

Financial Statements

Safeguard Solutions Limited

For the Year Ended 31 March 2017



Registered number: 06387991

Company Information

Directors	Y Turgut C Tostevin
Company secretary	Y Turgut
Registered number	06387991
Registered office	Unit 1C Kingsway West Business Park Moss Bridge Road Rochdale OL16 5LX
Independent auditor's	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Barclays Bank PLC Rochdale Lancashire OL16 1BH

Safegard Solutions Limited

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Directors' report

For the Year Ended 31 March 2017

The Directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The Directors are responsible for preparing 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 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.

Directors

The Directors who served during the year were:

Y Turgut
C Tostevin

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 the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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

Since the year end Securecom Limited, a controlling party of the Company has sold its one share in the Company to the other controlling party Rochdale Boroughwide Housing Limited. Safegard Solutions Limited is now wholly owned by Rochdale Boroughwide Housing Limited.

Safegard Solutions Limited

Directors' report (continued)

For the Year Ended 31 March 2017

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *12 May 2017* and signed on its behalf.

Y Turgut
Director

A handwritten signature in black ink, consisting of a large, stylized 'Y' followed by a horizontal stroke and a loop.

Independent Auditors' Report to the Members of Safeguard Solutions Limited

We have audited the financial statements of Safeguard Solutions Limited for the year ended 31 March 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 on page 1, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 March 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.

Independent Auditors' Report to the Members of Safegard Solutions Limited (continued)

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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

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 Directors' report.

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; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Grant Thornton UK LLP

Carla Kennaugh

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants, Statutory Auditor
Manchester

Date: 12 May 2017

Statement of comprehensive income

For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover - continuing operations		2,535,136	3,339,963
Cost of sales		(956,262)	(1,502,181)
Gross profit		1,578,874	1,837,782
Administrative expenses		(1,098,091)	(1,262,242)
Operating profit - continuing operations	4	480,783	575,540
Profit before tax		480,783	575,540
Tax on profit	5	(96,135)	(114,204)
Profit and total comprehensive income for the financial year		384,648	461,336

The notes on pages 8 to 17 form part of these financial statements.

Balance sheet

As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	9	30,872	45,248
		<u>30,872</u>	<u>45,248</u>
Current assets			
Stocks	10	226,647	169,479
Debtors	11	331,863	482,008
Cash at bank and in hand	12	342,418	273,062
		<u>900,928</u>	<u>924,549</u>
Creditors: amounts falling due within one year	13	(313,598)	(733,346)
Net current assets		<u>587,330</u>	<u>191,203</u>
Total assets less current liabilities		<u>618,202</u>	<u>236,451</u>
Provisions for liabilities			
Deferred tax	15	(5,248)	(8,145)
		<u>(5,248)</u>	<u>(8,145)</u>
Net assets		<u><u>612,954</u></u>	<u><u>228,306</u></u>
Capital and reserves			
Called up share capital	16	2	2
Profit and loss account		<u>612,952</u>	<u>228,304</u>
		<u><u>612,954</u></u>	<u><u>228,306</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

Y Turgut
Director



12/5/2017

The notes on pages 8 to 17 form part of these financial statements.

Statement of changes in equity

For the Year Ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	2	228,304	228,306
Comprehensive income for the year			
Profit for the year	-	384,648	384,648
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	384,648	384,648
Total transactions with owners	-	-	-
At 31 March 2017	2	612,952	612,954

Statement of changes in equity

For the Year Ended 31 March 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	2	166,968	166,970
Comprehensive income for the year			
Profit for the year	-	461,336	461,336
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	461,336	461,336
Dividends: Equity capital	-	(400,000)	(400,000)
Total transactions with owners	-	(400,000)	(400,000)
At 31 March 2016	2	228,304	228,306

The notes on pages 8 to 17 form part of these financial statements.

Notes to the financial statements

For the Year Ended 31 March 2017

1. General information

Safegard Solutions Limited is a Limited company incorporated in the UK and its registered office is at Unit 1C Kingsway West Business Park, Moss Bridge Road, Rochdale, OL16 5LX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 accounting policies.

This is the first year the financial statements have been prepared under FRS 102.

Information on the impact of first-time adoption of FRS 102 is given in note 20.

The financial statements are presented in sterling (£), which is also the Company's functional currency.

The following principal accounting policies have been applied:

2.2 Going concern

These financial statements have been prepared on a going concern basis. The directors have prepared forecasts and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Since the year end Securecom Limited, a controlling party of the Company has sold its one share in the Company to the other controlling party Rochdale Boroughwide Housing Limited. Safegard Solutions Limited is now wholly owned by Rochdale Boroughwide Housing Limited and it is their intention to continue the trade of the Company. The Company's forecasts and projections, which take into account reasonable possible changes in trading performance, show that the company will be able to operate within the level of current facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2.3 Cash Flow

The financial statements do not include a Cash Flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement.

Notes to the financial statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Rendering of services

Turnover 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 turnover 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.

Revenue from installation services is recognised when the service has been completed. Revenue for monitoring services is recognised over the life of the monitoring agreement.

2.5 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.

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:

Plant & machinery	- 5 years straight line
Fixtures & fittings	- 5 years straight line
Office equipment	- 5 years 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 in the Statement of comprehensive income.

Notes to the financial statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.6 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 weighted average basis.

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.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 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.

2.9 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 debtors and creditors.

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 Statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

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

Notes to the financial statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge 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 tax 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Turnover

All turnover arose from the provision of services within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	14,376	9,019

During the year, no director received any emoluments (2016 - £NIL).

Notes to the financial statements

For the Year Ended 31 March 2017

5. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	99,032	107,729
Total current tax	<u>99,032</u>	<u>107,729</u>
Deferred tax		
Charge for the year	(2,897)	6,475
Total deferred tax	<u>(2,897)</u>	<u>6,475</u>
Taxation on profit on ordinary activities	<u>96,135</u>	<u>114,204</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 -lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>480,783</u>	<u>575,540</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 -20%)	96,157	115,108
Effects of:		
Adjustment in deferred tax rate	(22)	(904)
Total tax charge for the year	<u>96,135</u>	<u>114,204</u>

Factors that may affect future tax charges

From 1 April 2017, there was a reduction in the main rate of UK corporation tax to 19%. Following Budget announcements the rate will fall to 17% in 2020.

Notes to the financial statements

For the Year Ended 31 March 2017

6. Auditors' remuneration

Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements totalled £8,150 (2016 - £6,750).

Fees payable to the Company's auditor and its associates in respect of taxation compliance services totalled £900 (2016 - £900).

7. Staff costs

Wages and salaries	772,958	881,536
Social security costs	71,108	58,936
Other pension costs	129,294	137,296
	<u>973,360</u>	<u>1,077,768</u>

During the period, the company utilised 17 employees (2016 - 18) seconded from Rochdale Boroughwide Housing Limited. The aggregate payroll costs include seconded employees for the period and the prior year.

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

	2017 No.	2016 No.
Operational	11	14
Administration	4	4
	<u>15</u>	<u>18</u>

8. Directors' remuneration

Directors are remunerated through the company's controlling interests.

Notes to the financial statements

For the Year Ended 31 March 2017

9. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation				
At 1 April 2016	41,020	2,800	30,289	74,109
At 31 March 2017	41,020	2,800	30,289	74,109
Depreciation				
At 1 April 2016	14,351	369	14,141	28,861
Charge owned for the period	8,203	398	5,775	14,376
At 31 March 2017	22,554	767	19,916	43,237
Net book value				
At 31 March 2017	18,466	2,033	10,373	30,872
At 31 March 2016	26,669	2,431	16,148	45,248

10. Stocks

	2017 £	2016 £
Finished goods	226,647	169,479
	<u>226,647</u>	<u>169,479</u>

Stock recognised in cost of sales during the year as an expense was £929,594 (2016 - £1,481,686).

11. Debtors

	2017 £	2016 £
Trade debtors	11,794	14,229
Amounts owed by related parties	1,912	8,435
Amounts owed by controlling parties	297,717	434,506
Prepayments and accrued income	20,440	24,838
	<u>331,863</u>	<u>482,008</u>

Notes to the financial statements

For the Year Ended 31 March 2017

12. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	342,418	273,062
	<u>342,418</u>	<u>273,062</u>

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	18,269	72,104
Amounts owed to controlling parties	126,304	352,140
Corporation tax	99,032	107,736
Other taxation and social security	56,061	72,053
Other creditors	-	4,724
Accruals and deferred income	13,932	124,589
	<u>313,598</u>	<u>733,346</u>

14. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at amortised cost	653,840	730,232
	<u>653,840</u>	<u>730,232</u>
Financial liabilities		
Financial liabilities measured at amortised cost	158,505	553,558
	<u>158,505</u>	<u>553,558</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by related and controlling parties and cash balances.

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts owed to related and controlling parties and accrued amounts.

Notes to the financial statements

For the Year Ended 31 March 2017

15. Deferred taxation

	2017 £	2016 £
At beginning of year	(8,145)	(1,670)
Charged to profit or loss	2,897	(6,475)
At end of year	(5,248)	(8,145)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(5,248)	(8,145)
	(5,248)	(8,145)

16. Share capital

	2017 £	2016 £
Shares classified as equity		
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

Notes to the financial statements

For the Year Ended 31 March 2017

17. Related party transactions

During the year the company had the following transactions with related parties:

During the year sales of £2,126,365 (2016: £3,003,373) and purchases of £702,757 (2016: £1,246,428) were made to/from Rochdale Boroughwide Housing Limited, a controlling party of Safegard Solutions Limited. In addition, sales of £219,362 (2016: £315,920) and purchases of £nil (2016: £1,634) were made to Rochdale Metropolitan Borough Council (RMBC), which is related to Rochdale Boroughwide Housing Limited due to the inclusion of several RMBC councillors on the Board of directors.

In addition, purchases of £645,976 (2016: £354,425) were made from Securecom Limited, a controlling party of Safegard Solutions Limited.

Amounts due from Rochdale Boroughwide Housing Limited, a controlling party at 31 March 2017 were £297,717 (2016: £434,506). Amounts owed to Rochdale Boroughwide Housing Limited at 31 March 2017 were £115,384 (2016: £155,279). Amounts due from Rochdale Metropolitan Borough Council were £1,912 (2016: £8,435). Amounts owed to Securecom Limited at 31 March 2017 were £10,920 (£196,861).

18. Post balance sheet events

Since the year end Securecom Limited, a controlling party of the Company has sold its one share in the Company to the other controlling party Rochdale Boroughwide Housing Limited. Safegard Solutions Limited is now wholly owned by Rochdale Boroughwide Housing Limited.

19. Controlling party

As at 31 March 2017 company was a joint venture between Securecom Limited and Rochdale Boroughwide Housing Limited. Both controlling parties owned one ordinary share each. After the year end Securecom Limited sold its one share in the business to Rochdale Boroughwide Housing Limited. Safegard Solutions Limited is now wholly owned by Rochdale Boroughwide Housing Limited.

Copies of financial statements of the controlling parties are publically available on Companies House.

20. 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.