

COMPANY REGISTRATION NUMBER: 03084635

Flameproofings Limited
Financial Statements
For the Year Ended
31 March 2017



BEEVER AND STRUTHERS
Chartered Accountants & Statutory Auditor
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

Flameproofings Limited

Financial Statements

Year Ended 31 March 2017

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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

Moss 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 2017

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

Review of the business

The company has enjoyed another successful year achieving sales growth of 7.6%. Margins are similar to the previous year. After allowing for an increase in overhead costs attributable to the increased level of activity, the total operating profit is also similar to the previous year at £1,561,295 (2016: £1,688,425). After incurring additional interest charges this year profit before tax is £1,483,875 compared to £1,669,025 in the previous year.

The company incurred capital expenditure of £204,014 for the year. There has been a net outflow of cash for the year of £778,703 (after deducting loan repayments of £932,599). At 31 March 2017 the company had net cash funds of £504,590 (2016: £1,283,293).

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 30-8-2017 and signed on behalf of the board by:



M E Sciana
Director

Flameproofings Limited

Directors' Report

Year Ended 31 March 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

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 (as and when required) 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.

Flameproofings Limited

Directors' Report *(continued)*

Year Ended 31 March 2017

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.

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 30.8.2017 and signed on behalf of the board by:



M E Sciama
Director

Flameproofings Limited

Independent Auditor's Report to the Members of Flameproofings Limited

Year Ended 31 March 2017

We have audited the financial statements of Flameproofings Limited for the year ended 31 March 2017 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 the 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 members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Flameproofings Limited

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

Year Ended 31 March 2017

Opinion on Other Matter Prescribed by the Companies Act 2006

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

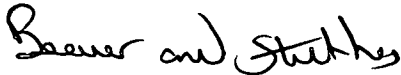
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 the 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.



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

4/9/17

Flameproofings Limited
Statement of Comprehensive Income
Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	24,630,347	22,898,007
Cost of sales		<u>(21,637,328)</u>	<u>(19,898,107)</u>
Gross profit		2,993,019	2,999,900
Administrative expenses		<u>(1,431,724)</u>	<u>(1,311,475)</u>
Operating profit	5	1,561,295	1,688,425
Other interest receivable and similar income		965	71
Interest payable and similar expenses	9	<u>(78,385)</u>	<u>(19,471)</u>
Profit before taxation		1,483,875	1,669,025
Tax on profit	10	<u>(303,228)</u>	<u>(344,607)</u>
Profit for the financial year		<u>1,180,647</u>	<u>1,324,418</u>
Foreign currency retranslation		30,728	210,149
Reclassification from fair value reserve to profit and loss account		<u>(210,149)</u>	<u>(313,359)</u>
Tax relating to components of other comprehensive income		<u>36,192</u>	<u>20,642</u>
Other comprehensive income for the year		<u>(143,229)</u>	<u>(82,568)</u>
Total comprehensive income for the year		<u>1,037,418</u>	<u>1,241,850</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 23 form part of these financial statements.

Flameproofings Limited
Statement of Financial Position
31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	325,055	199,347
Current assets			
Stocks	13	3,448,769	2,736,627
Debtors	14	3,434,224	3,189,796
Cash at bank and in hand		504,590	1,283,293
		<u>7,387,583</u>	<u>7,209,716</u>
Creditors: amounts falling due within one year	15	<u>(3,400,911)</u>	<u>(2,475,739)</u>
Net current assets		<u>3,986,672</u>	<u>4,733,977</u>
Total assets less current liabilities		<u>4,311,727</u>	<u>4,933,324</u>
Provisions			
Taxation including deferred tax	16	<u>(42,107)</u>	<u>(51,122)</u>
Net assets		<u><u>4,269,620</u></u>	<u><u>4,882,202</u></u>
Capital and reserves			
Called up share capital	20	9,000	9,000
Capital redemption reserve	21	1,000	1,000
Other reserves, including the fair value reserve	21	24,890	168,119
Profit and loss account	21	<u>4,234,730</u>	<u>4,704,083</u>
Members funds		<u><u>4,269,620</u></u>	<u><u>4,882,202</u></u>

These financial statements were approved by the board of directors and authorised for issue on 30.8.2017,
and are signed on behalf of the board by:



M E Sciama
Director

Company registration number: 03084635

The notes on pages 11 to 23 form part of these financial statements.

Flameproofings Limited
Statement of Changes in Equity
Year Ended 31 March 2017

	Called up share capital £	Capital redemption reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Total £
At 1 April 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 fair value 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	9,000	1,000	168,119	4,704,083	4,882,202
Profit for the year				1,180,647	1,180,647
Other comprehensive income for the year:					
Foreign currency retranslation	–	–	30,728	–	30,728
Reclassification from fair value reserve to profit and loss account	–	–	(210,149)	–	(210,149)
Tax relating to components of other comprehensive income 10	–	–	36,192	–	36,192
Total comprehensive income for the year	–	–	(143,229)	1,180,647	1,037,418
Dividends paid and payable 11	–	–	–	(1,650,000)	(1,650,000)
Total investments by and distributions to owners	–	–	–	(1,650,000)	(1,650,000)
At 31 March 2017	9,000	1,000	24,890	4,234,730	4,269,620

The notes on pages 11 to 23 form part of these financial statements.

Flameproofings Limited

Statement of Cash Flows

Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,180,647	1,324,418
<i>Adjustments for:</i>		
Depreciation of tangible assets	78,306	72,086
Other interest receivable and similar income	(965)	(71)
Interest payable and similar expenses	78,385	19,471
Gains on disposal of tangible assets	—	(4,810)
Tax on profit	303,228	344,607
Accrued (income)/expenses	(21,149)	30,125
<i>Changes in:</i>		
Stocks	(712,142)	1,197,963
Trade and other debtors	(423,849)	830,678
Trade and other creditors	163,271	(295,294)
Cash generated from operations	645,732	3,519,173
Interest paid	(19,277)	(588)
Interest received	965	71
Tax paid	(269,510)	(476,725)
Net cash from operating activities	<u>357,910</u>	<u>3,041,931</u>
Cash flows from investing activities		
Purchase of tangible assets	(204,014)	(76,104)
Proceeds from sale of tangible assets	—	7,000
Net cash used in investing activities	<u>(204,014)</u>	<u>(69,104)</u>
Cash flows from financing activities		
Purchase of own shares	—	(1,608,000)
Proceeds from borrowings from directors	—	662,789
Repayments of borrowings from directors	(432,599)	—
Repayments of loans from companies under common control	(500,000)	(237,259)
Net cash used in financing activities	<u>(932,599)</u>	<u>(1,182,470)</u>
Net (decrease)/increase in cash and cash equivalents	(778,703)	1,790,357
Cash and cash equivalents at beginning of year	1,283,293	(507,064)
Cash and cash equivalents at end of year	<u>504,590</u>	<u>1,283,293</u>

The notes on pages 11 to 23 form part of these financial statements.

Flameproofings Limited
Notes to the Financial Statements
Year Ended 31 March 2017

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.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

3. Accounting Policies *(continued)*

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 that require further disclosure.

Key Sources of Estimation Uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and the 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 are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable.
- Determination of the recoverability of stock. A specific provision is made against certain stock where in the opinion of the directors the stock will be recovered at less than cost.

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.

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.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

3. Accounting Policies *(continued)*

Income Tax *(continued)*

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 includes all direct expenditure and appropriate production overheads.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

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.

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 2017

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:

	2017	2016
	£	£
Sale of goods	<u>24,630,347</u>	<u>22,898,007</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:

	2017	2016
	£	£
United Kingdom	21,737,621	20,142,036
Overseas	<u>2,892,726</u>	<u>2,755,971</u>
	<u>24,630,347</u>	<u>22,898,007</u>

5. Operating Profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	78,306	72,086
Gains on disposal of tangible assets	–	(4,810)
Impairment of trade debtors	650	(30,697)
Cost of stock expended	17,968,135	16,540,330
Operating leases	239,363	213,611
Defined contribution plans expense	18,359	62,254
Impairment of stock	<u>40,000</u>	<u>60,000</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

6. Auditor's Remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>15,000</u>	<u>14,000</u>
Fees payable to the company's auditor and its associates for other services: Other non-audit services	<u>9,262</u>	<u>7,450</u>

7. Staff Costs

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

	2017	2016
	No.	No.
Production staff	58	54
Management staff	12	9
	<u>70</u>	<u>63</u>

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

	2017	2016
	£	£
Wages and salaries	1,729,101	1,532,673
Social security costs	155,322	140,357
Other pension costs	18,359	62,254
	<u>1,902,782</u>	<u>1,735,284</u>

8. Directors' Remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Company contributions to defined contribution pension plans	<u>—</u>	<u>40,000</u>

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

	2017	2016
	No.	No.
Defined contribution plans	<u>—</u>	<u>1</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

9. Interest Payable and Similar Expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	–	588
Other interest payable and similar charges	78,385	18,883
	<u>78,385</u>	<u>19,471</u>

10. Tax on Profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	276,551	344,515
Adjustments in respect of prior periods	(500)	–
Total current tax	<u>276,051</u>	<u>344,515</u>
Deferred tax:		
Origination and reversal of timing differences	27,177	92
Tax on profit	<u>303,228</u>	<u>344,607</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 £(36,192) (2016: £(20,642)).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	<u>1,483,875</u>	<u>1,669,025</u>
Profit on ordinary activities by rate of tax	296,775	333,805
Adjustment to tax charge in respect of prior periods	(500)	–
Effect of expenses not deductible for tax purposes	9,019	10,821
Effect of capital allowances and depreciation	(2)	(19)
Effect of different UK tax rates on some earnings	(2,064)	–
Tax on profit	<u>303,228</u>	<u>344,607</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

10. Tax on Profit *(continued)*

Factors that may affect future tax expense

The Finance No.2 Act 2015 included legislation to reduce the unified rate of UK corporation tax to 19% from April 2017 and then to 18% from April 2020. The Finance Act 2016 subsequently reduced the rate applicable from April 2020 from 18% to 17%.

11. Dividends

	2017 £	2016 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>1,650,000</u>	<u>—</u>

12. Tangible Assets

	Plant and machinery £	Motor vehicles £	Leasehold improvements £	Total £
Cost				
At 1 April 2016	1,709,784	54,950	143,545	1,908,279
Additions	204,014	—	—	204,014
At 31 March 2017	<u>1,913,798</u>	<u>54,950</u>	<u>143,545</u>	<u>2,112,293</u>
Depreciation				
At 1 April 2016	1,601,391	18,178	89,363	1,708,932
Charge for the year	50,006	13,740	14,560	78,306
At 31 March 2017	<u>1,651,397</u>	<u>31,918</u>	<u>103,923</u>	<u>1,787,238</u>
Carrying amount				
At 31 March 2017	<u>262,401</u>	<u>23,032</u>	<u>39,622</u>	<u>325,055</u>
At 31 March 2016	<u>108,393</u>	<u>36,772</u>	<u>54,182</u>	<u>199,347</u>

13. Stocks

	2017 £	2016 £
Raw materials and consumables	2,457,537	1,759,371
Finished goods and goods for resale	991,232	977,256
	<u>3,448,769</u>	<u>2,736,627</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

14. Debtors

	2017	2016
	£	£
Trade debtors	3,380,087	2,920,092
Prepayments and accrued income	10,719	11,456
Derivative financial assets	30,728	210,149
Other debtors	12,690	48,099
	<u>3,434,224</u>	<u>3,189,796</u>

15. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	658,442	505,984
Accruals and deferred income	168,798	130,839
Corporation tax	181,056	174,515
Social security and other taxes	322,149	311,336
Director loan accounts	2,070,466	853,065
Other creditors	—	500,000
	<u>3,400,911</u>	<u>2,475,739</u>

16. Provisions

	Deferred tax (note 18) £
At 1 April 2016	51,122
Additions	27,177
Other movements	(36,192)
At 31 March 2017	<u>42,107</u>

17. Deferred Tax

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

	2017	2016
	£	£
Included in provisions (note 16)	<u>42,107</u>	<u>51,122</u>

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

	2017	2016
	£	£
Accelerated capital allowances	36,269	9,092
Forward contract gains/losses	5,838	42,030
	<u>42,107</u>	<u>51,122</u>

18. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £18,359 (2016: £22,254).

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

19. Financial Instruments

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

	2017 £	2016 £
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value through profit or loss	<u>30,728</u>	<u>210,149</u>
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>3,392,777</u>	<u>2,968,191</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>1,330,445</u>	<u>1,622,674</u>
Loan commitments measured at cost less impairment		
Loan commitments measured at cost less impairment	<u>2,070,466</u>	<u>853,065</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 £30,728 (2016: £210,149) were recognised in Other Comprehensive Income. £210,149 (2016: £313,359) was reclassified to profit or loss for the period.

20. Called Up Share Capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>

21. 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.

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

22. Fair Value Reserve

The following movements on the fair value reserve are included within other reserves, including the fair value reserve in the statement of changes in equity:

	Fair value reserve £
At 1 April 2016	168,119
Foreign currency retranslation	30,728
Reclassification from fair value reserve to profit and loss account	(210,149)
Tax relating to components of other comprehensive income	36,192
At 31 March 2017	<u>24,890</u>

23. Capital Commitments

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

	2017 £	2016 £
Tangible assets	<u>393,116</u>	<u>–</u>

24. Operating Leases

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

	2017 £	2016 £
Not later than 1 year	245,000	240,000
Later than 1 year and not later than 5 years	<u>88,874</u>	<u>193,553</u>
	<u>333,874</u>	<u>433,553</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 2017 the company had entered into forward currency contracts to acquire \$1,690,000 (2016: \$3,235,000). The average exchange rate within these contracts was 1.2826 (2016: 1.5846) which compared to a spot exchange rate at 31 March 2017 of 1.2534 (2016: 1.4367).

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 2017

26. Directors' Advances, Credits and Guarantees

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

	2017			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
A M Sciama	4,010	(550,000)	76,452	(469,538)
M E Sciama	(405,432)	(550,000)	272,791	(682,641)
R N Sciama	(451,643)	(550,000)	83,356	(918,287)
	<u>(853,065)</u>	<u>(1,650,000)</u>	<u>432,599</u>	<u>(2,070,466)</u>

	2016			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
A M Sciama	(1,265)	(520,000)	525,275	4,010
M E Sciama	(109,996)	(520,000)	224,564	(405,432)
R N Sciama	(79,015)	(520,000)	147,372	(451,643)
	<u>(190,276)</u>	<u>(1,560,000)</u>	<u>897,211</u>	<u>(853,065)</u>

Flameproofings Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2017

27. Related Party Transactions

The company is controlled by A M Sciamia, M E Sciamia and R N Sciamia who together control 100% 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:-

	2017 £	2016 £
Included within the profit and loss account:		
Sales to companies under common control	10,512,921	9,525,955
Purchases from companies under common control	371,770	416,412
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	16,512	141,319
Amounts due to companies under common control	10,813	-
Loan amounts owed to companies under common control	-	500,000
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 (2016: £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 £122,000 (2016: £116,000).

Loans between companies under common control are unsecured and repayable on demand. Interest is included within the management charge (see above).

During the year the company made donations of £75,000 (2016: £50,000) 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, interest of £77,991 (2016: £18,883) was accrued as payable to the directors in respect of the net advances made to the company.