

FAAC (U.K.) Limited

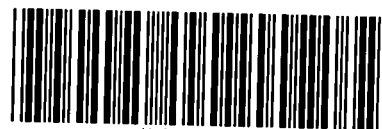
Report and Financial Statements

Year Ended

31 December 2016

Company Number 01875607

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FAAC (U.K.) Limited

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Company Information

Directors	J Malacarne W Walker E Galloni E Nardi
Company secretary	Clarks Nominees Limited
Registered number	01875607
Registered office	Unit 10 The Hatch Industrial Park Basingstoke Hampshire RG24 7NG
Independent auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL
Bankers	Natwest Basingstoke Hampshire RG21 7NS

FAAC (U.K.) Limited

Strategic Report For the Year Ended 31 December 2016

The directors present their Strategic Report for the year ended 31 December 2016.

Business review

The principal activities of the company are the distribution of automation systems for doors, gates, turnstiles and barriers and the provision and maintenance of revenue parking systems.

The company operates two business units, one in the access automation sector and the other in the parking sector.

The Access Automation unit delivered growth in the year and the Parking unit showed a revenue decrease due to project timings. Profitability was maintained with good underlying operating performance. Prospects for 2017 are good for both business units.

During the year the company acquired the remaining 30% shareholding in DSS Automatic Doors Limited. Further details can be found in note 13.

Principal risks and uncertainties

The principal risks and uncertainties that face the group are broadly competitive and financial. As a result of the Brexit vote, management have considered the financial effect and activated plans to mitigate any risk.

Financial key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	2016 £'000	2015 £'000	Change %
Turnover			
Access automation	10,093	9,458	7
Parking	3,980	4,515	(12)
Total	14,073	13,973	1
Operating profit	2,132	1,864	14
Profit before tax	1,666	1,358	23
Shareholders' funds	5,414	5,548	(2)
Current assets as a % of current liabilities	159	159	-
Average number of employees	74	72	3

The Access Automation business continues to expand increasing by 7% whilst the Parking business had a quiet time showing revenue reduction of 12%. The Parking order book is strong for 2017 and so significant growth is expected. Gross profit was flat but operating profits increased due to control of business overheads.

Shareholders' funds decreased in line with retained profit during 2016.

The ratio of current assets to current liabilities improved throughout the year.

The average number of employees remains stable.

FAAC (U.K.) Limited

Strategic Report For the Year Ended 31 December 2016

Competitive risks

In the Parking business unit there is a risk to the renewal of maintenance contracts, when a customer goes to tender for replacement / renewal of the parking system.

In the Access Automation business unit there is a competitive market and risks are associated with the continued supply of innovative and reliable products that meet market demand.

Financial risks

Controls are in place to manage debts with clients, but occasionally a bad debt is incurred due to matters beyond our control.

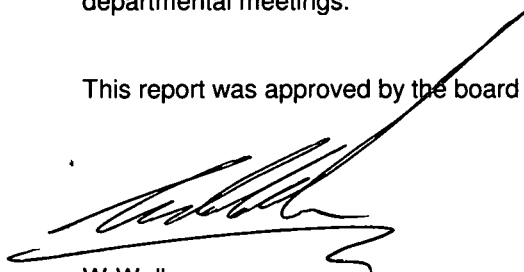
Employment of disabled persons

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitude and abilities. Disabled employees receive appropriate training to promote their career development within the group. Employees who become disabled are retained in their existing posts where applicable or retrained for suitable alternative posts.

Employee information

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about progress and the position of the group by means of regular departmental meetings.

This report was approved by the board on 24th March 2017 and signed on its behalf.



W Walker
Director

FAAC (U.K.) Limited

Directors' Report For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £1,665,716 (2015 - £1,358,126).

An interim dividend of £1,800,000 (2015 - £Nil) was paid during the year. The directors do not recommend the payment of a final dividend.

Future developments

The directors forecast continued growth in Access Automation and have broadened the company's Parking portfolio to address the challenging trading conditions in this sector.

Post balance sheet events

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

Directors

The directors who served during the year were:

J Malacarne (appointed 18 January 2016)
W Walker
E Galloni (appointed 18 January 2016)
E Nardi (appointed 18 January 2016)
A Marcellan (resigned 18 January 2016)

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 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.

FAAC (U.K.) Limited

Directors' Report (continued) For the Year Ended 31 December 2016

Disclosure of information to auditors

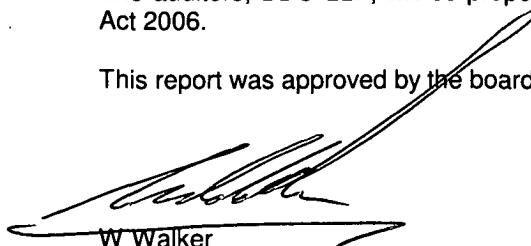
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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.

Auditors

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

This report was approved by the board on *24th March 2017* and signed on its behalf.



W Walker
Director

FAAC (U.K.) Limited

Independent Auditor's report to the member of FAAC (U.K.) Limited

We have audited the financial statements of FAAC (U.K.) Limited for the year ended 31 December 2016 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 auditor's 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 member, 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 statement of directors' responsibilities, 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 (FRC'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 FRC'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 December 2016 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

FAAC (U.K.) Limited

Independent Auditor's report to the member of FAAC (U.K.) Limited

Matters on which we are required to report by exception

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

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.

BDO LLP

Arbinder Chatwal (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Southampton
United Kingdom

27/03/17

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FAAC (U.K.) Limited

Statement of Income and Retained Earnings For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	14,072,930	13,973,434
Cost of sales		(7,367,897)	(7,178,203)
Gross profit		6,705,033	6,795,231
Distribution costs		(514,801)	(462,333)
Administrative expenses		(4,058,570)	(4,469,141)
Operating profit	4	2,131,662	1,863,757
Interest receivable and similar income	8	7,336	5,350
Profit before tax		2,138,998	1,869,107
Tax on profit	9	(473,282)	(510,981)
Profit after tax		1,665,716	1,358,126
Retained earnings at the beginning of the year		5,448,328	4,090,202
Profit for the year		1,665,716	1,358,126
Dividends paid		(1,800,000)	-
Retained earnings at the end of the year		5,314,044	5,448,328

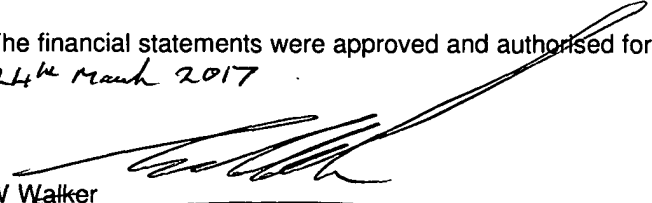
The notes on pages 9 to 22 form part of these financial statements.

FAAC (U.K.) Limited
Registered number:01875607

Balance Sheet
As at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	11		-		100,024
Tangible fixed assets	12		226,065		269,847
Investments	13		1,961,448		1,961,448
			<u>2,187,513</u>		<u>2,331,319</u>
Current assets					
Stocks	14	1,566,928		1,266,135	
Debtors	15	4,464,121		4,278,860	
Cash at bank and in hand		<u>2,680,815</u>		<u>3,140,274</u>	
		8,711,864		8,685,269	
Creditors: amounts falling due within one year	16	<u>(5,465,333)</u>		<u>(5,468,260)</u>	
Net current assets			<u>3,246,531</u>		<u>3,217,009</u>
Total assets less current liabilities			<u>5,434,044</u>		<u>5,548,328</u>
Creditors: amounts falling due after more than one year	17		<u>(20,000)</u>		<u>-</u>
Net assets			<u><u>5,414,044</u></u>		<u><u>5,548,328</u></u>
Capital and reserves					
Called up share capital	19		100,000		100,000
Profit and loss account	20		<u>5,314,044</u>		<u>5,448,328</u>
			<u><u>5,414,044</u></u>		<u><u>5,548,328</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
24th March 2017


W Walker
Director

The notes on pages 9 to 22 form part of these financial statements.

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

FAAC (U.K.) Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

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 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 judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of FAAC SpA as at 31 December 2016 and these financial statements may be obtained from Camera di Commercio Industria Agricoltura e Artigianato, Ufficio Imprese, Piazza della Costituzione, 40100 Bologna, Italy.

1.3 Turnover

Turnover in respect of Access Automation and Parking represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised upon despatch of goods or on completion of the agreed servicing work.

1.4 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Income and Retained Earnings over its useful economic life.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provision that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

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.

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.

Depreciation is provided on the following basis:

Plant and machinery	- 6% - 40% straight line
Motor vehicles	- 25% - 50% straight line
Fixtures and fittings	- 6% - 33% 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 Income and Retained Earnings.

1.6 Impairment of goodwill and fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 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.

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.

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.9 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, 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 Statement of Income and Retained Earnings.

1.10 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

1.11 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.

1.12 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of Income and Retained Earnings over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Income and Retained Earnings over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Income and Retained Earnings on a straight-line basis over the term of the lease.

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.13 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 payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings 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.

1.14 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

1.15 Current and deferred taxation

Tax is recognised in the Statement of Income and Retained Earnings, 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.

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 12)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and the projected disposal values.

3. Turnover

Turnover is attributable to the one principal activity of the company in the year ended 31 December 2016 - 0% (2015: 3%) of turnover was to markets outside of the UK.

4. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	116,942	103,546
Amortisation of intangible assets, including goodwill	100,024	400,095
Operating lease expense	240,883	290,377
Defined contribution pension cost	51,064	45,473

5. Auditors' remuneration

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	15,500	15,000
Fees payable to the company's auditor in respect of:		
Taxation compliance services	2,950	2,850
All other services	2,315	2,250

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

6. Employees

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

	2016 £	2015 £
Wages and salaries	2,419,392	2,279,641
Social security costs	274,661	254,893
Cost of defined contribution scheme	51,064	45,473
	<u>2,745,117</u>	<u>2,580,007</u>

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

	2016 No.	2015 No.
Technical	41	39
Distribution	4	4
Administration	29	29
	<u>74</u>	<u>72</u>

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	166,906	126,424
Company contributions to defined contribution pension schemes	14,405	27,718
	<u>181,311</u>	<u>154,142</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

8. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>7,336</u>	<u>5,350</u>

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	461,151	481,407
Adjustments in respect of previous periods	12,131	29,574
Total current tax	473,282	510,981

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,138,998	1,869,107
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	427,800	378,494
Effects of:		
Expenses not deductible for tax purposes	22,478	91,288
Capital allowances for year in excess of depreciation	9,206	8,669
Adjustments to tax charge in respect of prior periods	12,132	29,574
Other differences leading to an increase in the tax charge	1,666	2,956
Total tax charge for the year	473,282	510,981

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Dividends

	2016 £	2015 £
Ordinary shares		
Interim dividend paid of £18 (2015: £Nil) per share	1,800,000	-

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

11. Intangible assets

	Goodwill £
Cost	
At 1 January 2016	1,700,403
At 31 December 2016	<u>1,700,403</u>
Amortisation	
At 1 January 2016	1,600,379
Charge for the year	100,024
At 31 December 2016	<u>1,700,403</u>
Net book value	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>100,024</u>

Goodwill arising on the acquisition of Zeag Parking Limited is being amortised evenly over the directors' estimate of its useful economic life of 4 years and 3 months. The estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units at the acquisition date to which the goodwill is attributed, any legal, regulatory or contractual provision that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2016	132,503	169,106	281,512	583,121
Additions	302	54,385	26,485	81,172
Disposals	-	(42,685)	(1,765)	(44,450)
At 31 December 2016	<u>132,805</u>	<u>180,806</u>	<u>306,232</u>	<u>619,843</u>
Depreciation				
At 1 January 2016	91,442	68,473	153,359	313,274
Provided for the year	7,718	68,921	40,303	116,942
Disposals	-	(34,671)	(1,767)	(36,438)
At 31 December 2016	<u>99,160</u>	<u>102,723</u>	<u>191,895</u>	<u>393,778</u>
Net book value				
At 31 December 2016	<u>33,645</u>	<u>78,083</u>	<u>114,337</u>	<u>226,065</u>
At 31 December 2015	<u>41,061</u>	<u>100,633</u>	<u>128,153</u>	<u>269,847</u>

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	2,802,068
At 31 December 2016	2,802,068
Impairment	
At 1 January 2016	840,620
At 31 December 2016	840,620
Net book value	
At 31 December 2016	1,961,448
At 31 December 2015	1,961,448

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
DSS Automatic Doors Limited (previously Door and Shutter Services (Glasgow) Limited)	Ordinary	100 %	Automatic door supplier

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit £
DSS Automatic Doors Limited (previously Door and Shutter Services (Glasgow) Limited)	212,981	83,775

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

13. Fixed asset investments (continued)

In 2012 the company acquired 70% of the issued share capital of DSS Automatic Doors Limited. Under the terms of the sale and purchase agreement the company also entered into matching put and call options over the remaining 30% at an option price that is dependent on the future financial performance of DSS. The company has therefore accounted for the acquisition of 100% of DSS Automatic Doors Limited, with the estimated option price treated as contingent deferred consideration. This deferred consideration has previously been impaired by £203,700.

In the year the company acquired the remaining 30% of the issued share capital of DSS Automatic Doors Limited.

14. Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>1,566,928</u>	<u>1,266,135</u>

Stock recognised in cost of sales during the year as an expense was £6,225,473 (2015: £6,137,812).

An impairment loss of £127,223 (2015: £86,574) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

There is no difference between the replacement cost of stocks and the amounts stated above.

15. Debtors

	2016 £	2015 £
Due within one year		
Trade debtors	2,545,678	2,752,638
Amounts owed by group undertakings	1,799,107	1,343,207
Other debtors	4,120	7,645
Prepayments and accrued income	115,216	175,370
	<u>4,464,121</u>	<u>4,278,860</u>

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	230,766	296,765
Amounts owed to group undertakings	3,695,620	3,578,784
Corporation tax	296,689	206,407
Other taxation and social security	824,709	802,735
Other creditors	16,840	-
Accruals and deferred income	400,709	583,569
	<u>5,465,333</u>	<u>5,468,260</u>

17. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other creditors	<u>20,000</u>	<u>-</u>

18. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at amortised cost	<u>7,029,720</u>	<u>7,243,764</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>4,363,935</u>	<u>4,459,118</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed from group undertakings, other creditors and accruals.

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

19. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

20. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

21. Pension commitments

The pension cost charge represents contributions payable by the company to employee's own schemes which amounted to £51,064 (2015: £45,473). Contributions totalling £23,900 (2015: £20,619) were payable at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	284,359	268,933
Later than 1 year and not later than 5 years	961,483	926,690
Later than 5 years	<u>1,573,546</u>	<u>1,803,821</u>
	<u>2,819,388</u>	<u>2,999,444</u>

23. Related party transactions

The company is a wholly owned subsidiary of FAAC SpA and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with FAAC SpA or other wholly owned subsidiaries within the group.

Key management personnel include all directors across the company who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £181,311 (2015: £154,142).

FAAC (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

24. Controlling party

The directors consider the company's immediate and ultimate parent company is FAAC SpA, which is registered in Italy.

FAAC SpA is the parent company for the largest and smallest group of which this company is a member and for which group accounts are prepared. FAAC SpA lodges the group accounts with Camera di Commercio Industria Agricoltura e Artigianato, Ufficio Imprese, Piazza della Costituzione, 40110 Bologna, Italy.

The directors consider the company's controlling party to be the Archdiocese of Bologna, Italy.