

Registered number: 02540171

**NEXT CONTROL SYSTEMS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2015**

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**NEXT CONTROL SYSTEMS LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	T Bartholomew R Mallozzi P Modiano N E Segal
<b>COMPANY SECRETARY</b>	N E Segal
<b>REGISTERED NUMBER</b>	02540171
<b>REGISTERED OFFICE</b>	93 Fleet Road Fleet Hampshire GU51 3PJ
<b>INDEPENDENT AUDITORS</b>	Wise & Co Chartered Accountants and Statutory Auditors Wey Court West Union Road Farnham Surrey GU9 7PT
<b>COUNTRY OF INCORPORATION</b>	England & Wales

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**NEXT CONTROL SYSTEMS LIMITED**

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## NEXT CONTROL SYSTEMS LIMITED

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### STRATEGIC REPORT For the Year Ended 31 December 2015

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#### BUSINESS REVIEW

Next Control Systems Ltd provide the following services:

- A bureau which takes alarms from HVAC equipment from hotels, supermarkets, office and other commercial and educational buildings.
- The installation and maintenance of building control systems
- Setting up energy monitoring systems, recording energy information and reviewing equipment set up
- The installation of Tutela equipment, which is environmental monitoring equipment aimed at the medical market, and the storage of this data, and reacting to any alarms

The mix of sales is moving more towards recurring revenues, monitoring, energy and maintenance contracts which now take over 34% of turnover, with projects at 60%.

Turnover at £8.3m was only slightly up on 2014, but the gross profit improved from 60.5% to over 63%.

Administrative expenses were up significantly partly to do with a company move in February 2015, but also to do with building up the technical response team and the other engineering teams, preparing for increased turnover in 2016. 2016 has started very well, with increased levels of activity across all areas of the business.

The US subsidiary sales were weaker in 2015 due to a re-organisation of the sales team. The team was put in place towards the end of the year and 2016 looks much more promising.

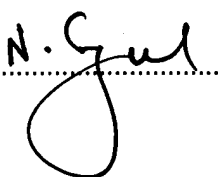
At the end of the year the cash position was strong, the business is technologically very well placed, and the company, very solid.

This report was approved by the board on

7 JUNE 2016

and signed on its behalf.

.....  
N E Segal  
Director



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## NEXT CONTROL SYSTEMS LIMITED

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### DIRECTORS' REPORT For the Year Ended 31 December 2015

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The directors present their report and the financial statements for the year ended 31 December 2015.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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'. 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 judgments and accounting estimates that are reasonable and prudent; and
- 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.

#### PRINCIPAL ACTIVITY

The principal activities of the company remain the design, installation and maintenance of specialist building control systems which include remote plant failure alarm, site incident management and energy monitoring. 'Tutela' is a remote wireless temperature data recording and plant exception alarm service.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £404,875 (2014 - £683,159).

#### DIRECTORS

The directors who served during the year were:

T Bartholomew  
R Mallozzi  
P Modiano  
N E Segal

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**NEXT CONTROL SYSTEMS LIMITED**

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**DIRECTORS' REPORT**  
**For the Year Ended 31 December 2015**

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**MATTERS COVERED IN THE STRATEGIC REPORT**

Disclosures of research and development activities and future events are set out in the strategic report in accordance with s.414C(11) CA 2006.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

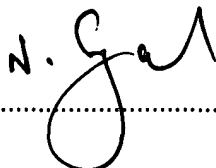
There have been no significant events affecting the Company since the year end.

**AUDITORS**

The auditors, Wise & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **7 JUNE 2016** and signed on its behalf.

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**N E Segal**  
Director



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## NEXT CONTROL SYSTEMS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEXT CONTROL SYSTEMS LIMITED

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We have audited the financial statements of Next Control Systems Limited for the year ended 31 December 2015, set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law 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 an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Financial Reporting Council'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 Directors' Report 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

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NEXT CONTROL SYSTEMS LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEXT CONTROL SYSTEMS LIMITED

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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.

*Turner*

Treena Turner FCA (Senior Statutory Auditor)  
for and on behalf of

**Wise & Co**

Chartered Accountants and Statutory Auditors

Wey Court West

Union Road

Farnham

Surrey

GU9 7PT

Date: 13 July 2016.



**NEXT CONTROL SYSTEMS LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS**  
For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover		8,346,878	8,165,653
Cost of sales		<u>(3,064,970)</u>	<u>(3,227,692)</u>
<b>Gross profit</b>		<b>5,281,908</b>	<b>4,937,961</b>
Administrative expenses		<u>(4,827,631)</u>	<u>(4,115,966)</u>
<b>Operating profit</b>		<b>454,277</b>	<b>821,995</b>
Interest payable and expenses	8	<u>(202)</u>	<u>(495)</u>
<b>Profit before tax</b>		<b>454,075</b>	<b>821,500</b>
Tax on profit	9	<u>(49,200)</u>	<u>(138,341)</u>
<b>Profit after tax</b>		<u><b>404,875</b></u>	<u><b>683,159</b></u>
Retained earnings at the beginning of the year		<u>2,517,342</u>	<u>2,072,592</u>
		<b>2,517,342</b>	<b>2,072,592</b>
Profit for the year		<b>404,875</b>	<b>683,159</b>
Dividends declared and paid		-	<u>(238,409)</u>
<b>Retained earnings at the end of the year</b>		<u><b>2,922,217</b></u>	<u><b>2,517,342</b></u>

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 9 to 25 form part of these financial statements.

**NEXT CONTROL SYSTEMS LIMITED**  
Registered number: 02540171

**BALANCE SHEET**  
As at 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Intangible assets	11	124,887	95,702
Tangible assets	12	194,249	120,104
		<u>319,136</u>	<u>215,806</u>
<b>Current assets</b>			
Stocks	14	589,514	497,734
Debtors: amounts falling due within one year	15	3,935,661	3,304,117
Cash at bank and in hand	16	403,776	172,494
		<u>4,928,951</u>	<u>3,974,345</u>
Creditors: amounts falling due within one year	17	(2,097,903)	(1,466,004)
<b>Net current assets</b>		<u>2,831,048</u>	<u>2,508,341</u>
<b>Total assets less current liabilities</b>		<u>3,150,184</u>	<u>2,724,147</u>
<b>Provisions for liabilities</b>			
Deferred tax		(38,127)	(16,965)
		<u>(38,127)</u>	<u>(16,965)</u>
<b>Net assets</b>		<u><u>3,112,057</u></u>	<u><u>2,707,182</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	68,117	68,117
Share premium account	21	121,723	121,723
Profit and loss account	21	2,922,217	2,517,342
		<u><u>3,112,057</u></u>	<u><u>2,707,182</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

7 June 2016

.....  
N E Segal  
Director

The notes on pages 9 to 25 form part of these financial statements.

**NEXT CONTROL SYSTEMS LIMITED**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 December 2015**

	2015 £	2014 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	404,875	683,159
<b>Adjustments for:</b>		
Amortisation of intangible assets	25,093	18,780
Depreciation of tangible assets	73,395	60,987
Increase in stocks	(91,780)	(5,299)
Interest paid	202	495
Taxation	49,200	138,341
Increase in debtors	(633,743)	127,790
Decrease in amounts owed by groups	2,198	(497,790)
Increase in creditors	581,301	(348,450)
Corporation tax	(97,964)	(106,421)
<b>Net cash generated from operating activities</b>	<u>312,777</u>	<u>71,592</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(54,278)	(32,765)
Purchase of tangible fixed assets	(147,540)	(57,814)
Sale of tangible fixed assets	-	1
HP interest paid	(167)	-
<b>Net cash from investing activities</b>	<u>(201,985)</u>	<u>(90,578)</u>
<b>Cash flows from financing activities</b>		
Repayment of loans	(4,155)	(16,264)
Dividends paid	-	(238,409)
Interest paid	(35)	(495)
<b>Net cash used in financing activities</b>	<u>(4,190)</u>	<u>(255,168)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>106,602</u>	<u>(274,154)</u>
Cash and cash equivalents at beginning of year	172,495	446,648
<b>Cash and cash equivalents at the end of year</b>	<u><u>279,097</u></u>	<u><u>172,494</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	403,776	172,494
Bank overdrafts	(124,679)	-
	<u><u>279,097</u></u>	<u><u>172,494</u></u>

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## NEXT CONTROL SYSTEMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 26.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### 1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Income for maintenance is recognised over the term of the contract.

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## NEXT CONTROL SYSTEMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.3 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

##### 1.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is provided on the following bases:

Development	-	15 % straight line
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##### 1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Fixtures & Fittings	-	15-20% straight line
Office Equipment	-	25% straight line
Computer Equipment	-	15-25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Income and Retained Earnings.

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## NEXT CONTROL SYSTEMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Operating leases: Lessee

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

##### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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## NEXT CONTROL SYSTEMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

##### 1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 1.12 Foreign currency translation

###### Functional and presentation currency

The company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

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## NEXT CONTROL SYSTEMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.13 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 1.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### 1.15 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 1.16 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

##### 1.17 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.



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## NEXT CONTROL SYSTEMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make judgments and estimates. The items in the financial statements where these judgments and estimates have been made include: Depreciation, work-in-progress, and the treatment of contract income.

#### 3. ANALYSIS OF TURNOVER

All turnover arose within the United Kingdom.

#### 4. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	73,395	60,987
Amortisation of intangible assets, including goodwill	25,093	18,780
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	6,425	6,225
Exchange differences	(14,541)	96

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**NEXT CONTROL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2015

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Defined contribution pension cost	<b>89,836</b>	<b>78,211</b>
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**5. AUDITORS' REMUNERATION**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<b>6,425</b>	<b>6,225</b>
	<b>6,425</b>	<b>6,225</b>
	<b>-</b>	<b>-</b>

**6. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,988,160</b>	<b>2,509,432</b>
Social security costs	<b>321,853</b>	<b>263,290</b>
Cost of defined contribution scheme	<b>89,836</b>	<b>78,211</b>
	<b>3,399,849</b>	<b>2,850,933</b>

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

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Directors/Managers	<b>11</b>	<b>9</b>
Administrative/IT	<b>9</b>	<b>11</b>
Sales	<b>6</b>	<b>7</b>
Operational	<b>56</b>	<b>42</b>
	<b>82</b>	<b>69</b>

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**NEXT CONTROL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2015

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**7. DIRECTORS' REMUNERATION**

	2015 £	2014 £
Directors' emoluments	119,438	108,424
Company contributions to defined contribution pension schemes	23,290	22,320
	<u>142,728</u>	<u>130,744</u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015 £	2014 £
Bank interest payable	35	495
Finance leases and hire purchase contracts	167	-
	<u>202</u>	<u>495</u>

**9. TAXATION**

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	45,792	134,146
Adjustments in respect of previous periods	(17,754)	-
	<u>28,038</u>	<u>134,146</u>
<b>Total current tax</b>	<u>28,038</u>	<u>134,146</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	21,162	4,195
<b>Total deferred tax</b>	<u>21,162</u>	<u>4,195</u>
<b>Taxation on profit on ordinary activities</b>	<u>49,200</u>	<u>138,341</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2015

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**9. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 21%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>454,075</u>	<u>821,500</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21%)	90,815	172,515
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,287	2,031
Capital allowances for year in excess of depreciation	(16,558)	(4,512)
Adjustments to tax charge in respect of prior periods	(17,753)	-
Deferred tax movement	21,162	4,195
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(35,689)	(41,524)
Changes in provisions leading to an increase (decrease) in the tax charge	1,423	2,558
Other differences leading to an increase (decrease) in the tax charge	558	3,078
Marginal relief	(45)	-
<b>Total tax charge for the year</b>	<u><u>49,200</u></u>	<u><u>138,341</u></u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**10. DIVIDENDS**

	2015 £	2014 £
Dividends analysis	-	238,409
	<u>-</u>	<u>238,409</u>

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NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2015

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11. INTANGIBLE ASSETS

	Develop- ment £
<b>Cost</b>	
At 1 January 2015	349,958
Additions	54,278
<b>At 31 December 2015</b>	<b>404,236</b>
<b>Amortisation</b>	
At 1 January 2015	254,256
Charge for the year	25,093
<b>At 31 December 2015</b>	<b>279,349</b>
<b>Net book value</b>	
<b>At 31 December 2015</b>	<b>124,887</b>
<i>At 31 December 2014</i>	<i>95,702</i>

Intangible fixed assets represent the costs of developing and improving control systems which are incorporated into specific products and services. The capitalised development costs are written off over the expected useful lifetime of the products and services to which they relate.

Amortisation of intangible fixed assets is included in administrative expenses.

**NEXT CONTROL SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2015

**12. TANGIBLE FIXED ASSETS**

	Fixtures & Fittings £	Office Equipment £	Computer Equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2015	44,647	18,548	512,045	575,240
Additions	82,540	6,767	58,233	147,540
<b>At 31 December 2015</b>	<b>127,187</b>	<b>25,315</b>	<b>570,278</b>	<b>722,780</b>
<b>Depreciation</b>				
At 1 January 2015	35,071	12,650	407,415	455,136
Charge owned for the period	13,743	3,294	56,358	73,395
<b>At 31 December 2015</b>	<b>48,814</b>	<b>15,944</b>	<b>463,773</b>	<b>528,531</b>
<b>At 31 December 2015</b>	<b>78,373</b>	<b>9,371</b>	<b>106,505</b>	<b>194,249</b>
<i>AT 31 December 2014</i>	<i>9,576</i>	<i>5,898</i>	<i>104,630</i>	<i>120,104</i>

**13. INVESTMENTS**

The company owns 100% of the issued share capital of the company listed below, which is incorporated in the United States of America.  
The figures below are the draft results.

	2015 £	2014 £
Profit/(loss) for the year	(302,488)	(18,868)
Aggregate capital and reserves	(1,638,078)	(1,274,680)
	<b>(1,940,566)</b>	<b>(1,293,548)</b>

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**NEXT CONTROL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2015**

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**14. STOCKS**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Work in progress (goods to be sold)	<b>84,017</b>	<b>89,544</b>
Finished goods and goods for resale	<b>505,497</b>	<b>408,190</b>
	<b>589,514</b>	<b>497,734</b>

Stock recognised in cost of sales during the year as an expense was £2,722,133 (2014: £2,960,121).

**15. DEBTORS**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,808,102</b>	<b>1,248,810</b>
Amounts owed by group undertakings	<b>1,861,995</b>	<b>1,864,193</b>
Other debtors	<b>35,262</b>	<b>36,605</b>
Prepayments and accrued income	<b>230,302</b>	<b>154,509</b>
	<b>3,935,661</b>	<b>3,304,117</b>

**16. CASH AND CASH EQUIVALENTS**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>403,776</b>	<b>172,494</b>
Less: bank overdrafts	<b>(124,679)</b>	<b>-</b>
	<b>279,097</b>	<b>172,494</b>

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**NEXT CONTROL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2015

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**17. CREDITORS: Amounts falling due within one year**

	2015 £	2014 £
Bank overdrafts	124,679	-
Bank loans	-	4,155
Advanced payments on monitoring and maintenance contracts	585,105	367,641
Trade creditors	828,890	579,311
Corporation tax	30,091	100,017
Taxation and social security	317,534	193,135
Other creditors	32,572	15,794
Accruals and deferred income	179,032	205,951
	<u>2,097,903</u>	<u>1,466,004</u>

Calibre Services Group Limited and its subsidiaries and Next Control Systems Limited have a bank overdraft facility in place which is repayable on demand. The security in place is a Composite Accounting Agreement between the bank and Calibre Services Group Limited and is supported by a legal charge over the leasehold property of Calibre Services Group Limited.

**18. FINANCIAL INSTRUMENTS**

	2015 £	2014 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	3,807,343	3,149,608
	<u>3,807,343</u>	<u>3,149,608</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(1,165,173)	(805,212)
	<u>(1,165,173)</u>	<u>(805,212)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings of, other debtors and accrued income.

Financial Liabilities measured at amortised cost comprise trade creditors, bank overdrafts, other creditors and accruals and deferred income.



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**NEXT CONTROL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2015**

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**19. DEFERRED TAXATION**

	Deferred Tax £
At 1 January 2015	(16,965)
Charged to the profit or loss	(21,162)
<b>At 31 December 2015</b>	<b>(38,127)</b>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(45,986)	(23,401)
Movement in pension creditor	7,859	6,436
	<u>(38,127)</u>	<u>(16,965)</u>

**20. SHARE CAPITAL**

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
68,117 Ordinary shares of £1 each	<u>68,117</u>	<u>68,117</u>

**21. RESERVES**

**Share premium**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Profit & loss account**

Includes all current and prior period retained profits and losses.

**22. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £89,837 (2014- £78,211). Contributions totalling £17,210 (2014- £9,643) were payable to the fund at the balance sheet date and are included in creditors.

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**NEXT CONTROL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2015**

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**23. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Land and buildings</b>		
Not later than 1 year	<b>63,550</b>	<b>99,400</b>
Later than 1 year and not later than 5 years	<b>149,210</b>	<b>212,760</b>
<b>Total</b>	<b>212,760</b>	<b>312,160</b>
	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Other</b>		
Not later than 1 year	<b>98,984</b>	<b>129,924</b>
Later than 1 year and not later than 5 years	<b>148,303</b>	<b>120,147</b>
<b>Total</b>	<b>247,287</b>	<b>250,071</b>

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## NEXT CONTROL SYSTEMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

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#### 24. RELATED PARTY TRANSACTIONS

During the year the directors of the company received no dividends (2014: £238,409)

During the year the company undertook transactions with Calibre Services Group Limited and its subsidiary companies: LH Plc and Klima-Therm Limited.

N Segal, R Mallozzi and P Modiano are directors of Calibre Services Group Limited. N Segal and R Mallozzi are also directors of both subsidiary companies.

During the year, management charges of £42,000 (2014: £42,000) were paid to Calibre Services Group Limited. In addition, costs of £8,391 were recharged from Calibre Services Group Limited to the company and recharges of £14,370 were made by the company to Calibre Services Group Limited.

At the year end, the company owed £40,778 (2014: £12,600) to Calibre Services Group Limited, which is disclosed within the trade creditors figure.

Calibre Services Group Limited has provided a bank guarantee of £195,000 in respect of the bank facilities of the company.

During the year, the company made sales totalling £10,034 (2014: £7,481) to LH Plc and £7,144 (2014: £281) purchases from LH Plc.

At the year end, the company was owed £7,134 (2014: £2,486) by LH Plc, which is disclosed within the trade debtors figure.

During the year the company made sales totalling £525 (2014: £6,425) to Klima-Therm Limited and no purchases (2014: purchases totalling £5,000).

At the year end, the company had no balances with Klima-Therm Limited (2014: was owed £7,080).

During the year, the company made sales of £5,099 (2014: nil) to Chase Restaurants Limited, a company controlled by N Segal.

As at the year end, the company had no balances with Chase Restaurants Limited.

Tutela Monitoring Systems LLC is a 100% subsidiary company of Next Controls Systems Limited and provides similar services in the United States of America to that of Next Control Systems Limited.

During the year sales of £212,714 (2014: £223,053) were made to Tutela Monitoring Systems LLC and no costs were incurred on their behalf and have been recharged across during the year (2014: £195,392.94.)

At the year end, the company was owed £1,861,995 (2014: £1,864,193) from Tutela Monitoring Systems LLC.

#### 25. CONTROLLING PARTY

In the opinion of the directors, during the year under review, no single party held control over the company.

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**NEXT CONTROL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2015**

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**26. FIRST TIME ADOPTION OF FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.