

COMPANY REGISTRATION NUMBER: 03084635

Flameproofings Limited
Financial Statements
For the Year Ended
31 March 2016

BEEVER AND STRUTHERS

Chartered Accountants & Statutory Auditor

Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

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20/08/2016
COMPANIES HOUSE

Flameproofings Limited
Officers and Professional Advisers

The Board of Directors

A M Sciama
M E Sciama
R N Sciama

Company Secretary

M E Sciama

Registered Office

Mose Rose Mill
Springfield Road
Bolton
Lancashire
BL4 8JW

Auditor

Beever and Struthers
Chartered Accountants & Statutory Auditor
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

Flameproofings Limited

Strategic Report

Year Ended 31 March 2016

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

Review of the business

The company has enjoyed another successful year achieving sales growth of 2.6%. Following a reorganisation of the company's trading activities and the route to market, there has been a reduction in the gross margin and operating profit for the year. Consequently profit before tax is £1,669,025 compared to £3,189,828 in the previous year.

There has been a net inflow of cash for the year of £1,790,357 which is stated after an exceptional cash outflow of £1,608,000 in connection with a share buy back and outflows of £200,000 in respect of the repayment of loans to companies under common control. At 31 March 2016 the company had net cash funds of £1,283,293 (2015: external bank debt comprising a bank overdraft of £507,064).

Given the straightforward nature of the business, the company's directors are of the opinion that further analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board of directors on 11.8.2016 and signed on behalf of the board by:



M E Sciamia
Director

Flameproofings Limited

Directors' Report

Year Ended 31 March 2016

The directors present their report and the financial statements of the company for the year ended 31 March 2016.

Directors

The directors who served the company during the year were as follows:

A M Sciama
M E Sciama
R N Sciama

Dividends

Particulars of dividends are detailed in note 11 to the financial statements.

Future Developments

The directors expect to build on the company's continuing success and are continuously looking for improvements within the business in order to improve profitability and for further business opportunities as they arise.

Financial Risk Management

The company's activities expose it to various financial risks such as price risk, credit risk, liquidity risk, interest rate risk and currency risk.

To mitigate price risk, the directors constantly monitor market fluctuations, varying the quantity and timing of orders, and make use of forward exchange contracts to provide some certainty over future prices.

To mitigate the credit risk, the company has policies in place to ensure that sales are made to customers with an appropriate credit history. The company has taken out bad debt insurance during the period.

The company's borrowings are managed to ensure it has sufficient funds available for current operations and future expansion plans. The current borrowings are short term in the form of a loan from a related company and loans from directors, all financed at competitive variable rates. The company no longer has a bank overdraft.

The company is exposed to a number of foreign currencies through its trading activities and borrowings. The company periodically enters into forward exchange contracts in respect of future Dollar purchases.

Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Flameproofings Limited

Directors' Report *(continued)*

Year Ended 31 March 2016

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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 11.8.2016..... and signed on behalf of the board by:



M E Sciama
Director

Flameproofings Limited

Independent Auditor's Report to the Shareholders of Flameproofings Limited

Year Ended 31 March 2016

We have audited the financial statements of Flameproofings Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

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 Auditing Practices Board'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 March 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 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.

Flameproofings Limited

Independent Auditor's Report to the Shareholders of Flameproofings Limited *(continued)*

Year Ended 31 March 2016

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.

Beever and Struthers

Adam Thom BA FCA (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountants & statutory auditor
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

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Flameproofings Limited
Statement of Comprehensive Income
Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover	4	22,898,007	22,325,415
Cost of sales		(19,898,107)	(17,693,149)
Gross profit		2,999,900	4,632,266
Administrative expenses		(1,311,475)	(1,436,001)
Operating profit	5	1,688,425	3,196,265
Other interest receivable and similar income		71	–
Interest payable and similar charges	9	(19,471)	(6,437)
Profit on ordinary activities before taxation		1,669,025	3,189,828
Tax on profit on ordinary activities	10	(344,607)	(672,225)
Profit for the financial year		1,324,418	2,517,603
Foreign currency retranslation		210,149	313,359
Reclassification from hedging reserve to profit and loss account		(313,359)	175,916
Tax relating to components of other comprehensive income		20,642	(99,614)
Other comprehensive income for the year		(82,568)	389,661
Total comprehensive income for the year		1,241,850	2,907,264

All the activities of the company are from continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

Flameproofings Limited
Statement of Financial Position
31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	199,347	197,519
Current assets			
Stocks	13	2,736,627	3,934,590
Debtors	14	3,189,796	4,086,425
Cash at bank and in hand	15	1,283,293	–
		<u>7,209,716</u>	<u>8,021,015</u>
Creditors: amounts falling due within one year	16	<u>(2,475,739)</u>	<u>(2,898,510)</u>
Net current assets		<u>4,733,977</u>	<u>5,122,505</u>
Total assets less current liabilities		<u>4,933,324</u>	<u>5,320,024</u>
Provisions			
Taxation including deferred tax	18	<u>(51,122)</u>	<u>(71,672)</u>
Net assets		<u><u>4,882,202</u></u>	<u><u>5,248,352</u></u>
Capital and reserves			
Called up share capital	21	9,000	10,000
Capital redemption reserve	22	1,000	–
Other reserves	22	168,119	250,687
Profit and loss account	22	4,704,083	4,987,665
Shareholders funds		<u><u>4,882,202</u></u>	<u><u>5,248,352</u></u>

These financial statements were approved by the board of directors and authorised for issue on 11.8.2016,
and are signed on behalf of the board by:



M E Sciama
Director

Company registration number: 03084635

The notes on pages 11 to 22 form part of these financial statements.

Flameproofings Limited
Statement of Changes in Equity
Year Ended 31 March 2016

	Called up share capital £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total £
At 1 April 2014	10,000	–	(138,974)	3,520,062	3,391,088
Profit for the year				2,517,603	2,517,603
Other comprehensive income for the year:					
Foreign currency retranslation	–	–	313,359	–	313,359
Reclassification from hedging reserve to profit and loss account	–	–	175,916	–	175,916
Tax relating to components of other comprehensive income 10	–	–	(99,614)	–	(99,614)
Total comprehensive income for the year	–	–	389,661	2,517,603	2,907,264
Dividends paid and payable 11	–	–	–	(1,050,000)	(1,050,000)
Total investments by and distributions to owners	–	–	–	(1,050,000)	(1,050,000)
At 31 March 2015	10,000	–	250,687	4,987,665	5,248,352
Profit for the year				1,324,418	1,324,418
Other comprehensive income for the year:					
Foreign currency retranslation	–	–	210,149	–	210,149
Reclassification from hedging reserve to profit and loss account	–	–	(313,359)	–	(313,359)
Tax relating to components of other comprehensive income 10	–	–	20,642	–	20,642
Total comprehensive income for the year	–	–	(82,568)	1,324,418	1,241,850
Redemption of shares	(1,000)	1,000	–	(1,608,000)	(1,608,000)
Total investments by and distributions to owners	(1,000)	1,000	–	(1,608,000)	(1,608,000)
At 31 March 2016	<u>9,000</u>	<u>1,000</u>	<u>168,119</u>	<u>4,704,083</u>	<u>4,882,202</u>

The notes on pages 11 to 22 form part of these financial statements.

Flameproofings Limited

Statement of Cash Flows

Year Ended 31 March 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the financial year		1,324,418	2,517,603
<i>Adjustments for:</i>			
Depreciation of tangible assets		72,086	59,172
Other interest receivable and similar income		(71)	–
Interest payable and similar charges		19,471	6,437
(Gains)/loss on disposal of tangible assets		(4,810)	2,191
Tax on profit on ordinary activities		344,607	672,225
Accrued expenses		30,125	5,465
<i>Changes in:</i>			
Stocks		1,197,963	(711,453)
Trade and other debtors		830,678	43,395
Trade and other creditors		(295,294)	24,239
Cash generated from operations		3,519,173	2,619,274
Interest paid		(588)	(6,437)
Interest received		71	–
Tax paid		(476,725)	(755,740)
Net cash from operating activities		<u>3,041,931</u>	<u>1,857,097</u>
Cash flows from investing activities			
Purchase of tangible assets		(76,104)	(105,036)
Proceeds from sale of tangible assets		7,000	3,000
Net cash used in investing activities		<u>(69,104)</u>	<u>(102,036)</u>
Cash flows from financing activities			
Purchase of own shares		(1,608,000)	–
Proceeds from borrowings from directors		662,789	182,196
Repayments of loans from companies under common control		(237,259)	(1,318,352)
Dividends paid		–	(1,050,000)
Net cash used in financing activities		<u>(1,182,470)</u>	<u>(2,186,156)</u>
Net increase/(decrease) in cash and cash equivalents		1,790,357	(431,095)
Cash and cash equivalents at beginning of year		(507,064)	(75,969)
Cash and cash equivalents at end of year	15	<u>1,283,293</u>	<u>(507,064)</u>

The notes on pages 11 to 22 form part of these financial statements.

Flameproofings Limited
Notes to the Financial Statements
Year Ended 31 March 2016

1. Company Information

Flameproofings Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1 of the financial statements. The nature of the company's operations and its principal activity is the coating of fabrics.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 28.

Judgements and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the directors there are no critical accounting judgements and key sources of estimation uncertainty that require further disclosure.

Revenue Recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

3. Accounting Policies *(continued)*

Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible Assets

All fixed assets are initially recorded at cost less depreciation. The useful economic lives of tangible fixed assets are reviewed at the end of each reporting period and revised if expectations are significantly different from previous estimates. If a useful economic life is revised, the carrying amount of the tangible fixed asset at the date of revision should be depreciated over their revised economic useful life.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	20% straight line
Motor vehicles	-	25% straight line
Leasehold property improvement	-	20% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowances for obsolete and slow moving stock.

Cost include all direct expenditure and appropriate production overheads.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

3. Accounting Policies *(continued)*

Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Hedge Accounting

Hedge accounting is used where the hedging relationship is designated, documented and expected to be highly effective, and is only used for specific risks, as defined by FRS 102 section 12.

Where the hedged risk is the variable interest rate risk or foreign exchange risk in a debt instrument measured at amortised cost, the foreign exchange risk or interest rate risk in a firm commitment or highly probable forecast transaction, the commodity price risk in a highly probable forecast transaction or the foreign exchange risk in a net investment in a foreign operation, then the financial instrument is initially and subsequently recognised at fair value at each reporting date. Movements in fair value are recognised in other comprehensive income, to the extent that the hedge is effective. Any ineffective movements are recognised in profit or loss.

Hedge accounting is discontinued where the hedging instrument expires, is sold or terminated, the hedge no longer meets the criteria for hedge accounting, the forecast transaction is no longer highly probable in a hedge of a forecast transaction, or the designation is revoked.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

3. Accounting Policies *(continued)*

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Foreign Currency

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

4. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	<u>22,898,007</u>	<u>22,325,415</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016 £	2015 £
United Kingdom	20,142,036	14,156,007
Overseas	<u>2,755,971</u>	<u>8,169,408</u>
	<u>22,898,007</u>	<u>22,325,415</u>

5. Operating Profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	72,086	59,172
(Gains)/loss on disposal of tangible assets	(4,810)	2,191
Defined contribution plans expense	62,254	23,209
Bad debts	(30,697)	34,141
Cost of stock expensed	16,940,481	14,518,446
Stock provisions	60,000	-
Operating leases	<u>213,611</u>	<u>206,209</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

6. Auditor's Remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>14,000</u>	<u>13,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>7,450</u>	<u>5,865</u>

7. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Production staff	54	46
Management staff	9	9
	<u>63</u>	<u>55</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	1,532,673	1,296,122
Social security costs	140,357	121,442
Other pension costs	62,254	23,209
	<u>1,735,284</u>	<u>1,440,773</u>

8. Directors' Remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Company contributions to defined contribution pension plans	<u>40,000</u>	<u>-</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

9. Interest Payable and Similar Charges

	2016	2015
	£	£
Interest on banks loans and overdrafts	588	4,169
Other interest payable and similar charges	18,883	2,268
	<u>19,471</u>	<u>6,437</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

10. Tax on Profit on Ordinary Activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	344,515	676,455
Adjustments in respect of prior periods	–	(4,730)
Total current tax	<u>344,515</u>	<u>671,725</u>
Deferred tax:		
Origination and reversal of timing differences	92	–
Impact of change in tax rate	–	500
Total deferred tax	<u>92</u>	<u>500</u>
Tax on profit on ordinary activities	<u>344,607</u>	<u>672,225</u>

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(20,642) (2015: £99,614).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>1,669,025</u>	<u>3,189,828</u>
Profit on ordinary activities by rate of tax	333,805	669,864
Effect of expenses not deductible for tax purposes	10,821	7,244
Effect of capital allowances and depreciation	(19)	(153)
Adjustment in respect of prior years - R&D relief	–	(4,730)
Tax on profit on ordinary activities	<u>344,607</u>	<u>672,225</u>

Factors that may affect future tax expense

The Finance No.2 Act 2015 included legislation to keep the unified rate of UK corporation tax at 20% for financial years 2015 and 2016. The rate will be reduced to 19% from April 2017 and then to 18% from April 2020. These rate reductions are not included in these financial statements as the impact is not material.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

11. Dividends

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>–</u>	<u>1,050,000</u>

12. Tangible Assets

	Plant and machinery £	Motor vehicles £	Leasehold improvements £	Total £
Cost				
At 1 April 2015	1,673,120	89,900	104,105	1,867,125
Additions	36,664	–	39,440	76,104
Disposals	–	(34,950)	–	(34,950)
At 31 March 2016	<u>1,709,784</u>	<u>54,950</u>	<u>143,545</u>	<u>1,908,279</u>
Depreciation				
At 1 April 2015	1,559,247	37,198	73,161	1,669,606
Charge for the year	42,144	13,740	16,202	72,086
Disposals	–	(32,760)	–	(32,760)
At 31 March 2016	<u>1,601,391</u>	<u>18,178</u>	<u>89,363</u>	<u>1,708,932</u>
Carrying amount				
At 31 March 2016	<u>108,393</u>	<u>36,772</u>	<u>54,182</u>	<u>199,347</u>
At 31 March 2015	<u>113,873</u>	<u>52,702</u>	<u>30,944</u>	<u>197,519</u>

13. Stocks

	2016 £	2015 £
Raw materials and consumables	1,759,371	3,035,315
Finished goods and goods for resale	977,256	899,275
	<u>2,736,627</u>	<u>3,934,590</u>

14. Debtors

	2016 £	2015 £
Trade debtors	2,920,092	3,756,116
Prepayments and accrued income	11,456	6,303
Derivative financial assets	210,149	313,359
Other debtors	48,099	10,647
	<u>3,189,796</u>	<u>4,086,425</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

15. Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	2016	2015
	£	£
Cash at bank and in hand	1,283,293	–
Bank overdrafts	–	(507,064)
	<u>1,283,293</u>	<u>(507,064)</u>

16. Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	–	507,064
Trade creditors	505,984	908,458
Accruals and deferred income	130,839	81,831
Corporation tax	174,515	306,725
Social security and other taxes	311,336	204,156
Director loan accounts	853,065	190,276
Other creditors	500,000	700,000
	<u>2,475,739</u>	<u>2,898,510</u>

17. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in provisions (note 18)	<u>51,122</u>	<u>71,672</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accelerated capital allowances	9,092	9,000
Forward contract gains/losses	<u>42,030</u>	<u>62,672</u>
	<u>51,122</u>	<u>71,672</u>

18. Provisions

	Deferred tax (note 17)
	£
At 1 April 2015	71,672
Charge against profit and loss account	92
Charge against other reserves	<u>(20,642)</u>
At 31 March 2016	<u>51,122</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

19. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £62,254 (2015: £23,209).

20. Financial Instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets		
Derivative financial assets measured at fair value and designated in an effective hedging relationship	<u>210,149</u>	<u>313,359</u>

Hedge Accounting

The company has ongoing commitments and requirements to purchase raw materials in US dollars. The company has entered into forward currency contracts to purchase dollars in order to hedge the foreign exchange risk arising from these anticipated future transactions, which are designated as cash flow hedges.

The hedged cash flows are expected to occur and to affect the profit and loss within the next financial year.

Gains of £210,149 (2015: £313,359) were recognised in other comprehensive income. £313,359 (2015: loss of £175,916) was reclassified to profit or loss for the period.

21. Called Up Share Capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>9,000</u>	<u>9,000</u>	<u>10,000</u>	<u>10,000</u>

Share movements

	No.	£
Ordinary		
At 1 April 2015	10,000	10,000
Shares redeemed	(1,000)	(1,000)
At 31 March 2016	<u>9,000</u>	<u>9,000</u>

During the year the company bought back 1,000 of its own shares for a consideration of £1,600,000.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

22. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Hedging reserve - This reserve records fair value movements on cash flow and net investment hedging instruments.

Profit and loss account - This reserve records retained earnings and accumulated losses.

23. Capital Commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2016	2015
	£	£
Tangible assets	–	54,000

24. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	240,000	200,246
Later than 1 year and not later than 5 years	193,553	–
	<u>433,553</u>	<u>200,246</u>

25. Contingent Liabilities

The company has ongoing commitments and requirements to purchase raw materials in US dollars. The company has entered into forward currency contracts to purchase dollars in order to hedge the foreign exchange risk arising from these anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect the profit and loss within the next financial year.

At 31 March 2016 the company had entered into forward currency contracts to acquire \$3,235,000 (2015: \$3,985,000). The average exchange rate within these contracts was 1.5846 (2015: 1.6807) which compared to a spot exchange rate at 31 March 2016 of 1.4367 (2015: 1.4845). The outstanding contracts have been valued in the financial statements at market value, which has been based on the spot exchange rate effective at the year end.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

26. Directors' Advances, Credits and Guarantees

During the year the directors entered into the following advances and credits with the company:

	Advances/ (credits) to the directors		Amounts repaid		Balance outstanding	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
A M Sciamia	525,275	328,645	(520,000)	(368,750)	4,010	(1,265)
M E Sciamia	224,564	266,364	(520,000)	(353,000)	(405,432)	(109,996)
R N Sciamia	147,372	404,345	(520,000)	(460,000)	(451,643)	(79,015)
	<u>897,211</u>	<u>999,354</u>	<u>(1,560,000)</u>	<u>(1,181,750)</u>	<u>(853,065)</u>	<u>(190,276)</u>

27. Related Party Transactions

The company is controlled by A M Sciamia, M E Sciamia and R N Sciamia who together control 100% (2015: 90%) of the share capital.

These three individuals also control Tame Valley Padding Company Limited, Stormproofings Limited, AMR Textiles Limited, Flameproofing (Europe) Limited, Takehot Limited and Lancashire Testing Services Limited.

Transactions and balances with companies under common control are summarised as follows:-

	2016 £	2015 £
Included within the profit and loss account:		
Sales to companies under common control	9,525,955	961,978
Purchases from companies under common control	416,412	383,284
Management charge from company under common control	360,000	480,000
Rent payable to a company under common control	-	40,000
Included in the balance sheet:		
Amounts due from companies under common control	141,319	1,082,071
Amounts owed to companies under common control	-	48,000
Loan amounts owed to companies under common control	500,000	700,000
Loan amounts due from companies under common control	37,259	-

The company occupies a property which is leased from a Sciamia family trust of which A M Sciamia is a trustee. Annual rent payable in respect of this property amounts to £72,000 (2015: £72,000).

The company also occupies properties leased from A M Sciamia, M E Sciamia and R N Sciamia. Rent payable during the year amounted to £116,000 (2015: £116,000).

During the year dividends of £Nil (2015: £1,050,000) were paid to A M Sciamia, M E Sciamia and R N Sciamia.

During the year the company made donations of £50,000 (2015: £100,000) to the AMR Sciamia Charitable Trust, of which the directors are trustees.

Details of movements in directors' loan accounts are set out in note 26. During the year, net interest of £18,883 was accrued as payable to the directors in respect of the net advances made to the company.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

28. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 April 2014.

Reconciliation of equity

	1 April 2014			31 March 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	156,846	–	156,846	197,519	–	197,519
Current assets	7,039,598	–	7,039,598	7,707,656	313,359	8,021,015
Creditors: amounts falling due within one year	(2,577,882)	(175,916)	(2,753,798)	(2,898,510)	–	(2,898,510)
Net current assets	<u>4,461,716</u>	<u>(175,916)</u>	<u>4,285,800</u>	<u>4,809,146</u>	<u>313,359</u>	<u>5,122,505</u>
Total assets less current liabilities	4,618,562	(175,916)	4,442,646	5,006,665	313,359	5,320,024
Creditors: amounts falling due after more than one year	(1,080,000)	–	(1,080,000)	–	–	–
Provisions	(8,500)	36,942	28,442	(9,000)	(62,672)	(71,672)
Net assets	<u>3,530,062</u>	<u>(138,974)</u>	<u>3,391,088</u>	<u>4,997,665</u>	<u>250,687</u>	<u>5,248,352</u>
Capital and reserves	<u>3,530,062</u>	<u>(138,974)</u>	<u>3,391,088</u>	<u>4,997,665</u>	<u>250,687</u>	<u>5,248,352</u>

Reconciliation of profit or loss for the year

No transitional adjustments were required.

FRS 102 requires derivative financial instruments to be recognised at fair value. Previously under UK GAAP the company did not recognise these instruments in the financial statements. Accordingly at transition a cashflow hedging reserve deficit and corresponding liability of £175,916 was recognised in relation to forward contracts entered into by the company at 1 April 2014. At 31 March 2015 the company has recognised a closing cumulative surplus in reserves and corresponding asset of £313,359.

Under FRS 102, deferred tax is recognised on a timing difference plus approach. Consequently deferred tax has been recognised on all fair value remeasurements. A deferred tax asset of £36,942 has been recognised on the cashflow hedging reserve deficit on transition. At 31 March 2015 the company recognised a closing deferred tax liability of £62,672 on the cumulative cashflow hedging reserve surplus.