Company Registration No. 08698080 (England and Wales)

PHOENIX SAFE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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PHOENIX SAFE COMPANY LIMITED

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PHOENIX SAFE COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	3		898,093		111,085
Investments	4		100		100
			898,193		111,185
Current assets					
Stocks		984,384		808,458	
Debtors	5	1,552,885		1,662,374	
Cash at bank and in hand		23,306		53,037	
		2,560,575		2,523,869	
Creditors: amounts falling due within one year	6	(1,657,467)		(1,500,930)	
Net current assets			903,108		1,022,939
Total assets less current liabilities			1,801,301		1,134,124
Creditors: amounts falling due after more than one year	7		(1,184,300)		(914,671)
Provisions for liabilities			(37,433)		-
Net assets			579,568		219,453
Capital and reserves					
Called up share capital	8		1		1
Profit and loss reserves			579,567		219,452
Total equity			579,568		219,453

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 27 September 2019 and are signed on its behalf by:

Mr A O Evans
Director

Company Registration No. 08698080

1 Accounting policies

Company information

Phoenix Safe Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Apex House, Orrell Mount, Liverpool, L20 6NS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Income is recognised when the risks and rewards of ownership of the goods have transferred to the customer. In the majority of cases, this is upon despatch of the goods to the customer.

In addition the amount of revenue must be measured reliably, it must be probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction must be able to be measured reliably.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Straight line over 50 years
Fixtures, fittings & equipment	15 - 50% per annum reducing balance
Motor vehicles	25% per annum reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Fixed asset investments

Interests in associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1 Accounting policies **(Continued)**

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, other direct costs that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

All of the company's financial assets are basic financial instruments.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank borrowings and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

All of the company's financial liabilities are basic financial instruments.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.15 Going concern

Since the ownership of the company changed in 2014, the current ultimate parent company has continued to pledge its financial support by maintaining the provision of a working capital facility in order that all liabilities can be met as they fall due for payment.

The directors have also prepared profit and cash flow budgets for a period greater than twelve months from the date of the audit report. These project that the company will have adequate cash balances to meet all financial obligations as they fall due for payment.

Consequently the directors have adopted the going concern basis of preparation of the financial statements.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 30 (2017 - 28).

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2018	-	332,369	332,369
Additions	764,685	49,403	814,088
At 31 December 2018	764,685	381,772	1,146,457
Depreciation and impairment			
At 1 January 2018	-	221,284	221,284
Depreciation charged in the year	3,825	23,255	27,080
At 31 December 2018	3,825	244,539	248,364
Carrying amount			
At 31 December 2018	760,860	137,233	898,093
At 31 December 2017	-	111,085	111,085

4 Fixed asset investments

	2018	2017
	£	£
Investments	100	100

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2018 & 31 December 2018	100
Carrying amount	
At 31 December 2018	100
At 31 December 2017	100

5 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	792,836	703,289
Amounts owed by group undertakings	611,728	840,161
Other debtors	26,737	200
Prepayments and accrued income	121,584	117,980
	1,552,885	1,661,630

Amounts falling due after more than one year:	2018 £	2017 £
Deferred tax asset	-	744
Total debtors	1,552,885	1,662,374

6 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	208,048	23,768
Trade creditors	695,933	823,010
Amounts owed to group undertakings	427,683	195,310
Taxation and social security	69,317	82,441
Other creditors	256,486	376,401
	1,657,467	1,500,930

Creditors due within one year totalling £245,616 (2017: £202,562) have been secured over the assets of the company, via a mortgage charge and debentures incorporating fixed and floating charges over the company's assets.

7 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts		486,886	-
Amounts due to group undertakings		697,414	914,671
		1,184,300	914,671

Creditors due within one year totalling £486,886 (2017: £Nil) have been secured over the assets of the company, via a mortgage charge and debentures incorporating fixed and floating charges over the company's assets.

8 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Joe Sullivan.
The auditor was MHA Moore and Smalley.

10 Financial commitments, guarantees and contingent liabilities

The company has provided a guarantee via its bankers, in favour of HMRC for a total sum of £20,000 (2017: £20,000).

At 31 December 2018 the company had committed to buying US dollars equating to £245,587 (2017: £206,897) through the use of forward exchange contracts.

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2018 £	2017 £
56,310	573,699

12 Parent company

The ultimate holding company is Ningbo Excellence Electronic Safe Equipment Co. Limited, a company incorporated in the People's Republic of China.