

REGISTERED NUMBER: 02029052 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
A & F SPRINKLERS LIMITED**

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for the Year Ended 31 December 2017**

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A & F SPRINKLERS LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2017

DIRECTORS:

J M Stansfield
Mrs L K Stansfield
D L Parker
J O Whitlock
D Parr
C Mooney
M J Stansfield

SECRETARY:

Mrs L K Stansfield

REGISTERED OFFICE:

Unit 4, Gorrels Way
Trans-Pennine Trading Estate
Rochdale
OL11 2PX

REGISTERED NUMBER:

02029052 (England and Wales)

AUDITORS:

Cresswells Accountants (UK) Limited
Chartered Accountants
and Statutory Auditors
Barclays Bank Chambers
Market Street
Hebden Bridge
West Yorkshire
HX7 6AD

**GROUP STRATEGIC REPORT
for the Year Ended 31 December 2017**

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

The principal activity of the company and its Southern Ireland subsidiary continues to be that of, the design, installation, maintenance and servicing of fire sprinkler protection systems.

The 91% UK subsidiary is a manufacture of bespoke bracketry and supply of components for fire sprinklers and other mechanical applications.

REVIEW OF BUSINESS

This full trading year saw a group turnover of £15.5m (2016: £16.5m) which is down on the previous years projections.

An additional 11 employees (2016:10) were added to the to the workforce across the group during the year.

The forecasts for the 2018 turnover are to be in the region of £15m - £17.5m

The future prospects remain encouraging as we endeavour to consolidate our position in the market.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks facing the group are the competitive environment in which the group trades, but efforts are made to stay abridge of the industry and to react in a specific way when and if required.

EMPLOYEE INVOLVEMENT

The group keeps its employees upto date on the matters relevant to them via regular staff meetings.

The training and development of the staff is also important to the group. All staff are given an induction when they start and their training needs are assessed and reviewed throughout the year.

**GROUP STRATEGIC REPORT
for the Year Ended 31 December 2017**

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's operations expose it to a variety of financial risks that include the effects of credit risk, including that with cash and deposits. Customers are continually credit checked through our in-house processes.

Cashflow Risk

The group operated primarily in the UK and Ireland and has a diverse range of customers. It operates appropriate control over its debtors and creditor balance and therefore exposure to cashflow risk from realising its working capital is small.

Credit Risk

The group's principal financial assets are cash and bank balances and trade debtors.

The group's credit risk is primarily attributable to its trade debtors. The amount in the balance sheet is net of allowances for doubtful debts. The group has no significant concentration of credit risk, with exposure spread over a number of counterparts and customers.

Liquidity Risk

The group's liquidity risk is primarily attributable to its trade debtors. The group has no significant concentration of liquidity risk, with exposure spread over a number of counterparts and customers.

Exchange Rate Risk

Transactions on foreign currencies are recorded at the exchange rate ruling at the date of the transaction.

Currency Risk

Due to new products being sourced from overseas we open ourselves up to currency risk. To minimise the risk we hedge our currency with forward contracts.

ON BEHALF OF THE BOARD:

J M Stansfield - Director

20 July 2018

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2017**

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

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2017 will be £ 149,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

J M Stansfield
Mrs L K Stansfield
D L Parker
J O Whitlock
D Parr
C Mooney
M J Stansfield

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Cresswells Accountants (UK) Limited Chartered Accountants and Statutory Auditors will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J M Stansfield - Director

20 July 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A & F SPRINKLERS LIMITED

Opinion

We have audited the financial statements of A & F Sprinklers Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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 Group 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 Group 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 Group 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 A & F SPRINKLERS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

Graham Roper BA FCA (Senior Statutory Auditor)
for and on behalf of Cresswells Accountants (UK) Limited
Chartered Accountants
and Statutory Auditors
Barclays Bank Chambers
Market Street
Hebden Bridge
West Yorkshire
HX7 6AD

20 July 2018

A & F SPRINKLERS LIMITED (REGISTERED NUMBER: 02029052)**CONSOLIDATED INCOME STATEMENT
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
TURNOVER	3	15,540,883	16,543,386
Cost of sales		<u>9,636,858</u>	<u>11,049,208</u>
GROSS PROFIT		5,904,025	5,494,178
Administrative expenses		<u>3,928,732</u>	<u>3,273,338</u>
		1,975,293	2,220,840
Other operating income		<u>38,751</u>	<u>47,960</u>
OPERATING PROFIT	5	2,014,044	2,268,800
Interest receivable and similar income		<u>532</u>	<u>5,536</u>
		2,014,576	2,274,336
Interest payable and similar expenses	6	<u>2,450</u>	<u>85</u>
PROFIT BEFORE TAXATION		2,012,126	2,274,251
Tax on profit	7	<u>388,862</u>	<u>455,375</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,623,264</u>	<u>1,818,876</u>
Profit attributable to:			
Owners of the parent		1,618,457	1,814,815
Non-controlling interests		<u>4,807</u>	<u>4,061</u>
		<u>1,623,264</u>	<u>1,818,876</u>

The notes form part of these financial statements

A & F SPRINKLERS LIMITED (REGISTERED NUMBER: 02029052)

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		1,623,264	1,818,876
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,623,264</u>	<u>1,818,876</u>
Total comprehensive income attributable to:			
Owners of the parent		1,618,457	1,814,815
Non-controlling interests		<u>4,807</u>	<u>4,061</u>
		<u>1,623,264</u>	<u>1,818,876</u>

The notes form part of these financial statements

A & F SPRINKLERS LIMITED (REGISTERED NUMBER: 02029052)

CONSOLIDATED BALANCE SHEET
31 December 2017

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Tangible assets	10		1,079,441		856,920
Investments	11		-		-
			<u>1,079,441</u>		<u>856,920</u>
CURRENT ASSETS					
Stocks	12	356,413		129,523	
Debtors	13	2,298,733		2,394,940	
Cash at bank and in hand		<u>2,225,692</u>		<u>3,459,483</u>	
		4,880,838		5,983,946	
CREDITORS					
Amounts falling due within one year	14	<u>1,497,447</u>		<u>4,028,176</u>	
NET CURRENT ASSETS			<u>3,383,391</u>		<u>1,955,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,462,832		2,812,690
CREDITORS					
Amounts falling due after more than one year	15		(168,004)		(16,987)
PROVISIONS FOR LIABILITIES	18		<u>(121,079)</u>		<u>(96,218)</u>
NET ASSETS			<u>4,173,749</u>		<u>2,699,485</u>
CAPITAL AND RESERVES					
Called up share capital	19		10,018		10,018
Share premium	20		27,845		27,845
Retained earnings	20		<u>4,128,309</u>		<u>2,658,852</u>
SHAREHOLDERS' FUNDS			4,166,172		2,696,715
NON-CONTROLLING INTERESTS	21		<u>7,577</u>		<u>2,770</u>
TOTAL EQUITY			<u>4,173,749</u>		<u>2,699,485</u>

The financial statements were approved by the Board of Directors on 20 July 2018 and were signed on its behalf by:

J M Stansfield - Director

D L Parker - Director

A & F SPRINKLERS LIMITED (REGISTERED NUMBER: 02029052)**COMPANY BALANCE SHEET****31 December 2017**

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Tangible assets	10		982,041		795,575
Investments	11		<u>171</u>		<u>171</u>
			982,212		795,746
CURRENT ASSETS					
Debtors	13	2,427,444		2,440,350	
Cash at bank		<u>2,119,171</u>		<u>3,410,320</u>	
		4,546,615		5,850,670	
CREDITORS					
Amounts falling due within one year	14	<u>1,173,659</u>		<u>3,903,158</u>	
NET CURRENT ASSETS			<u>3,372,956</u>		<u>1,947,512</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,355,168		2,743,258
CREDITORS					
Amounts falling due after more than one year	15		(153,137)		-
PROVISIONS FOR LIABILITIES	18		<u>(113,327)</u>		<u>(89,334)</u>
NET ASSETS			<u>4,088,704</u>		<u>2,653,924</u>
CAPITAL AND RESERVES					
Called up share capital	19		10,018		10,018
Share premium	20		27,845		27,845
Retained earnings	20		<u>4,050,841</u>		<u>2,616,061</u>
SHAREHOLDERS' FUNDS			<u>4,088,704</u>		<u>2,653,924</u>
Company's profit for the financial year			<u>1,578,780</u>		<u>1,957,648</u>

The financial statements were approved by the Board of Directors on 20 July 2018 and were signed on its behalf by:

J M Stansfield - Director

D L Parker - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2017**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2016	10,018	2,144,037	27,845
Changes in equity			
Dividends	-	(1,300,000)	-
Total comprehensive income	-	1,818,876	-
Balance at 31 December 2016	<u>10,018</u>	<u>2,662,913</u>	<u>27,845</u>
Changes in equity			
Dividends	-	(149,000)	-
Total comprehensive income	-	1,623,264	-
Balance at 31 December 2017	<u>10,018</u>	<u>4,137,177</u>	<u>27,845</u>
	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2016	2,181,900	(1,291)	2,180,609
Changes in equity			
Dividends	(1,300,000)	-	(1,300,000)
Total comprehensive income	1,818,876	4,061	1,822,937
Balance at 31 December 2016	<u>2,700,776</u>	<u>2,770</u>	<u>2,703,546</u>
Changes in equity			
Dividends	(149,000)	-	(149,000)
Total comprehensive income	1,623,264	4,807	1,628,071
Balance at 31 December 2017	<u>4,175,040</u>	<u>7,577</u>	<u>4,182,617</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2017**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2016	10,018	1,958,413	27,845	1,996,276
Changes in equity				
Dividends	-	(1,300,000)	-	(1,300,000)
Total comprehensive income	-	1,957,648	-	1,957,648
Balance at 31 December 2016	<u>10,018</u>	<u>2,616,061</u>	<u>27,845</u>	<u>2,653,924</u>
Changes in equity				
Dividends	-	(144,000)	-	(144,000)
Total comprehensive income	-	1,578,780	-	1,578,780
Balance at 31 December 2017	<u>10,018</u>	<u>4,050,841</u>	<u>27,845</u>	<u>4,088,704</u>

A & F SPRINKLERS LIMITED (REGISTERED NUMBER: 02029052)**CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	461,192	2,338,601
Interest paid		(660)	-
Interest element of hire purchase payments paid		(1,790)	-
Finance costs paid		-	(85)
Tax paid		(423,390)	(379,189)
Net cash from operating activities		<u>35,352</u>	<u>1,959,327</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(338,773)	(580,326)
Sale of tangible fixed assets		4,836	8,100
Assets refinanced under HP		218,769	-
Interest received		532	5,536
Net cash from investing activities		<u>(114,636)</u>	<u>(566,690)</u>
Cash flows from financing activities			
Capital repayments in year		(21,879)	-
Amount introduced by directors		150,189	1,300,481
Amount withdrawn by directors		(1,133,817)	(212,055)
Government Grant		-	20,800
Equity dividends paid		(149,000)	(1,300,000)
Net cash from financing activities		<u>(1,154,507)</u>	<u>(190,774)</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,233,791)</u>	<u>1,201,863</u>
Cash and cash equivalents at beginning of year	2	3,459,483	2,257,620
Cash and cash equivalents at end of year	2	<u>2,225,692</u>	<u>3,459,483</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2017**

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

	2017	2016
	£	£
Profit before taxation	2,012,126	2,274,251
Depreciation charges	110,192	72,618
Loss/(profit) on disposal of fixed assets	1,225	(5,508)
Government grants	(2,080)	(1,773)
Finance costs	2,450	85
Finance income	(532)	(5,536)
	<u>2,123,381</u>	<u>2,334,137</u>
Increase in stocks	(226,890)	(93,114)
Decrease/(increase) in trade and other debtors	85,288	(1,294,329)
(Decrease)/increase in trade and other creditors	<u>(1,520,587)</u>	<u>1,391,907</u>
Cash generated from operations	<u>461,192</u>	<u>2,338,601</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>2,225,692</u>	<u>3,459,483</u>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>3,459,483</u>	<u>2,257,620</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2017**

1. STATUTORY INFORMATION

A & F Sprinklers Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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.

Turnover

Turnover is recognised at the fair value of consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlements and volume rebates.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, cost incurred and cost to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. When the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

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.

Improvements to property	- 10% on cost
Plant and machinery	- 10% on cost and over 10 years
Fixtures and fittings	- 10% on cost and over 10 years
Motor vehicles	- over 5 years
Computer equipment	- over 4 years

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 Consolidated 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 balance sheet date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

2. ACCOUNTING POLICIES - continued

Deferred tax

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

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 group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

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

An analysis of turnover by class of business is given below:

	2017 £	2016 £
Installation of sprinklers	12,334,499	14,577,600
Service and maintenance	2,351,107	1,725,142
Manufacture of components	855,277	240,644
	<u>15,540,883</u>	<u>16,543,386</u>

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	15,540,883	16,543,386
	<u>15,540,883</u>	<u>16,543,386</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	1,992,928	1,501,889
Social security costs	215,899	160,660
Other pension costs	168,654	66,864
	<u>2,377,481</u>	<u>1,729,413</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

4. EMPLOYEES AND DIRECTORS - continued

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

	2017	2016
Directors	7	7
Administrative	27	20
Production	<u>23</u>	<u>19</u>
	<u>57</u>	<u>46</u>
	2017	2016
	£	£
Directors' remuneration	472,943	458,271
Directors' pension contributions to money purchase schemes	<u>153,629</u>	<u>65,650</u>

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

Money purchase schemes	<u>7</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	109,113	118,101
Pension contributions to money purchase schemes	<u>7,500</u>	<u>7,500</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Hire of plant and machinery	799,035	792,716
Other operating leases	150,995	109,447
Depreciation - owned assets	106,140	72,619
Depreciation - assets on hire purchase contracts	4,051	-
Loss/(profit) on disposal of fixed assets	1,225	(5,508)
Auditors' remuneration	17,300	18,102
Other non- audit services	9,500	-
Foreign exchange differences	<u>(2,989)</u>	<u>(32,422)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Interest on overdue tax	660	-
Hire purchase	1,790	-
Tax penalty	-	85
	<u>2,450</u>	<u>85</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

7. TAXATION

Analysis of the tax charge

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

	2017 £	2016 £
Current tax:		
UK corporation tax	364,002	429,331
Deferred tax	24,860	26,044
Tax on profit	<u>388,862</u>	<u>455,375</u>

UK corporation tax has been charged at 19% .

Reconciliation of total tax charge included in profit and loss

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

	2017 £	2016 £
Profit before tax	<u>2,012,126</u>	<u>2,274,251</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	382,304	454,850
Effects of:		
Expenses not deductible for tax purposes	6,543	615
Income not taxable for tax purposes	(308)	-
Change in rate	188	(90)
Tax losses carried forward	135	-
Total tax charge	<u>388,862</u>	<u>455,375</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2017 £	2016 £
Ordinary shares of £1 each		
Interim	<u>149,000</u>	<u>1,300,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 201710. **TANGIBLE FIXED ASSETS****Group**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2017	-	728,253	31,841
Additions	159,917	83,514	17,862
Disposals	-	(4,500)	-
At 31 December 2017	<u>159,917</u>	<u>807,267</u>	<u>49,703</u>
DEPRECIATION			
At 1 January 2017	-	43,959	7,640
Charge for year	4,792	44,852	3,540
Eliminated on disposal	-	(1,313)	-
At 31 December 2017	<u>4,792</u>	<u>87,498</u>	<u>11,180</u>
NET BOOK VALUE			
At 31 December 2017	<u>155,125</u>	<u>719,769</u>	<u>38,523</u>
At 31 December 2016	<u>-</u>	<u>684,294</u>	<u>24,201</u>

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2017	228,809	26,121	1,015,024
Additions	60,230	17,250	338,773
Disposals	(41,445)	(19,454)	(65,399)
At 31 December 2017	<u>247,594</u>	<u>23,917</u>	<u>1,288,398</u>
DEPRECIATION			
At 1 January 2017	87,707	18,798	158,104
Charge for year	50,132	6,875	110,191
Eliminated on disposal	(40,780)	(17,245)	(59,338)
At 31 December 2017	<u>97,059</u>	<u>8,428</u>	<u>208,957</u>
NET BOOK VALUE			
At 31 December 2017	<u>150,535</u>	<u>15,489</u>	<u>1,079,441</u>
At 31 December 2016	<u>141,102</u>	<u>7,323</u>	<u>856,920</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017

10. TANGIBLE FIXED ASSETS - continued

Group

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

	Plant and machinery £
COST	
Reclassification/transfer	<u>243,075</u>
At 31 December 2017	<u>243,075</u>
DEPRECIATION	
Charge for year	<u>4,051</u>
At 31 December 2017	<u>4,051</u>
NET BOOK VALUE	
At 31 December 2017	<u>239,024</u>

Company

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2017	-	661,236	30,745
Additions	154,487	49,061	13,875
Disposals	-	(4,500)	-
At 31 December 2017	<u>154,487</u>	<u>705,797</u>	<u>44,620</u>
DEPRECIATION			
At 1 January 2017	-	37,319	7,512
Charge for year	4,746	37,200	3,423
Eliminated on disposal	-	(1,313)	-
At 31 December 2017	<u>4,746</u>	<u>73,206</u>	<u>10,935</u>
NET BOOK VALUE			
At 31 December 2017	<u>149,741</u>	<u>632,591</u>	<u>33,685</u>
At 31 December 2016	<u>-</u>	<u>623,917</u>	<u>23,233</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

10. TANGIBLE FIXED ASSETS - continued

Company

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2017	228,809	26,121	946,911
Additions	60,230	17,250	294,903
Disposals	(41,445)	(19,454)	(65,399)
At 31 December 2017	<u>247,594</u>	<u>23,917</u>	<u>1,176,415</u>
DEPRECIATION			
At 1 January 2017	87,707	18,798	151,336
Charge for year	50,132	6,875	102,376
Eliminated on disposal	(40,780)	(17,245)	(59,338)
At 31 December 2017	<u>97,059</u>	<u>8,428</u>	<u>194,374</u>
NET BOOK VALUE			
At 31 December 2017	<u>150,535</u>	<u>15,489</u>	<u>982,041</u>
At 31 December 2016	<u>141,102</u>	<u>7,323</u>	<u>795,575</u>

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

	Plant and machinery £
COST	
Reclassification/transfer	243,075
At 31 December 2017	<u>243,075</u>
DEPRECIATION	
Charge for year	4,051
At 31 December 2017	<u>4,051</u>
NET BOOK VALUE	
At 31 December 2017	<u>239,024</u>

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2017 and 31 December 2017	<u>171</u>
NET BOOK VALUE	
At 31 December 2017	<u>171</u>
At 31 December 2016	<u>171</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

11. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

A & F Sprinklers (Ireland) Limited

Registered office:

Nature of business: Installation of sprinklers

	% holding	2017 £	2016 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		1,022	14,954
Loss for the year		<u>(983)</u>	<u>(1,374)</u>

Fire-Mech Fixings Limited

Registered office:

Nature of business: Components

	% holding	2017 £	2016 £
Class of shares:			
Ordinary	91.00		
Aggregate capital and reserves		84,193	30,778
Profit for the year		<u>58,415</u>	<u>45,124</u>

12. STOCKS

	Group	
	2017 £	2016 £
Stocks	<u>356,413</u>	<u>129,523</u>

13. DEBTORS

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	1,174,376	1,729,853	922,783	1,611,431
Amounts owed by group undertakings	-	-	578,831	180,071
Amounts recoverable on contract	768,213	598,526	768,213	598,526
Other debtors	285,346	26,950	96,218	24,120
Tax	-	10,921	-	-
Prepayments and accrued income	41,223	28,690	31,824	26,202
	<u>2,269,158</u>	<u>2,394,940</u>	<u>2,397,869</u>	<u>2,440,350</u>
Amounts falling due after more than one year:				
Trade debtors	<u>29,575</u>	-	<u>29,575</u>	-
Aggregate amounts	<u>2,298,733</u>	<u>2,394,940</u>	<u>2,427,444</u>	<u>2,440,350</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Hire purchase contracts (see note 16)	43,753	-	43,753	-
Trade creditors	670,985	1,713,358	358,008	1,621,065
Tax	184,003	254,312	170,029	242,805
Social security and other taxes	120,270	158,408	110,914	154,241
VAT	170,127	357,813	186,614	345,280
Directors' current accounts	183,443	1,167,071	183,443	1,167,071
Accrued expenses	122,786	375,174	120,898	372,696
Deferred government grants	2,080	2,040	-	-
	<u>1,497,447</u>	<u>4,028,176</u>	<u>1,173,659</u>	<u>3,903,158</u>

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Hire purchase contracts (see note 16)	153,137	-	153,137	-
Deferred government grants	14,867	16,987	-	-
	<u>168,004</u>	<u>16,987</u>	<u>153,137</u>	<u>-</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2017	2016
	£	£
Gross obligations repayable:		
Within one year	46,944	-
Between one and five years	<u>164,304</u>	<u>-</u>
	<u>211,248</u>	<u>-</u>
Finance charges repayable:		
Within one year	3,191	-
Between one and five years	<u>11,167</u>	<u>-</u>
	<u>14,358</u>	<u>-</u>
Net obligations repayable:		
Within one year	43,753	-
Between one and five years	<u>153,137</u>	<u>-</u>
	<u>196,890</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

16. LEASING AGREEMENTS - continued

Company

	Hire purchase contracts	
	2017	2016
	£	£
Gross obligations repayable:		
Within one year	46,944	-
Between one and five years	<u>164,304</u>	<u>-</u>
	<u>211,248</u>	<u>-</u>
Finance charges repayable:		
Within one year	3,191	-
Between one and five years	<u>11,167</u>	<u>-</u>
	<u>14,358</u>	<u>-</u>
Net obligations repayable:		
Within one year	43,753	-
Between one and five years	<u>153,137</u>	<u>-</u>
	<u>196,890</u>	<u>-</u>

Company

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	137,415	99,085
Between one and five years	<u>97,428</u>	<u>107,295</u>
	<u>234,843</u>	<u>206,380</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Hire purchase contracts	<u>196,890</u>	<u>-</u>	<u>196,890</u>	<u>-</u>

The Groups bankers Nat West Bank Plc have a fixed and floating charge over the assets of the Company by way of a debenture dated 23 November 2006.

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax				
Accelerated capital allowances	121,805	96,218	114,053	89,334
Other timing differences	<u>(726)</u>	<u>-</u>	<u>(726)</u>	<u>-</u>
	<u>121,079</u>	<u>96,218</u>	<u>113,327</u>	<u>89,334</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

18. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 January 2017	96,218
Charge to Income Statement	<u>24,861</u>
Balance at 31 December 2017	<u>121,079</u>

Company

	Deferred tax £
Balance at 1 January 2017	89,334
Charge to Income Statement	<u>23,993</u>
Balance at 31 December 2017	<u>113,327</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:
Number: Class:

	Nominal value: £1	2017 £	2016 £
9,353 A Ordinary	£1	9,353	9,353
665 F Ordinary	£1	<u>665</u>	<u>665</u>
		<u>10,018</u>	<u>10,018</u>

20. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 January 2017	2,658,852	27,845	2,686,697
Profit for the year	1,618,457		1,618,457
Dividends	<u>(149,000)</u>		<u>(149,000)</u>
At 31 December 2017	<u>4,128,309</u>	<u>27,845</u>	<u>4,156,154</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2017	2,616,061	27,845	2,643,906
Profit for the year	1,578,780		1,578,780
Dividends	<u>(144,000)</u>		<u>(144,000)</u>
At 31 December 2017	<u>4,050,841</u>	<u>27,845</u>	<u>4,078,686</u>

21. NON-CONTROLLING INTERESTS

The Minority Interest is the 9% of shares held in the subsidiary Fire-Mech Fixings Limited.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2017**

22. PENSION COMMITMENTS

The Group contributes to the personal pension schemes of certain employees. The assets of these scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £168,654 (2016 £66,864).

23. RELATED PARTY DISCLOSURES

During the year, total dividends of £144,000 (2016 - £1,300,000) were paid to the directors .

The following director's made loans to the company. The balances outstanding at 31 December 2017 were

		2017	2016
	£		
Mr JM Stansfield	£	125,530	1,167,071
Mrs LK Stansfield		57,913	-
		<u>183,443</u>	<u>1,167,071</u>

There are two debentures in favour of Nat West Bank PLC held by way of a legal mortgage over Unit 4 Trans Pennine Trading Estate Gorrels Way Rochdale. A property in which A & F Sprinklers Limited hold the title to as a trustee.

On 5th November 2015 the group entered in to a cross guarantee of £200,000 in respect of borrowing of the UK subsidiary.

The group's head office is owned by a SIPP in which one of its directors has an interest the rent paid was £54,000 (2016 £54,000)

24. ULTIMATE CONTROLLING PARTY

The controlling party is J M Stansfield.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.