Company Registration No. 05480765 (England and Wales)

PAXTON ACCESS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PAXTON ACCESS GROUP LIMITED

COMPANY INFORMATION

Directors	A Brotherton-Ratcliffe	
	A Stroud	
	Mr V Parekh	(Appointed 31 March 2017)
	S Brotherton-Ratcliffe	(Appointed 1 June 2018)
Secretary	Mr V Parekh	
Company number	05480765	
Registered office	Paxton House Home Farm Road Brighton East Sussex BN1 9HU	
Auditor	Humphrey & Co Audit Services Ltd 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA	
Business address	Paxton House Home Farm Road Brighton East Sussex BN1 9HU	
Bankers	HSBC Bank plc 153 North Street Brighton East Sussex BN1 1SW	

PAXTON ACCESS GROUP LIMITED

CONTENTS

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

2017 was another successful year for the group. The group has been able to increase its market share in all markets to which it has significant exposure.

In brief, the group grew substantially during the year, increasing turnover by 13.9% (2016: 10.3%) and gross profit by 16.6% (2016: 9.4%). At the same time administrative expenses increased by 12.9% (2016: 14.5%), so that net profit for the year before tax ended up at £1,536,820 (2016: £694,310). The group's net worth at the end of 2017 was £14,338,070 (2016: £11,541,880).

The group operates in a highly competitive market. In order to maintain and improve its position in this market, substantial investment has continued to be made by the group in research and development. This investment is made both for improving existing products and creating new innovative products for the market with a focus on providing returns over the longer term.

The group did not enter any new markets in the year, instead looking to cultivate the overseas markets already entered into, with particular focus on the US, where the team was restructured with the aim of evolving the business in that territory.

As part of its continued growth, the group made a significant investment in a new Technology Centre on the site next to our Head Office. Opened in September 2017, this state of the art building helps showcase the world class work carried out by our development team and gives us new areas where we can offer training to more installers than ever before, and most importantly gives us the capacity for future growth without the need to uproot the business.

Environmental matters

The group is committed to being environmentally responsible and has shown this in achieving the ISO 14001:2015 accreditation for its factory in Eastbourne in 2018. The group continuously reviews its policies and capital to see where environmental improvements can be made and has installed charge points for plug in hybrid cars to encourage the use of low emission vehicles. As well as this, the group has initiated a new cross company environmental group to track and report on environmental initiatives.

Social and Community Issues

The group takes social and community issues seriously and has arranged multiple charity days through the year to generate donation income for selected charities. Also, the group launched a scholarship programme offering funding, on the job training and research opportunities to three students from Brighton University, with the aim of expanding this over the following years, to take advantage of our location between two Universities.

Principal risks and uncertainties

(i)The group's business is partly speculative, in that it is not known which new products will succeed, even though sales trends for existing products are known. The Directors cannot give any undertaking as to the success or otherwise of new products yielded by its research and development work. There is therefore a significant risk inherent with expenditure related to this.

(ii)The Directors are not privy to new products currently in development by the group's competitors; there is therefore a risk that sales of its own products may suffer in the future as a result of unknown improvements in competitors' products.

(iii)The group is typical of many companies of its type in that it is heavily reliant on its IT Systems. Whilst the Directors diligently review and improve measures for ensuring resilience of its systems and back up of its data, they cannot absolutely ensure that failures will not damage the group's business at some point. In order to mitigate this risk the group continues to invest heavily in its IT infrastructure.

(iv) Sales to the group's customers are made on a credit basis. Trade debtors amount to a substantial sum. Mindful of the current credit conditions affecting all companies, including our customers, there is an increased awareness regarding the importance of adherence to our credit terms. The board has satisfied itself that its customers are financially sound and will continue to be able to fund their debt for the foreseeable future. There is continued focus on strong credit management to ensure timely payment from customers and a healthy corporate liquidity position.

On behalf of the board

A Brotherton-Ratcliffe
Director
4 June 2018

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities
Paxton Access Group Limited is a holding company whose principal activity, carried on through subsidiary undertakings, is the manufacture and distribution of electronic goods.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Brotherton-Ratcliffe	
A Stroud	
Mr V Parekh	(Appointed 31 March 2017)
S Brotherton-Ratcliffe	(Appointed 1 June 2018)

Results and dividends
The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £140,000. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Treasury operations and financial instruments
The group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The group's principal financial instruments are cash balances. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

Liquidity risk
The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk
Interest rate risk arises from cash balances, bank overdrafts and loans. The directors continually review the group's exposure to interest rates and take action to ensure that the risk is appropriate in relation to the financial results of the group.

Foreign currency risk
The group's principal foreign currency exposures arise from trading with overseas companies. Dollar and Euro bank accounts are maintained in order to try and mitigate foreign currency risk.

Research and development
The group is heavily committed to research and development activities. During the year the group concentrated its research and development activities on both continuous improvement on its current product portfolio as well as diversification into other market sectors.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group is conscious of the need to keep employees informed regarding the progress and future plans of the group and the mutual benefit that can be engendered by good internal communications. This is achieved through regular meetings with managers and staff and an open forum in which a two way flow of comment and ideas is encouraged. An example of this is the Paxton Exchange which offers senior management the opportunity to communicate the group goals and achievements to all members of staff. A significant amount of time and money is invested in employee training in the group and is available to all levels of staff. The Paxton Seagull, the staff newsletter, is a further commitment to the concept of improving communications within the group. The group is committed to providing a fantastic company culture for all its staff members, and entered, for the first time in 2017, the Sunday Times 100 Best Companies to Work For and achieved 49th position.

Future developments

The group is continuing to develop its overseas marketing and sales strategy and the directors expect that this will contribute to an increase in profitability.

Auditor

Humphrey & Co resigned as auditors after the the year end and Humphrey & Co Audit Services Ltd were appointed in their place. A resolution to re-appoint Humphrey & Co Audit Services Ltd as auditors will be put to the members at a general meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

A Brotherton-Ratcliffe
Director
4 June 2018

PAXTON ACCESS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAXTON ACCESS GROUP LIMITED

Opinion

We have audited the financial statements of Paxton Access Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement Of Financial Position, the Company Statement Of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Mr Michael Macefield (Senior Statutory Auditor)
for and on behalf of Humphrey & Co Audit Services Ltd 6 June 2018

Chartered Accountants
Statutory Auditor

7 - 9 The Avenue
Eastbourne
East Sussex
BN21 3YA

PAXTON ACCESS GROUP LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	41,118,796	36,092,362
Cost of sales		(16,746,462)	(15,186,916)
Gross profit		24,372,334	20,905,446
Administrative expenses		(22,674,201)	(20,085,780)
Operating profit	4	1,698,133	819,666
Interest receivable and similar income	7	-	3
Interest payable and similar expenses	8	(161,313)	(125,359)
Profit before taxation		1,536,820	694,310
Tax on profit	9	369,111	405,179
Profit for the financial year	27	1,905,931	1,099,489

Profit for the financial year is all attributable to the owners of the parent company.

The Income Statement has been prepared on the basis that all operations are continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Profit for the year	1,905,931	1,099,489
Other comprehensive income		
Currency translation differences	30,259	35,100
Total comprehensive income for the year	1,936,190	1,134,589

Total comprehensive income for the year is all attributable to the owners of the parent company.

PAXTON ACCESS GROUP LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		2017		2016	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Intangible assets	**11**		225,894		241,103
Tangible assets	**12**		13,635,633		10,374,100
			13,861,527		10,615,203
Current assets					
Stocks	**16**	3,549,826		3,467,533	
Debtors falling due after more than one year	**17**	1,360,264		1,053,240	
Debtors falling due within one year	**17**	6,523,289		6,295,923	
Cash at bank and in hand		4,472,928		3,896,682	
		15,906,307		14,713,378	
Creditors: amounts falling due within one year	**18**	(10,417,073)		(10,046,708)	
Net current assets			5,489,234		4,666,670
Total assets less current liabilities			19,350,761		15,281,873
Creditors: amounts falling due after more than one year	**19**		(4,769,691)		(3,496,993)
Provisions for liabilities	**23**		(243,000)		(243,000)
Net assets			14,338,070		11,541,880
Capital and reserves					
Called up share capital	**26**		1,211,002		211,002
Other reserves	**25**		57,450		57,450
Profit and loss reserves	**27**		13,069,618		11,273,428
Total equity			14,338,070		11,541,880

The financial statements were approved by the board of directors and authorised for issue on 4 June 2018 and are signed on its behalf by:

A Brotherton-Ratcliffe
Director

PAXTON ACCESS GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	**12**		10,818,482		7,578,187
Investments	**13**		234,073		250,249
			11,052,555		7,828,436
Current assets					
Debtors	**17**	23,771		347,260	
Cash at bank and in hand		77,056		42,912	
		100,827		390,172	
Creditors: amounts falling due within one year	**18**	(3,685,174)		(2,880,736)	
Net current liabilities			(3,584,347)		(2,490,564)
Total assets less current liabilities			7,468,208		5,337,872
Creditors: amounts falling due after more than one year	**19**		(4,769,691)		(3,496,993)
Net assets			2,698,517		1,840,879
Capital and reserves					
Called up share capital	**26**		1,211,002		211,002
Profit and loss reserves	**27**		1,487,515		1,629,877
Total equity			2,698,517		1,840,879

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,362 (2016 - £1,460,691 profit).

The financial statements were approved by the board of directors and authorised for issue on 4 June 2018 and are signed on its behalf by:

A Brotherton-Ratcliffe
Director

Company Registration No. 05480765

PAXTON ACCESS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2016		211,002	57,450	10,278,839	10,547,291
Year ended 31 December 2016:					
Profit for the year		-	-	1,099,489	1,099,489
Other comprehensive income:					
Currency translation differences		-	-	35,100	35,100
Total comprehensive income for the year		-	-	1,134,589	1,134,589
Dividends	**10**	-	-	(140,000)	(140,000)
Balance at 31 December 2016		211,002	57,450	11,273,428	11,541,880
Year ended 31 December 2017:					
Profit for the year		-	-	1,905,931	1,905,931
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	30,259	30,259
Total comprehensive income for the year		-	-	1,936,190	1,936,190
Issue of share capital	**26**	1,000,000	-	-	1,000,000
Dividends	**10**	-	-	(140,000)	(140,000)
Balance at 31 December 2017		1,211,002	57,450	13,069,618	14,338,070

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2016		211,002	309,186	520,188
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	1,460,691	1,460,691
Dividends	**10**	-	(140,000)	(140,000)
Balance at 31 December 2016		211,002	1,629,877	1,840,879
Year ended 31 December 2017:				
Loss and total comprehensive income for the year		-	(2,362)	(2,362)
Issue of share capital	**26**	1,000,000	-	1,000,000
Dividends	**10**	-	(140,000)	(140,000)
Balance at 31 December 2017		1,211,002	1,487,515	2,698,517

PAXTON ACCESS GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from operations	**31**		3,690,105		4,750,557
Interest paid			(161,313)		(125,359)
Income taxes refunded			62,087		66,650
Net cash inflow from operating activities			3,590,879		4,691,848
Investing activities					
Purchase of intangible assets		(77,688)		(167,552)	
Purchase of tangible fixed assets		(4,344,469)		(4,236,356)	
Proceeds on disposal of tangible fixed assets		-		10,081	
Proceeds on disposal of subsidiaries		(16,176)		-	
Interest received		-		3	
Net cash used in investing activities			(4,438,333)		(4,393,824)
Financing activities					
Proceeds from borrowings		-		512,096	
Repayment of borrowings		(17,199)		(1,520,316)	
Proceeds of new bank loans		1,959,579		2,800,000	
Repayment of bank loans		(452,360)		(347,600)	
Payment of finance leases obligations		16,044		-	
Dividends paid to equity shareholders		(140,000)		(140,000)	
Net cash generated from financing activities			1,366,064		1,304,180
Net increase in cash and cash equivalents			518,610		1,602,204
Cash and cash equivalents at beginning of year			3,896,682		2,294,478
Cash and cash equivalents at end of year			4,415,292		3,896,682
Relating to:					
Cash at bank and in hand			4,472,928		3,896,682
Bank overdrafts included in creditors payable within one year			(57,636)		-

PAXTON ACCESS GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	32		2,298,480		(1,087,093)
Interest paid			(154,098)		(115,973)
Net cash inflow/(outflow) from operating activities			2,144,382		(1,203,066)
Investing activities					
Purchase of tangible fixed assets		(3,182,351)		(3,047,453)	
Dividends received		-		1,500,000	
Net cash used in investing activities			(3,182,351)		(1,547,453)
Financing activities					
Proceeds from borrowings		-		512,096	
Repayment of borrowings		(17,199)		-	
Proceeds of new bank loans		1,959,579		2,800,000	
Repayment of bank loans		(730,267)		(347,600)	
Dividends paid to equity shareholders		(140,000)		(140,000)	
Net cash generated from financing activities			1,072,113		2,824,496
Net increase in cash and cash equivalents			34,144		73,977
Cash and cash equivalents at beginning of year			42,912		(31,065)
Cash and cash equivalents at end of year			77,056		42,912

1 Accounting policies

Company information

Paxton Access Group Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Paxton House, Home Farm Road, Brighton, East Sussex, BN1 9HU.

The Group consists of Paxton Access Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The consolidated financial statements incorporate those of Paxton Access Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1 Accounting policies **(Continued)**

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

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

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

Development Costs	33% reducing balance

1.6 Tangible fixed assets

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

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

Freehold properties	1% straight line
Leasehold properties	Straight line over the life of the lease
Plant and machinery	20% reducing balance and 33%/50% straight line
Fixtures, fittings & equipment	20%/25%/33% reducing balance and 20%/33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1 Accounting policies **(Continued)**

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.9 Stocks

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

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

The cost of stock is based on an average cost basis, where the actual cost of stock purchased to obtain the quantity held is identified and an average cost calculated.

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

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

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

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

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

1.13 Taxation

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

1 Accounting policies **(Continued)**

Current tax

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

Deferred tax

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

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

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

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

1 Accounting policies **(Continued)**

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.18 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at a fixed rate that is used as an approximation for the actual rate. The fixed rates are reviewed periodically. All differences are taken to profit and loss account.

1.19 Provisions

Provision for the expected costs of warranty work are charged to the profit and loss account when revenue is recognised.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The critical judgments which have the most significant impact on amounts recognised in the financial statements are as follows:

Stock provisioning

Provision is made where necessary for obsolete, slow moving and defective stocks. The directors review the level of provision based on the level and condition of stock items and their knowledge of the business.

Warranty provisioning

The group provides a 5 year warranty on its products. A provision for expected warranty claims is calculated based on prior experience of levels of warranty claims incurred and future expectations.

Useful life of fixed assets

The directors estimate the expected useful lives of the company's fixed assets which in turn impacts on the amount of depreciation charged in the year.

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

In the opinion of the directors there are no estimates or assumptions which have a significant risk of causing a material misstatement to the carrying amount of assets and liabilities within the next financial year.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Electronic access control systems	41,118,796	36,092,362

	2017	2016
	£	£
Turnover analysed by geographical market		
UK	26,412,321	23,020,867
Europe	6,566,575	6,548,116
Rest of World	8,139,900	6,523,379
	41,118,796	36,092,362

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	2,039	(87,839)
Research and development costs	905,846	316,247
Depreciation of owned tangible fixed assets	1,183,909	1,047,080
Depreciation of tangible fixed assets held under finance leases	2,311	-
Loss on disposal of tangible fixed assets	82,291	194,321
Amortisation of intangible assets	92,897	85,321
Cost of stocks recognised as an expense	14,646,638	13,199,568
Operating lease charges	389,861	393,165

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £2,039 (2016 - £87,839).

5 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	1,000	1,000
Audit of the financial statements of the company's subsidiaries	22,500	21,500
	23,500	22,500
For other services		
Other taxation services	4,000	2,500
All other non-audit services	5,000	5,000
	9,000	7,500

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2017	2016	2017	2016
	Number	Number	Number	Number
Administration	244	188	-	-
Production	60	95	-	-
Cleaning	2	2	-	-
	306	285	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	12,648,498	11,855,565	-	-
Social security costs	1,145,308	1,066,739	-	-
Pension costs	666,450	408,975	-	-
	14,460,256	13,331,279	-	-

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	-	3

7 Interest receivable and similar income (Continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	3

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	143,739	115,973
Interest on finance leases and hire purchase contracts	10,359	-
Other interest on financial liabilities	7,215	9,386
	161,313	125,359

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	4,515	8,995
Adjustments in respect of prior periods	(67,961)	(79,438)
Total UK current tax	(63,446)	(70,443)
Foreign current tax on profits for the current period	1,359	2,504
Total current tax	(62,087)	(67,939)
Deferred tax		
Origination and reversal of timing differences	(387,000)	(394,750)
Changes in tax rates	79,976	57,510
Total deferred tax	(307,024)	(337,240)
Total tax credit for the year	(369,111)	(405,179)

9 Taxation **(Continued)**

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	1,536,820	694,310
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	295,838	138,862
Tax effect of expenses that are not deductible in determining taxable profit	26,221	42,111
Adjustments in respect of prior years	(67,961)	(79,438)
Effect of change in corporation tax rate	106,672	71,314
Depreciation on assets not qualifying for tax allowances	7,814	5,872
Research and development tax credit	(742,424)	(597,207)
Other non-reversing timing differences	4,729	13,307
Taxation credit for the year	(369,111)	(405,179)

10 Dividends

	2017	2016
	£	£
Final paid	140,000	140,000

11 Intangible fixed assets

Group	**Development Costs**
	£
Cost	
At 1 January 2017	370,690
Additions - internally developed	77,688
At 31 December 2017	448,378
Amortisation and impairment	
At 1 January 2017	129,587
Amortisation charged for the year	92,897
At 31 December 2017	222,484

11 Intangible fixed assets **(Continued)**

Carrying amount	
At 31 December 2017	225,894
At 31 December 2016	241,103

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

12 Tangible fixed assets

Group	Freehold properties	Leasehold properties	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2017	2,375,400	6,242,115	2,572,009	1,364,936	12,554,460
Additions	-	3,144,074	934,305	469,777	4,548,156
Disposals	-	-	(256,011)	(18,213)	(274,224)
Exchange adjustments	-	13,754	-	(28,802)	(15,048)
Other changes	-	30,678	-	50,708	81,386
At 31 December 2017	2,375,400	9,430,621	3,250,303	1,838,406	16,894,730
Depreciation and impairment					
At 1 January 2017	58,756	553,273	910,829	657,502	2,180,360
Depreciation charged in the year	17,091	236,906	598,289	333,934	1,186,220
Eliminated in respect of disposals	-	-	(173,720)	(17,810)	(191,530)
Exchange adjustments	-	(2,169)	-	(13,601)	(15,770)
Other changes	-	23,868	-	75,949	99,817
At 31 December 2017	75,847	811,878	1,335,398	1,035,974	3,259,097
Carrying amount					
At 31 December 2017	2,299,553	8,618,743	1,914,905	802,432	13,635,633
At 31 December 2016	2,316,644	5,688,842	1,661,180	707,434	10,374,100

12 Tangible fixed assets **(Continued)**

Company	Freehold properties	Leasehold properties	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 January 2017	2,370,400	5,540,152	-	7,910,552
Additions	-	3,051,410	334,628	3,386,038
At 31 December 2017	2,370,400	8,591,562	334,628	11,296,590
Depreciation and impairment				
At 1 January 2017	58,756	273,609	-	332,365
Depreciation charged in the year	17,091	92,623	36,029	145,743
At 31 December 2017	75,847	366,232	36,029	478,108
Carrying amount				
At 31 December 2017	2,294,553	8,225,330	298,599	10,818,482
At 31 December 2016	2,311,644	5,266,543	-	7,578,187

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Plant and machinery	18,489	-	-	-
Depreciation charge for the year in respect of leased assets	2,311	-	-	-

13 Fixed asset investments

	Notes	Group 2017	2016	Company 2017	2016
		£	£	£	£
Investments in subsidiaries	14	-	-	234,073	250,249

13 Fixed asset investments **(Continued)**

Movements in fixed asset investments

Company	**Shares in group undertakings**
	£
Cost or valuation	
At 1 January 2017	250,249
Additions	2,181
Disposals	(18,357)
At 31 December 2017	234,073
Carrying amount	
At 31 December 2017	234,073
At 31 December 2016	250,249

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking and country of incorporation or residency		**Nature of business**	**Class of shareholding**	**% Held Direct**	**Indirect**
General Distribution Limited	England & Wales	Manufacture and distribution of electronic goods	Ordinary	100	
Paxton Access FZE	UAE	Sale and distribution of electronic goods	Ordinary	100	
Paxton Access GmbH	Germany	Sale and distribution of electronic goods	Ordinary	100	
Paxton Access Inc	USA	Sale and distribution of electronic goods	Ordinary	100	
Paxton Access Limited	England & Wales	Manufacture and distribution of electronic goods	Ordinary	100	

The investments in subsidiaries are all stated at cost.

15 Financial instruments

	Group 2017	**2016**	**Company 2017**	**2016**
	£	**£**	**£**	**£**
Carrying amount of financial assets				
Debt instruments measured at amortised cost	5,824,014	5,694,370	-	138,496
Carrying amount of financial liabilities				
Measured at amortised cost	14,366,272	12,715,558	8,454,865	6,377,729

16 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	99,630	126,177	-	-
Finished goods and goods for resale	3,450,196	3,341,356	-	-
	3,549,826	3,467,533	-	-

17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	5,792,669	5,678,818	-	-
Corporation tax recoverable	1,289	1,289	-	-
Amounts owed by group undertakings	-	-	-	138,496
Other debtors	40,830	54,000	23,771	35,497
Prepayments and accrued income	688,501	561,816	-	173,267
	6,523,289	6,295,923	23,771	347,260
Amounts falling due after more than one year:				
Deferred tax asset (note 22)	1,360,264	1,053,240	-	-
Total debtors	7,883,553	7,349,163	23,771	347,260

18 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	897,696	477,434	562,153	477,434
Obligations under finance leases	21	91,626	-	75,582	-
Other borrowings	20	494,897	512,096	494,897	512,096
Trade creditors		5,323,974	5,061,073	60,918	132,724
Amounts due to group undertakings		-	-	1,590,118	18,357
Other taxation and social security		820,492	828,143	-	-
Other creditors		1,962,670	2,785,276	898,506	1,736,975
Accruals and deferred income		825,718	382,686	3,000	3,150
		10,417,073	10,046,708	3,685,174	2,880,736

19 Creditors: amounts falling due after more than one year

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Bank loans and overdrafts	20	4,641,586	3,496,993	4,641,586	3,496,993
Obligations under finance leases	21	128,105	-	128,105	-
		4,769,691	3,496,993	4,769,691	3,496,993

Amounts included above which fall due after five years are as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Payable by instalments	2,183,434	1,731,472	2,183,434	1,731,472

20 Loans and overdrafts

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	5,481,646	3,974,427	5,203,739	3,974,427
Bank overdrafts	57,636	-	-	-
Directors' loans	898,506	1,736,975	898,506	1,736,975
Loans from related parties	494,897	512,096	494,897	512,096
	6,932,685	6,223,498	6,597,142	6,223,498
Payable within one year	2,291,099	2,726,505	1,955,556	2,726,505
Payable after one year	4,641,586	3,496,993	4,641,586	3,496,993

Amounts included above which fall due after five years:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Payable by instalments	2,183,434	1,731,472	2,183,434	1,731,472

20 Loans and overdrafts **(Continued)**

Bank loans are secured over the company's freehold and leasehold properties. There is also a debenture in favour of HSBC Bank comprising a fixed and floating charge over all the assets and undertakings of Paxton Access Limited and Paxton Inc.

There were three bank loans at the year end and they are repayable in monthly instalments and are due to be repaid fully between 2025 and 2027. Interest is charged at a rate of 2.35% per annum over the Bank of England base rate on two of the loans and at a fixed rate of 3.6% on the third loan.

Other loans are in respect of loans from close family members of a director and are repayable on demand. Interest is charged on the loans at a rate equal to the Bank of England's base rate.

Directors' loans are in respect of loans from a director and his wife and are also repayable on demand. Interest is charged at a rate equal to the Bank of England's base rate.

21 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	91,624	-	75,580	-
In two to five years	128,107	-	128,107	-
	219,731	-	203,687	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Assets 2017 £	Assets 2016 £
Accelerated capital allowances	16,038	(35,033)
Tax losses	1,344,226	1,088,273
	1,360,264	1,053,240

The company has no deferred tax assets or liabilities.

22 Deferred taxation **(Continued)**

Movements in the year:	Group 2017 £	Company 2017 £
Liability at 1 January 2017	(1,053,240)	-
Charge to profit or loss	(387,000)	-
Effect of change in tax rate - profit or loss	79,976	-
Liability at 31 December 2017	(1,360,264)	-

23 Provisions for liabilities

	Group 2017 £	2016 £	Company 2017 £	2016 £
	243,000	243,000	-	-

Movements on provisions:

Group	£
At 1 January 2017	243,000
Additional provisions in the year	125,974
Utilisation of provision	(125,974)
At 31 December 2017	243,000

The provision for warranty claims is a provision for future product costs arising in the normal course of business from prior year sales. The group provides a 5 year warranty on its products.

24 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit and loss in respect of defined contribution schemes	666,450	408,975

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Other reserves

	Merger reserve
Group	**£**
At 1 January 2016	57,450
At 31 December 2016	57,450
At 31 December 2017	57,450

	Merger reserve
Company	**£**
At 1 January 2016	-
At 31 December 2016	-
At 31 December 2017	-

26 Share capital

	Group and company	
	2017	**2016**
Ordinary share capital	**£**	**£**
Issued and fully paid		
1,000 Ordinary shares of £211.002 each	211,002	211,002
Preference share capital		
Issued and fully paid		
1,000,000 Preference Shares of £1 each	1,000,000	-

27 Profit and loss reserves

	Group		Company	
	2017	**2016**	**2017**	**2016**
	£	**£**	**£**	**£**
At the beginning of the year	11,273,428	10,278,839	1,629,877	309,186
Profit/(loss) for the year	1,905,931	1,099,489	(2,362)	1,460,691
Dividends	(140,000)	(140,000)	(140,000)	(140,000)
Currency translation differences	30,259	35,100	-	-
At the end of the year	13,069,618	11,273,428	1,487,515	1,629,877

28 Operating lease commitments

Lessee

Operating lease rentals consist of rentals payable by the group for motor vehicles. The motor vehicle leases are generally for a term of 3 years.

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	272,839	284,642	-	-
Between two and five years	182,346	289,046	-	-
	455,185	573,688	-	-

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Acquisition of tangible fixed assets	1,181,458	-	-	-

30 Controlling party

The ultimate controlling party is A Brotherton-Ratcliffe, a director of the company.

31 Cash generated from group operations

	2017	2016
	£	£
Profit for the year after tax	1,905,931	1,099,489
Adjustments for:		
Taxation credited	(369,111)	(405,179)
Finance costs	161,313	125,359
Investment income	-	(3)
Loss on disposal of tangible fixed assets	82,291	194,321
Amortisation and impairment of intangible assets	92,897	85,321
Depreciation and impairment of tangible fixed assets	1,186,220	1,047,080
Movements in working capital:		
(Increase)/decrease in stocks	(82,293)	968,122
(Increase)/decrease in debtors	(230,317)	34,067
Increase in creditors	943,174	1,601,980
Cash generated from operations	3,690,105	4,750,557

31 Cash generated from operations - company

	2017	2016
	£	£
(Loss)/profit for the year after tax	(2,362)	1,460,691
Adjustments for:		
Finance costs	154,098	115,973
Investment income	-	(1,500,000)
Depreciation and impairment of tangible fixed assets	145,743	96,402
Movements in working capital:		
Decrease/(increase) in debtors	323,489	(98,001)
Increase/(decrease) in creditors	1,677,512	(1,162,158)
Cash generated from/(absorbed by) operations	2,298,480	(1,087,093)