

Banhams Patent Locks Limited
Financial Statements
31 December 2016



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COMPANIES HOUSE

Banhams Patent Locks Limited

Financial Statements

Year ended 31 December 2016

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Banhams Patent Locks Limited

Officers and Professional Advisers

The board of directors

M A Herbert
B E Cowper
L A F Banham
C M Banham
L Q Banham
C R Hallatt
T J Ward
M J Hallatt
P A Rodda
F L Banham

Registered office

20 Thornsett Road
London
SW18 4EF

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Banhams Patent Locks Limited

Strategic Report

Year ended 31 December 2016

The directors present the Strategic Report together with the directors' report and audited financial statements for the year ended 31 December 2016

Principal activities, trading review and future developments

The principal activity of the company is that of burglary prevention specialists.

The directors consider that the company traded satisfactorily during the period. Turnover has decreased by 1.0% to £24,591,570 and the directors are confident that an increased level of trading can be achieved next year whilst maintaining a healthy net profit percentage.

The company has once again been profitable in the period and its financial position has been further strengthened as a result.

With a strong asset base and in particular cash in excess of £4m, the company has a strong foundation on which to defend and grow its market share, innovate in new products and technologies and take advantage of strategic opportunities as they arise.

The security and burglary prevention market is, like the wider economy, subject to changes in technology and is also subject to certain level of domestic and global uncertainty. However, as a market leader, the directors consider the group to be well positioned to take measures to mitigate market risks and respond positively to market opportunities.

There have been no events since the balance sheet date which materially affect the position of the company.

Key performance indicators

The directors consider revenue, gross profit margins (2016 - 43.01%, 2015 - 44.61%) and operating profit margins (2016 - 7.55%, 2015 - 11.06%) to be the key performance indicators which it monitors on a regular basis.

The company performed satisfactorily in all key areas and anticipates this will continue next year.

Financial risk

The main financial risk from the company's activities is credit risk. The company's policy in respect of credit risk is to require appropriate credit checks on significant customers.

The exposure to interest rate risk, liquidity and cash flow risk is minimal as the company has significant cash balances and no borrowings.

The company has little exposure to the current credit crisis as all deposits were held as treasury Deposits through British clearing banks, and the company is debt free.

This report was approved by the board of directors on 29.9.2017 and signed on behalf of the board by:



T J Ward
Director

Registered office:
20 Thornsett Road
London
SW18 4EF

Banhams Patent Locks Limited

Directors' Report

Year ended 31 December 2016

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

Directors

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

M A Herbert
B E Cowper
L A F Banham
C M Banham
L Q Banham
C R Hallatt
T J Ward
M J Hallatt
P A Rodda
F L Banham
W F Banham

(Appointed 1 April 2016)
(Resigned 26 June 2016)

Dividends

An interim dividend in the sum of £1,237,000 has been paid. The directors do not recommend the payment of a final dividend.

Employment of disabled persons

In line with the Equality Act 2010, it is Company policy not to discriminate against persons whether in, or applying for, employment, who have the protected characteristic of disability. The principles, responsibilities and steps to be taken are outlined in the Companies Equal Opportunities Policy

Employee involvement

The company is a member of a group that operates a policy of encouraging employee participation and involvement in affairs that affect their interest. It is policy of the group to support the employment of disabled persons whenever practicable and to ensure, if possible, their participation in career development opportunities available to staff. The group operates equal opportunities in recruitment, training and promotion regardless of gender, ethnic origin, religion, nationality or disability.

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.

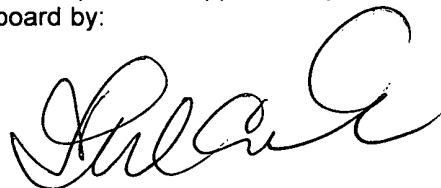
The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Banhams Patent Locks Limited

Directors' Report *(continued)*

Year ended 31 December 2016

This report was approved by the board of directors on 29.9.2017..... and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'T J Ward', written in a cursive style.

T J Ward
Director

Registered office:
20 Thornsett Road
London
SW18 4EF

Banhams Patent Locks Limited

Directors' Responsibilities Statement

Year ended 31 December 2016

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 judgements 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.

BANHAMS PATENT LOCKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANHAMS PATENT LOCKS LIMITED

We have audited the financial statements of Banhams Patent Locks Limited for the year ended 31 December 2016 which comprise the statement of income and retained earnings, the statement of financial position 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 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 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 are consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

BANHAMS PATENT LOCKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANHAMS PATENT LOCKS 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

*Ian Clayden (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date 29.9.2017

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

Banhams Patent Locks Limited
Statement of Income and Retained Earnings
Year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	24,591,570	24,764,054
Cost of sales		<u>14,014,146</u>	<u>13,716,019</u>
Gross profit		10,577,424	11,048,035
Distribution costs		<u>1,277,959</u>	1,254,967
Administrative expenses		<u>7,441,948</u>	<u>7,053,682</u>
Operating profit	5	1,857,517	2,739,386
Interest receivable	9	<u>13,455</u>	<u>12,184</u>
Profit before taxation		1,870,972	2,751,570
Taxation on ordinary activities	10	<u>411,654</u>	430,462
Profit for the financial year and total comprehensive income		<u>1,459,318</u>	<u>2,321,108</u>
Dividends paid and payable	11	(1,237,000)	(1,181,286)
Retained earnings at the start of the year		<u>2,273,459</u>	<u>1,133,637</u>
Retained earnings at the end of the year		<u>2,495,777</u>	<u>2,273,459</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

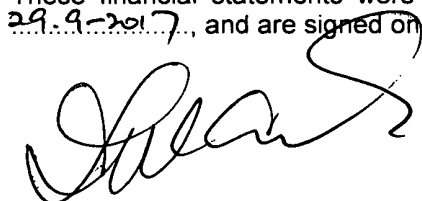
Banhams Patent Locks Limited

Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	1,514,448	1,639,106
Investments	13	3,362,617	3,362,617
		<u>4,877,065</u>	<u>5,001,723</u>
Current assets			
Stocks	14	3,074,007	3,105,552
Debtors	15	14,047,905	14,125,262
Cash at bank and in hand		4,634,758	2,859,424
		<u>21,756,670</u>	<u>20,090,238</u>
Creditors: amounts falling due within one year	16	24,130,644	22,811,188
Net current liabilities		<u>2,373,974</u>	<u>2,720,950</u>
Total assets less current liabilities		<u>2,503,091</u>	<u>2,280,773</u>
Net assets		<u>2,503,091</u>	<u>2,280,773</u>
Capital and reserves			
Called up share capital	19	5,734	5,734
Capital redemption reserve	20	1,580	1,580
Profit and loss account	20	2,495,777	2,273,459
Shareholders funds		<u>2,503,091</u>	<u>2,280,773</u>

These financial statements were approved by the board of directors and authorised for issue on 29.9.2017, and are signed on behalf of the board by:



T J Ward
Director

Company registration number: 00457812

The notes on pages 11 to 20 form part of these financial statements.

Banhams Patent Locks Limited

Notes to the Financial Statements

Year ended 31 December 2016

1. General information

The company is a private company limited by shares registered in England and Wales. The address of the registered office is 20 Thornsett Road, London SW18 4EF. The nature of the company's operation and principal activity are set out in the strategic report.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standards 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 and investment properties measured at fair value through profit or loss.

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

Group accounts and related parties

The company is a wholly owned subsidiary of Banhams Patent Locks Holdings Limited. The company is included in the consolidated financial statements of Banhams Patent Locks Limited.

The financial statements contain information about the company as an individual company and so do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statement, 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 and Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7 No cash flow statement has been presented for the company.

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.

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Revenue recognition

Revenue from the sales of goods is recognised when the group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the group will receive the previously agreed upon payment. These criteria are considered to be met when the goods or services are delivered to the buyer.

Fees received in advance for goods or services including subscriptions are deferred and credited to revenue when the goods are transferred or on a time-apportionment basis for services provided

Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- 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; - Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and - Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

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	-	10% - 20% reducing balance
Motor vehicles	-	25% reducing balance
Alterations to buildings	-	20% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the company 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.

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

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Defined contribution pension 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.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether there are indicators of impairment of the company's tangible assets and investments. 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 include:

Tangible fixed assets

Tangible fixed assets 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 projected disposal values.

4. Turnover

Turnover arises from:

	2016 £	2015 £
Goods and services relating to burglary prevention	<u>24,591,570</u>	<u>24,764,054</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	421,371	456,575
Gains on disposal of tangible assets	(10,263)	(28,633)
Operating leases	<u>65,000</u>	<u>65,000</u>

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>64,783</u>	<u>63,000</u>

7. Particulars of employees

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

	2016 No.	2015 No.
Distribution staff	–	1
Fitters/operatives	124	110
Surveyors	15	15
Administration	119	114
Directors	11	11
	<u>269</u>	<u>251</u>

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

	2016 £	2015 £
Wages and salaries	10,383,083	9,370,684
Social security costs	977,400	1,007,995
Other pension costs	437,932	585,522
	<u>11,798,415</u>	<u>10,964,201</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	<u>1,485,225</u>	<u>1,659,524</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	<u>511,177</u>	<u>514,453</u>

Director's pension contribution in the year was £68,850 (2015: £270,245)

9. Interest receivable

	2016 £	2015 £
Interest on cash and cash equivalents	<u>13,455</u>	<u>12,184</u>

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

10. Taxation on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	392,755	430,462
Adjustments in respect of prior periods	18,899	–
Total current tax	<u>411,654</u>	<u>430,462</u>
Taxation on ordinary activities	<u>411,654</u>	<u>430,462</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £	2015 £
Profit on ordinary activities before taxation	1,870,972	2,751,570
Profit on ordinary activities by rate of tax	393,547	557,193
Adjustment to tax charge in respect of prior periods	18,889	–
Effect of expenses not deductible for tax purposes	35,686	27,467
Fixed assets differences	(11,860)	(79,179)
Patent Box allowance	(24,618)	(75,019)
Tax on profit	<u>411,644</u>	<u>430,462</u>

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Dividends on equity shares	<u>1,237,000</u>	<u>1,181,286</u>

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

12. Tangible assets

	Plant and machinery £	Motor vehicles £	Improvement to buildings £	Total £
Cost				
At 1 January 2016	671,207	1,767,635	830,137	3,268,979
Additions	106,947	250,197	–	357,144
Disposals	–	(167,047)	–	(167,047)
At 31 December 2016	778,154	1,850,785	830,137	3,459,076
Depreciation				
At 1 January 2016	131,867	834,280	663,726	1,629,873
Charge for the year	104,708	283,381	33,282	421,371
Disposals	–	(106,616)	–	(106,616)
At 31 December 2016	236,575	1,011,045	697,008	1,944,628
Carrying amount				
At 31 December 2016	541,579	839,740	133,129	1,514,448
At 31 December 2015	539,340	933,355	166,411	1,639,106

13. Investments

	Shares in group undertakings £
Cost	
At 1 January 2016 and 31 December 2016	3,362,617
Impairment	
At 1 January 2016 and 31 December 2016	–
Carrying amount	
At 31 December 2016	3,362,617

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

13. Investments *(continued)*

List of subsidiaries

	Activity	Country of Incorporation	% Ownership
Aegis Alarms Systems Limited	Security	England	100
Banham Academy Limited	Training	England	51
Banham Alarms Limited	Dormant	England	100
Bridger Alarms Limited	Security	England	90
Capstan Security Limited	Security	England	100
Close Link Security Limited	Security	England	55
CMS Keyholding Limited	Keyholding and central station facility	England	100
Complete Security (Essex)Ltd	Security	England	85
GSM Security Limited	Security	England	90
Security 201 Limited	Security	England	87.5
Tara Security Limited	Security	England	100

Operations are based in country of incorporation. The registered offices of all subsidiaries are the same as the company.

14. Stocks

	2016 £	2015 £
Finished goods	<u>3,074,007</u>	<u>3,105,552</u>

15. Debtors

	2016 £	2015 £
Trade debtors	5,060,230	4,363,095
Amounts owed by group undertakings	3,092,550	3,202,772
Other debtors	5,895,125	6,559,395
	<u>14,047,905</u>	<u>14,125,262</u>

16. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,086,675	1,132,157
Amounts owed to group undertakings	1,822,973	3,806,910
Accruals and deferred income	4,849,361	4,514,511
Corporation tax	11,237	458,921
Social security and other taxes	714,500	492,162
Other creditors	15,645,898	12,406,527
	<u>24,130,644</u>	<u>22,811,188</u>

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

17. Employee benefits

Defined contribution pension plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £369,082 (2015: £585,522).

18. Financial instruments

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

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>18,682,663</u>	<u>16,984,686</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>18,555,545</u>	<u>17,345,594</u>

Financial assets measured at amortised cost comprise cash, trade and other debtors and amounts due from group undertakings.

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

19. Called up share capital

Authorised share capital

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.05 each	<u>150,000</u>	<u>7,500</u>	<u>150,000</u>	<u>7,500</u>

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.05 each	<u>114,688</u>	<u>5,734</u>	<u>114,688</u>	<u>5,734</u>

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

20. Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments
- Capital redemption reserve represents the amount transferred from share capital on redemption of shares

21. Commitments under operating leases

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

	2016	2015
	£	£
Not later than 1 year	65,000	65,000
Later than 1 year and not later than 5 years	260,000	260,000
Later than 5 years	325,000	390,000
	<u>650,000</u>	<u>715,000</u>

Banhams Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

22. Related party transactions

Under FRS 102 paragraph 33.9 the company is required to disclose details of material transactions between itself and related parties. The company has taken advantage of exemptions under FRS 102 paragraph 33.11 not to disclose transactions with members of the group headed by Banhams Patent Locks Holdings Limited on the grounds where all of the voting rights in the company are controlled within the group and the company is included in the consolidated financial statements of Banhams Patent Locks Holdings Limited.

The company has a 55% interest in Close Link Security Limited. Management charges of £7,775(2015 - £2,468) have been made to Close Link Security Limited and the balance owed to Banhams Patent Locks Limited at the year end is £360,326 (2015 - £416,156).

The company has a 85% interest in Complete Security (Essex) Limited. Management charges of £38,744 (2015 - £41,790) have been made to Complete Security (Essex) Limited and the balance owed to Banhams Patent Locks Limited at the year end is £38,744 (2015 - £87,025).

The company has a 87.5% interest in Security 201 Limited. Management charges of £55,950 (2015 - £66,135) have been made to Security 201 Limited and the balance owed to Banhams Patent Locks Limited at the year end is £726,369 (2015 - £670,419).

During the year, Banham Security Limited, a company under common control, was charged management fees of £125,297(2015 - £127,031) by the company. At the year end, the group was owed £4,911,880(2015 - £5,261,872) by Banham Security Limited.

The company was charged rent of £800,000 (2015 - £390,826) by Banham Security Holdings Limited, a company under common control. At the year end the group also owed £11,916,657 (2015 - £9,391,769) to Banham Security Holdings Limited.

At 31st December 2016 the outstanding balance of salary advances made to directors amounted to £216,750 (2015 - £1,083,750). The maximum balance during the year was £1,083,750.

23. Controlling party

The directors regard Banhams Patent Locks Holdings Limited, a company registered in England and Wales, to be the immediate ultimate parent company and hence the parent of both the smallest and largest groups of which the company is a member. Copies of the parent's consolidated financial statements may be obtained from the registered office of the company.