

REGISTERED NUMBER: 01726619 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
FOCAL POINT FIRES PLC**

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



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Income Statement	8
Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Statement of Cash Flows	13
Notes to the Financial Statements	14

FOCAL POINT FIRES PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

DIRECTORS:

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

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 2017**

The directors present their strategic report for the year ended 31st December 2017.

REVIEW OF BUSINESS

Turnover of £12.185m was achieved in what was a challenging retail environment and with the added uncertainty of the ongoing Brexit negotiations keeping consumer spending under pressure. Despite this, we marginally increased our operating profit before tax to £341,600 and have continued to make significant investments in Research and Development.

We continue to operate in very competitive markets, with the continued growth of digital retailing presenting challenges and opportunities. Both sales and demand for our range of appliances remained strong throughout 2017 and whilst the sharp decline in the value of Sterling created cost pressures on imported goods and materials, we maintained our vigilance in managing our costs to protect profitability.

As at the Balance Sheet date we have shown a significant level of investment in stock amounting to £2.5m. We are also showing a strong asset base with a continued investment in tooling and research and development costs. The trade debtors were £2.1m and are reflective of the trading cycle.

Similarly, the trade creditors represent 70 days payments terms.

Throughout 2017 we continued to innovate and develop new products to differentiate ourselves from the competition which allowed us to broaden our product range and customer base. The Company ensured compliance with all legislative changes including the Energy Related Products Regulation and minimum efficiency requirements ahead of time and all new products have been very well received. We have also successfully completed the transition from GAD (Gas Appliance Directive) to GAR (Gas Appliance Regulations) and we are set to continue with our new product development programme throughout 2018 to allow us to create and explore further opportunities.

RISK MANAGEMENT

The key business risks affecting the Company is the impact of any potential downturn in consumer spending as a result of potential increased interest rate rises and any significant exchange rate fluctuations. This would lead further to increased costs in the purchase of raw materials and goods. These risks are mitigated in the short to medium term by foreign exchange contracts and the Company regularly reviews its exposure to foreign currency.

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. 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.

OUTLOOK

The year ahead brings challenges, particularly following a full year's impact in the fall in Sterling and uncertainty around consumer spending, but we approach these from a position of strength. Despite these uncertainties, our significant investment in new product development throughout 2017 carried forward into 2018, provides a platform for progress in the Company's future and we are well positioned to move forward into 2018. We are set to continue to broaden both our trade customer and product base and increase our overseas turnover.

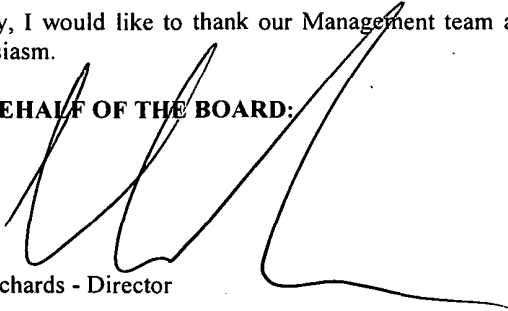
The Directors remain committed to our investment in design, research and development being necessary for the continuing future success of the business in both the medium and longer term. Continued support for our Research and Development team and close collaboration with our suppliers will be continued to ensure new innovative products are developed and launched and investment in this area will be maintained.

We are also delighted to have recently promoted and appointed to the Board Phillip Wicks as our Managing Director in recognition of his 17 years of loyal, dedicated service and commitment, who will continue to oversee and work closely with our suppliers, customers and staff in driving the business forwards in order that Focal Point Fires continue to make further progress for the many years ahead.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Finally, I would like to thank our Management team and all our valued employees for their ongoing dedication and enthusiasm.

ON BEHALF OF THE BOARD:



C J Richards - Director

31 May 2018

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

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

The total distribution of dividends for the year ended 31 December 2017 will be £15,000.

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 2017 to the date of this report unless otherwise stated.

The beneficial interests of the directors holding office at 31 December 2017 in the shares of the company, according to the register of directors' interests, were as follows:

	31.12.17	1.1.17 or date of appointment if later
Ordinary shares of £1 each		
I B Mitchell	38,000	38,000
C J Richards	2,000	2,000
S J Hammond	-	-
M P Wigmore	-	-
P S Wicks - appointed 4.7.2017	-	-

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 2017**

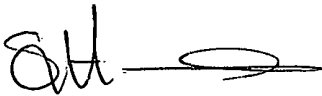
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

31 May 2018

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

Opinion

We have audited the financial statements of Focal Point Fires Plc (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, 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 Financial Reporting Standard 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 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

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

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

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

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



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

31 May 2018

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
TURNOVER	3	12,185,001	12,956,950
Cost of sales		8,626,765	8,668,040
GROSS PROFIT		3,558,236	4,288,910
Administrative expenses		3,216,636	3,948,284
OPERATING PROFIT	5	341,600	340,626
Interest payable and similar expenses	6	132,876	118,791
PROFIT BEFORE TAXATION		208,724	221,835
Tax on profit	7	(782)	17,599
PROFIT FOR THE FINANCIAL YEAR		209,506	204,236

The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		209,506	204,236
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>209,506</u>	<u>204,236</u>

The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017**

		2017	2016
	Notes	£	£
FIXED ASSETS			
Intangible assets	9	270,188	288,107
Tangible assets	10	2,612,351	2,591,911
Investments	11	12,500	12,500
		<u>2,895,039</u>	<u>2,892,518</u>
CURRENT ASSETS			
Stocks	12	2,594,968	2,150,572
Debtors	13	2,790,627	3,189,355
Cash at bank and in hand		1,152	2,476
		<u>5,386,747</u>	<u>5,342,403</u>
CREDITORS			
Amounts falling due within one year	14	5,944,302	5,818,584
NET CURRENT LIABILITIES		<u>(557,555)</u>	<u>(476,181)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,337,484</u>	<u>2,416,337</u>
CREDITORS			
Amounts falling due after more than one year	15	(440,657)	(713,925)
PROVISIONS FOR LIABILITIES	19	<u>(59,523)</u>	<u>(59,614)</u>
NET ASSETS		<u><u>1,837,304</u></u>	<u><u>1,642,798</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	50,000	50,000
Retained earnings	21	1,787,304	1,592,798
SHAREHOLDERS' FUNDS		<u><u>1,837,304</u></u>	<u><u>1,642,798</u></u>

The financial statements were approved by the Board of Directors on 31 May 2018 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 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	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
Changes in equity			
Dividends	-	(15,000)	(15,000)
Total comprehensive income	-	209,506	209,506
Balance at 31 December 2017	50,000	1,787,304	1,837,304

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	480,183	(278,135)
Interest paid		(132,826)	(117,510)
Interest element of hire purchase payments paid		(50)	(1,281)
Tax paid		(34,173)	(13,460)
Net cash from operating activities		<u>313,134</u>	<u>(410,386)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(38,043)	(4,020)
Purchase of tangible fixed assets		(118,141)	(18,427)
Sale of tangible fixed assets		1,654	-
Net cash from investing activities		<u>(154,530)</u>	<u>(22,447)</u>
Cash flows from financing activities			
Additional factor advances		169,515	300,742
Trade loan advances		(41,143)	(806,423)
Fixed term bank loan		84,087	-
Capital repayments in year		(431)	(9,688)
Amount withdrawn by directors		(300,008)	(646,075)
Equity dividends paid		(15,000)	-
Net cash from financing activities		<u>(102,980)</u>	<u>(1,161,444)</u>
Increase/(decrease) in cash and cash equivalents		<u>55,624</u>	<u>(1,594,277)</u>
Cash and cash equivalents at beginning of year	2	<u>(1,186,010)</u>	<u>408,267</u>
Cash and cash equivalents at end of year	2	<u><u>(1,130,386)</u></u>	<u><u>(1,186,010)</u></u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	2017	2016
	£	£
Profit before taxation	208,724	221,835
Depreciation charges	140,947	147,810
Loss on disposal of fixed assets	11,065	18,030
Finance costs	132,876	118,791
	<u>493,612</u>	<u>506,466</u>
Increase in stocks	(444,396)	(63,290)
Decrease/(increase) in trade and other debtors	399,419	(849,974)
Increase in trade and other creditors	31,548	128,663
	<u>480,183</u>	<u>(278,135)</u>
Cash generated from operations	480,183	(278,135)

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 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	1,152	2,476
Bank overdrafts	(1,131,538)	(1,188,486)
	<u>(1,130,386)</u>	<u>(1,186,010)</u>

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>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 £557,555 (2016: £476,181). 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 on improvement to properties
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.

2. ACCOUNTING POLICIES - continued

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 2017**

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:

	2017 £	2016 £
United Kingdom	11,348,438	11,774,648
Europe	46,363	54,789
Asia	790,200	1,127,513
	<u>12,185,001</u>	<u>12,956,950</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	1,338,565	1,636,948
Social security costs	114,325	140,537
Other pension costs	9,787	10,527
	<u>1,462,677</u>	<u>1,788,012</u>

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

	2017	2016
Production	41	47
Sales	4	3
Administration	11	14
	<u>56</u>	<u>64</u>

	2017 £	2016 £
Directors' remuneration	<u>265,352</u>	<u>375,981</u>

Information regarding the highest paid director is as follows:

	2017 £	2016 £
Emoluments etc	<u>127,500</u>	<u>139,583</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£	£
Other operating leases	79,063	78,963
Depreciation - owned assets	82,185	88,451
Depreciation - assets on hire purchase contracts	2,797	5,035
Loss on disposal of fixed assets	11,065	18,030
Development expenditure amortisation	55,962	54,325
Auditors' remuneration	33,141	31,974
Foreign exchange differences	6,297	152,299
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	51,629	41,063
Factoring interest	30,340	17,711
Other interest	50,857	58,736
Hire purchase	50	1,281
	<u> </u>	<u> </u>
	<u>132,876</u>	<u>118,791</u>

7. TAXATION

Analysis of the tax (credit)/charge

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	(691)	34,173
Deferred tax	(91)	(16,574)
	<u> </u>	<u> </u>
Tax on profit	<u>(782)</u>	<u>17,599</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. TAXATION - continued

Reconciliation of total tax (credit)/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:

	2017 £	2016 £
Profit before tax	<u>208,724</u>	<u>221,835</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	41,745	44,367
Effects of:		
Expenses not deductible for tax purposes	1,407	1,302
Capital allowance in excess of depreciation	(8,280)	18,619
Loss on disposal of assets	2,213	3,606
Enhanced research and development expenditure	(37,776)	(33,721)
Deferred tax	(91)	(16,574)
Total tax (credit)/charge	<u>(782)</u>	<u>17,599</u>

8. DIVIDENDS

	2017 £	2016 £
Interim	<u>15,000</u>	<u>-</u>

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Development expenditure £	Patents £	Totals £
COST				
At 1 January 2017	3,500	543,241	12,987	559,728
Additions	-	38,043	-	38,043
At 31 December 2017	<u>3,500</u>	<u>581,284</u>	<u>12,987</u>	<u>597,771</u>
AMORTISATION				
At 1 January 2017	-	271,621	-	271,621
Amortisation for year	-	55,962	-	55,962
At 31 December 2017	<u>-</u>	<u>327,583</u>	<u>-</u>	<u>327,583</u>
NET BOOK VALUE				
At 31 December 2017	<u>3,500</u>	<u>253,701</u>	<u>12,987</u>	<u>270,188</u>
At 31 December 2016	<u>3,500</u>	<u>271,620</u>	<u>12,987</u>	<u>288,107</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2017	2,526,245	421,303	496,452	62,735	3,506,735
Additions	-	118,141	-	-	118,141
Disposals	-	(133,245)	(133,420)	(19,750)	(286,415)
At 31 December 2017	2,526,245	406,199	363,032	42,985	3,338,461
DEPRECIATION					
At 1 January 2017	107,774	336,067	425,015	45,968	914,824
Charge for year	32,276	31,871	16,989	3,846	84,982
Eliminated on disposal	-	(126,905)	(128,630)	(18,161)	(273,696)
At 31 December 2017	140,050	241,033	313,374	31,653	726,110
NET BOOK VALUE					
At 31 December 2017	2,386,195	165,166	49,658	11,332	2,612,351
At 31 December 2016	2,418,471	85,236	71,437	16,767	2,591,911

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 2017	42,984
Transfer to ownership	(42,984)
At 31 December 2017	-
DEPRECIATION	
At 1 January 2017	28,856
Charge for year	2,797
Transfer to ownership	(31,653)
At 31 December 2017	-
NET BOOK VALUE	
At 31 December 2017	-
At 31 December 2016	14,128

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2017 and 31 December 2017	12,500
NET BOOK VALUE	
At 31 December 2017	12,500
At 31 December 2016	12,500

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	2017 £	2016 £
Class of shares:			
Ordinary	100.00	12,500	12,500
Aggregate capital and reserves			

12. STOCKS

	2017 £	2016 £
Finished goods	1,660,459	1,071,451
Raw materials	934,509	1,079,121
	2,594,968	2,150,572

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	2,092,626	2,719,191
Deposits paid to suppliers	522,691	363,592
Tax	691	-
Prepayments	174,619	106,572
	2,790,627	3,189,355

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 16)	3,687,254	3,580,480
Hire purchase contracts (see note 17)	-	431
Trade creditors	1,672,070	1,752,268
Sundry creditors	12,500	12,500
Taxation	-	34,173
Social security and other taxes	29,529	33,595
VAT	156,073	156,316
Director's curr accs less 1yr	182,000	160,000
Accruals and deferred income	204,876	88,821
	<u>5,944,302</u>	<u>5,818,584</u>

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

	2017	2016
	£	£
Bank loans (see note 16)	48,740	-
Director's loan accs more 1yr	391,917	713,925
	<u>440,657</u>	<u>713,925</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,131,538	1,188,486
Bank loans	35,350	-
Factoring account	1,607,441	1,437,926
Trade loan	912,925	954,068
	<u>3,687,254</u>	<u>3,580,480</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>48,740</u>	<u>-</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts
	2017
	£
Net obligations repayable:	
Within one year	<u>-</u>
	<u>431</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	123,879	140,941
Between one and five years	271,185	299,370
In more than five years	59,828	136,702
	<u>454,892</u>	<u>577,013</u>

18. SECURED DEBTS

	2017	2016
	£	£
Hire Purchase contracts	-	431
Factoring Account	1,607,441	1,437,926
Trade Loans	912,925	954,068
Directors current account	573,917	873,925
Bank overdraft	1,131,538	1,188,486
	<u>4,225,821</u>	<u>4,454,836</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 will be repaid by 2021 by instalments. Interest is charged at 2% per annum.

19. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax	<u>59,523</u>	<u>59,614</u>
		Deferred tax
		£
Balance at 1 January 2017		59,614
Excess of depreciation over capital allowances		(91)
Balance at 31 December 2017		<u>59,523</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2017	2016
Number:	Class:		£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

21. RESERVES

	Retained earnings £
At 1 January 2017	1,592,798
Profit for the year	209,506
Dividends	(15,000)
At 31 December 2017	<u>1,787,304</u>

22. PENSION COMMITMENTS

The company makes monthly payments to a defined contribution scheme on behalf of its employees and directors. Amounts charged to the profit and loss account were £9,787 for the year (2016: £10,527).

23. 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. Interest is charged at 2% per annum from 1 January 2016. During the year interest of £15,732 (2016: £21,088) 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.