 3,500 | 271,620 | 12,987 | 288,107 |
| At 31 December 2015 | 3,500 | 325,945 | 8,967 | 338,412 |

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. TANGIBLE FIXED ASSETS

| | Freehold property £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|------------------------|---------------------------|-----------------------------|----------------------------------|------------------------|-------------|
| COST | | | | | |
| At 1 January 2016 | 2,526,245 | 667,063 | 487,085 | 62,735 | 3,743,128 |
| Additions | - | 9,060 | 9,367 | - | 18,427 |
| Disposals | - | (254,820) | - | - | (254,820) |
| At 31 December 2016 | 2,526,245 | 421,303 | 496,452 | 62,735 | 3,506,735 |
| DEPRECIATION | | | | | |
| At 1 January 2016 | 75,497 | 540,595 | 401,983 | 40,054 | 1,058,129 |
| Charge for year | 32,277 | 32,263 | 23,032 | 5,914 | 93,486 |
| Eliminated on disposal | - | (236,791) | - | - | (236,791) |
| At 31 December 2016 | 107,774 | 336,067 | 425,015 | 45,968 | 914,824 |
| NET BOOK VALUE | | | | | |
| At 31 December 2016 | 2,418,471 | 85,236 | 71,437 | 16,767 | 2,591,911 |
| At 31 December 2015 | 2,450,748 | 126,468 | 85,102 | 22,681 | 2,684,999 |

The freehold property was valued by Symonds and Sampsons on 30 November 2015 in accordance with RICS appraisal and valuation standards on an open market value basis. The directors' consider this to be the fair value at the balance sheet date including any improvements made to freehold properties.

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

| | Motor vehicles £ |
|---|------------------------|
| COST | |
| At 1 January 2016 and 31 December 2016 | 42,984 |
| DEPRECIATION | |
| At 1 January 2016 | 23,821 |
| Charge for year | 5,035 |
| At 31 December 2016 | 28,856 |
| NET BOOK VALUE | |
| At 31 December 2016 | 14,128 |
| At 31 December 2015 | 19,163 |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|-----------------------|---|
| COST | |
| At 1 January 2016 | |
| and 31 December 2016 | <u>12,500</u> |
| NET BOOK VALUE | |
| At 31 December 2016 | <u>12,500</u> |
| At 31 December 2015 | <u>12,500</u> |

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

British Fires Plc

Registered office: 4 Prince Albert Road, London, NW1 7SN

Nature of business: Dormant

| | % holding | 2016 | 2015 |
|--------------------------------|--------------|---------------|---------------|
| Class of shares: | | | |
| Ordinary | 100.00 | £ | £ |
| Aggregate capital and reserves | | <u>12,500</u> | <u>12,500</u> |

12. STOCKS

| | 2016 | 2015 |
|----------------|------------------|------------------|
| | £ | £ |
| Finished goods | 1,071,451 | 1,170,477 |
| Raw materials | 1,079,121 | 916,805 |
| | <u>2,150,572</u> | <u>2,087,282</u> |

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 | 2015 |
|----------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 2,719,191 | 1,482,724 |
| Deposits paid to suppliers | 363,592 | 435,227 |
| VAT | - | 183,989 |
| Prepayments | 106,572 | 237,441 |
| | <u>3,189,355</u> | <u>2,339,381</u> |

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 | 2015 |
|---|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 16) | 3,580,480 | 2,897,675 |
| Hire purchase contracts (see note 17) | 431 | 9,688 |
| Trade creditors | 1,752,268 | 1,784,790 |
| Sundry creditors | 12,500 | 12,500 |
| Taxation | 34,173 | 13,460 |
| Social security and other taxes | 33,595 | 43,590 |
| VAT | 156,316 | - |
| Director's curr accs less 1yr | 160,000 | 720,000 |
| Accruals and deferred income | 88,821 | 73,957 |
| | <u>5,818,584</u> | <u>5,555,660</u> |

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2016 | 2015 |
|---------------------------------------|----------------|----------------|
| | £ | £ |
| Hire purchase contracts (see note 17) | - | 431 |
| Director's loan accs more 1yr | 713,925 | 800,000 |
| | <u>713,925</u> | <u>800,431</u> |

16. LOANS

An analysis of the maturity of loans is given below:

| | 2016 | 2015 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | 1,188,486 | - |
| Factoring account | 1,437,926 | 1,137,184 |
| Trade loan | 954,068 | 1,760,491 |
| | <u>3,580,480</u> | <u>2,897,675</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| | Hire purchase contracts | |
|------------------------------|-------------------------|----------------------------------|
| | 2016 | 2015 |
| | £ | £ |
| Gross obligations repayable: | | |
| Within one year | 431 | 10,969 |
| Between one and five years | - | 481 |
| | <u>431</u> | <u>11,450</u> |
| Finance charges repayable: | | |
| Within one year | - | 1,281 |
| Between one and five years | - | 50 |
| | <u>-</u> | <u>1,331</u> |
| Net obligations repayable: | | |
| Within one year | 431 | 9,688 |
| Between one and five years | - | 431 |
| | <u>431</u> | <u>10,119</u> |
| | | Non-cancellable operating leases |
| | 2016 | 2015 |
| | £ | £ |
| Within one year | 140,941 | 84,392 |
| Between one and five years | 299,370 | 278,954 |
| In more than five years | 136,702 | 145,793 |
| | <u>577,013</u> | <u>509,139</u> |

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. SECURED DEBTS

| | 2016 | 2015 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Hire Purchase contracts | 431 | 10,119 |
| Factoring Account | 1,437,926 | 1,137,184 |
| Trade Loans | 954,068 | 1,760,491 |
| Directors current account | 873,925 | 1,520,000 |
| Bank overdraft | 1,188,486 | - |
| | <u>4,454,836</u> | <u>4,427,794</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 trade loan is an additional facility made available by the company's bankers to enable earlier payments for creditors generally.

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 Director's current account is secured by a second legal charge over the freehold property of the company. The loan is for a period of 3 years and is repayable by instalments as per the terms of the agreement. Interest is charged at 2% per annum from 1 January 2016.

19. PROVISIONS FOR LIABILITIES

| | 2016 | 2015 |
|--|---------------|-----------------|
| | £ | £ |
| Deferred tax | <u>59,614</u> | <u>76,188</u> |
| | | Deferred tax |
| | | £ |
| Balance at 1 January 2016 | | 76,188 |
| Excess of depreciation over capital allowances | | <u>(16,574)</u> |
| Balance at 31 December 2016 | | <u>59,614</u> |

20. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 2016 | 2015 |
|----------------------------------|----------|----------------|---------------|---------------|
| Number: | Class: | Nominal value: | £ | £ |
| 50,000 | Ordinary | £1 | <u>50,000</u> | <u>50,000</u> |

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. RESERVES

| | Retained earnings £ |
|---------------------|---------------------------|
| At 1 January 2016 | 1,388,562 |
| Profit for the year | 204,236 |
| At 31 December 2016 | <u>1,592,798</u> |

22. RELATED PARTY DISCLOSURES

I B Mitchell Esq

Director and shareholder of the company.

The Director's current account is secured by a second legal charge over the freehold property of the company. The loan is for a period of 3 years and is repayable by instalments as per the terms of the agreement. Interest is charged at 2% per annum from 1 January 2016. During the year interest of £19,064 (2015: £Nil) was paid to I B Mitchell.

British Fires Plc

A wholly owned subsidiary of the company.

There were no transactions between the parties during the year.