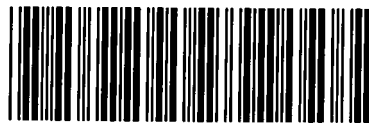


RAPIDROP GLOBAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED
31 DECEMBER 2017

COMPANY NUMBER 05503278

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RAPIDROP GLOBAL LIMITED

COMPANY INFORMATION

Directors	D L Ellicott K S Plater M A Curran M Smith M P Willimer
Registered number	05503278
Registered office	Units 1-3 Rutland Business Park Newark Road Peterborough Cambridgeshire PE1 5WA
Independent auditors	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

RAPIDROP GLOBAL LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Company Balance Sheet	10 - 11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14 - 15
Notes to the Financial Statements	16 - 39

RAPIDROP GLOBAL LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their strategic review of the Group for the year ended 31 December 2017.

During the year the Group's principal activities continued to be that of the manufacture and supply of fire sprinklers and ancillary fire prevention equipment and the distribution of industrial fasteners, construction sealants and hardware to the UK window and door industries.

Business review

The Group operates in the following business segments:

IFI operates in the sealant and UK window and door industries supplying a wide range of products ranging from construction sealant to construction hardware to a variety of industrial users.

Rapidrop is involved in the manufacture and supply of fire prevention products. Rapidrop continues to expand its product range to meet the ever-increasing technical changes in the fire prevention industry.

During the year Group turnover increased by 16% on 2016, a result of increased sales within the Rapidrop business unit where sales have increased within the UK, Europe and the rest of the world. Sales increase in the UK was 21% but this was partly offset by a decrease of 3% for sales in the UK for the IFI business unit. Sales growth outside of the UK was 25% driven by an increase in the Group's product range and also by an increase in the number of countries that the Group sells to.

As a result of this increase in turnover, profit for the Group has also increased substantially and Group profit has been further increased by the receipt of a keyman insurance payment during the year.

Principal risks and uncertainties

The Group's main risks are those associated with operating within export markets, being foreign currency exposure, the impact of new and changing legislation and the increased bad debt risks associated with operating overseas.

The directors and management monitor these risks on an ongoing basis in order to mitigate any potential issues arising as sale growth overseas continues.

Financial key performance indicators

The directors consider that the key performance indicators of the Group are those that communicate the financial performance and strength of the Group, being Group turnover and the number of countries the Group exports to.

	2017	2016
Turnover	£22,486,246	£19,348,744
Number of countries exported to	50	46

RAPIDROP GLOBAL LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Financial risk management objectives and policies

Although the Group uses financial instruments, other than derivatives, comprising cash, other liquid resources and various other items such as trade debtors and trade creditors that arise directly from its operations they are not a major risk in isolation due to the strength of the Group's Balance Sheet. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and that cash assets are invested safely and profitably.

Credit risk

In order to limit risk the directors set limits for customers based on a combination of payment history and the guidance provided by external credit insurance providers. Debtor balances are reviewed on a regular basis in conjunction with debt ageing and collection history.

Price risks

The Group does not deem the exposure to price changes in operating activity costs to be significant enough to consider any hedging activity to be necessary.

Foreign currency risks

The Group is exposed to currency risk as a result of its operations in overseas markets. However, given the size of the Group's operations and the volume of foreign currency transactions currently undertaken, the cost of managing this exposure to currency risk through the use of derivative financial instruments exceeds any potential benefits and as such no hedging activity is undertaken. The Group minimises currency risk exposure by operating foreign currency bank accounts in order to offset foreign currency receipts and payments and to make timely currency exchanges.

This report was approved by the board and signed on its behalf.



D L Ellicott
Director

Date: 20 September 2018

RAPIDROP GLOBAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements of Rapidrop Global Limited "the Company" for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,107,058 (2016 - £752,409).

No dividends were proposed at the year end.

Charitable donations

During the year the Group made payments of £1,734 (2016 - £736) in charitable donations.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

D L Ellicott
K S Plater
M A Curran
M Smith
M P Willimer
D P J Gill (deceased 5 May 2017)
T J Vernon (resigned 19 October 2017)

RAPIDROP GLOBAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Future developments

The Group plans to continue to grow across all business activities, capitalising on opportunities as deemed appropriate.

Research and development activities

The Company continues to undertake research and development activities to strengthen and expand its product range.

Qualifying third party indemnity provisions

The Company has indemnified its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in place during the year and is in force at the date of approving the financial statements.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's and the Group's auditors are aware of that information.

Post balance sheet events

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

Auditors

The prior year auditors, Price Bailey LLP, have resigned during the year and BDO LLP were appointed. The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



D L Ellicott
Director

Date: 20 September 2018

RAPIDROP GLOBAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAPIDROP GLOBAL LIMITED

Opinion

We have audited the financial statements of Rapidrop Global Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the 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 Financial Reporting Standard 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 of the Parent Company's affairs' as at 31 December 2017 and of the Group's 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of 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 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.

RAPIDROP GLOBAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAPIDROP GLOBAL LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 the audit:

- the information given in the Group Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic report and 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 Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

RAPIDROP GLOBAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAPIDROP GLOBAL LIMITED (CONTINUED)

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our 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.



Richard Wilson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Nottingham
United Kingdom

22 September 2018

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

RAPIDROP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Continuing operations 2017 £	Continuing operations As restated 2016 £	Discontin'd operations As restated 2016 £	Total As restated 2016 £
Turnover	4	22,486,246	19,316,078	32,666	19,348,744
Cost of sales		(17,814,804)	(14,942,316)	(34,930)	(14,977,246)
Gross profit		4,671,442	4,373,762	(2,264)	4,371,498
Administrative expenses		(4,072,077)	(3,875,553)	(104,465)	(3,980,018)
Exceptional item - Other operating income	5	632,531	-	-	-
Operating profit	6	1,231,896	498,209	(106,729)	391,480
Profit on disposal of fixed asset investments		-	-	361,821	361,821
Interest receivable and similar income	9	621	670	-	670
Interest payable and similar charges	10	(47,973)	(27,294)	-	(27,294)
Profit before tax		1,184,544	471,585	255,092	726,677
Tax on profit	11	(77,486)	25,732	-	25,732
Profit for the financial year		1,107,058	497,317	255,092	752,409
Other comprehensive income for the year					
Exchange differences on consolidation		(1,981)			(53,911)
Other comprehensive income for the year		(1,981)			(53,911)
Total comprehensive income for the year		1,105,077			698,498

The notes on pages 16 to 39 form part of these financial statements.

RAPIDROP GLOBAL LIMITED
REGISTERED NUMBER: 05503278

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Intangible assets	12	14,353	23,464
Tangible assets	13	346,495	430,721
		<u>360,848</u>	<u>454,185</u>
Current assets			
Stocks	15	5,367,144	4,627,620
Debtors: amounts falling due within one year	16	6,235,845	5,311,282
Cash at bank and in hand		1,313,906	336,239
		<u>12,916,895</u>	<u>10,275,141</u>
Creditors: amounts falling due within one year	17	(8,168,895)	(6,694,159)
Net current assets		<u>4,748,000</u>	<u>3,580,982</u>
Total assets less current liabilities		<u>5,108,848</u>	<u>4,035,167</u>
Creditors: amounts falling due after more than one year	18	(6,899)	(34,494)
Provisions for liabilities			
Deferred tax	20	(9,562)	(13,363)
Net assets		<u><u>5,092,387</u></u>	<u><u>3,987,310</u></u>
Capital and reserves			
Called up share capital	21	30,100	30,100
Foreign exchange reserve	22	(8,420)	(6,439)
Profit and loss account	22	5,070,707	3,963,649
		<u><u>5,092,387</u></u>	<u><u>3,987,310</u></u>

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

20 September 2018.



D L Ellicott
Director

The notes on pages 16 to 39 form part of these financial statements.

RAPIDROP GLOBAL LIMITED
REGISTERED NUMBER: 05503278

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	14,353	23,464
Tangible assets	13	337,087	416,638
Investments	14	84,657	83,795
		<u>436,097</u>	<u>523,897</u>
Current assets			
Stocks	15	5,210,863	4,580,037
Debtors: amounts falling due within one year	16	6,092,211	5,487,283
Cash at bank and in hand		1,153,878	63,384
		<u>12,456,952</u>	<u>10,130,704</u>
Creditors: amounts falling due within one year	17	(7,895,695)	(6,613,849)
Net current assets		<u>4,561,257</u>	<u>3,516,855</u>
Total assets less current liabilities		<u>4,997,354</u>	<u>4,040,752</u>
Creditors: amounts falling due after more than one year	18	(6,899)	(34,495)
Provisions for liabilities			
Deferred taxation	20	(9,562)	(13,362)
Net assets		<u><u>4,980,893</u></u>	<u><u>3,992,895</u></u>

RAPIDROP GLOBAL LIMITED
REGISTERED NUMBER: 05503278

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	31 December 2017 £	31 December 2016 £
Capital and reserves			
Called up share capital	21	30,100	30,100
Profit and loss account brought forward	22	3,962,795	3,578,476
Profit for the year	22	987,998	384,319
		<hr/>	<hr/>
Profit and loss account carried forward		4,950,793	3,962,795
		<hr/>	<hr/>
		4,980,893	3,992,895
		<hr/>	<hr/>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Company for the year was £987,998 (2016 - £384,319).

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

20 September 2018.

D L Ellicott

D L Ellicott
Director

The notes on pages 16 to 39 form part of these financial statements.

RAPIDROP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017 (as previously stated)	30,100	(9,534)	4,088,387	4,108,953
Prior year adjustment (see note 23)	-	3,095	(124,738)	(121,643)
At 1 January 2017 (as restated)	30,100	(6,439)	3,963,649	3,987,310
Profit for the year	-	-	1,107,058	1,107,058
Total profit for the year	-	-	1,107,058	1,107,058
Exchange difference on consolidation	-	(1,981)	-	(1,981)
Total comprehensive income for the year	-	(1,981)	-	(1,981)
At 31 December 2017	30,100	(8,420)	5,070,707	5,092,387

The notes on pages 16 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016 (as previously stated)	30,100	(12,694)	3,266,796	3,284,202
Prior year adjustment (see note 23)	-	(15,307)	19,917	4,610
At 1 January 2016 (as restated)	30,100	(28,001)	3,286,713	3,288,812
Profit for the year (as restated)	-	-	752,409	752,409
Total profit for the year	-	-	752,409	752,409
Exchange difference on consolidation (as restated)	-	21,562	(75,473)	(53,911)
Total comprehensive income for the year	-	21,562	(75,473)	(53,911)
At 31 December 2016	30,100	(6,439)	3,963,649	3,987,310

The notes on pages 16 to 39 form part of these financial statements.

RAPIDROP GLOBAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	30,100	3,962,795	3,992,895
Comprehensive income for the year			
Profit for the year	-	987,998	987,998
At 31 December 2017	30,100	4,950,793	4,980,893

The notes on pages 16 to 39 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	30,100	3,578,476	3,608,576
Comprehensive income for the year			
Profit for the year	-	384,319	384,319
At 31 December 2016	30,100	3,962,795	3,992,895

The notes on pages 16 to 39 form part of these financial statements.

RAPIDROP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	As restated 2016 £
Cash flows from operating activities		
Profit for the financial year	1,107,058	752,409
Adjustments for:		
Amortisation of intangible fixed assets	12,015	22,348
Depreciation of tangible fixed assets	147,345	203,840
Loss on disposal of tangible fixed assets	-	16,649
Interest paid	47,973	27,294
Interest received	(621)	(670)
Taxation charge	39,456	(42,217)
(Increase) in stocks	(739,524)	(923,119)
(Increase) in debtors	(923,102)	(471,016)
Increase in creditors	1,447,793	713,020
Foreign exchange	(1,018)	(64,079)
Net cash generated from operating activities	1,137,375	234,459
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,904)	(985)
Purchase of tangible fixed assets	(64,147)	(142,627)
Sale of tangible fixed assets	-	57,029
Interest received	621	670
Hire purchase interest paid	(499)	(1,939)
Net cash from investing activities	(66,929)	(87,852)
Cash flows from financing activities		
Repayment of finance lease obligations	(45,305)	(43,789)
Interest paid	(47,474)	(25,356)
Net cash used in financing activities	(92,779)	(69,145)
Net increase in cash and cash equivalents	977,667	77,462
Cash and cash equivalents at beginning of year	336,239	258,777
Cash and cash equivalents at the end of year	1,313,906	336,239

RAPIDROP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>1,313,906</u>	<u>336,239</u>

The notes on pages 16 to 39 form part of these financial statements.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Rapidrop Global Limited is a limited liability company incorporated in England and Wales. The registered office is Units 1-3 Rutland Business Park, Newark Road, Peterborough, Cambridgeshire, PE1 5WA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with 'The Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available under FRS102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation's for the Group and Parent Company would be identical;
- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals of the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 December 2015.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Trademarks

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal instalments over their estimated useful lives of 5 years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 3-5 years straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% straight line

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.6 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Consolidated Statement of Comprehensive Income.

2.7 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated provision for impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.10 Debtors

Short term debtors are measured at transaction price, less any provision for impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors, creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Operating leases: Lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.17 Leased assets: Lessee

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

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

2.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is 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.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The directors consider that the following estimates and judgements that have the most significant effect on the carrying amounts of assets and liabilities within the financial statements are discussed below:

Depreciation and amortisation

Intangible and tangible fixed assets are depreciated or amortised over their useful life taking into account, where appropriate, residual values. Assessment of useful lives and residual values are performed annually, taking into account factors such as technological innovation, maintenance programmes and management considerations. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. Detail on intangible and tangible fixed assets can be found in notes 12 and 13.

Recoverability of trade debt

Bad debt provisions are made by the directors based on the age of the unpaid debt and the terms of trade. Details on debtors can be found in note 16.

Stock provisions and valuation

Stock provisions include provision for obsolete, slow moving and defective items and also takes into account the results from stock counts and any expected write-down between the estimated net realisable value and original cost. Net realisable value represents the estimated selling price less estimated costs of completion and costs of disposal. Details on stock can be found in note 15.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	As restated 2016 £
Rapidrop - fire prevention products	16,838,617	13,527,347
IFI - sealants and other hardware	5,647,629	5,821,397
	<u>22,486,246</u>	<u>19,348,744</u>

Analysis of turnover by country of destination:

	2017 £	As restated 2016 £
United Kingdom	9,375,807	8,877,928
Rest of Europe	8,699,230	6,431,732
Rest of the world	4,411,209	4,039,084
	<u>22,486,246</u>	<u>19,348,744</u>

5. Exceptional item - Other operating income

	2017 £	2016 £
Keyman insurance receipt	<u>632,531</u>	<u>-</u>

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Operating profit

The operating profit is stated after charging / (crediting):

	2017	As restated 2016
	£	£
Research & development charged as an expense	9,208	12,956
Depreciation of tangible fixed assets	147,345	203,840
Loss on disposal of tangible fixed assets	-	16,649
Amortisation of intangible fixed assets	12,015	22,348
Exchange differences	(234,342)	(318,113)
Other operating lease rentals	290,417	311,960
Defined contribution pension cost	92,590	108,834
	<u>92,590</u>	<u>108,834</u>

7. Auditors' remuneration

	2017	2016
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	22,500	20,600
Fees payable to the Group's auditor and its associates in respect of:		
Taxation advisory services	3,500	550
Non audit services	1,750	1,750
	<u>5,250</u>	<u>2,300</u>

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8. Employees

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

	Group 2017 £	As restated Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	2,502,010	2,166,032	2,457,535	2,133,095
Social security costs	239,489	203,347	239,402	203,319
Cost of defined contribution scheme	92,590	108,834	92,590	108,834
	<u>2,834,089</u>	<u>2,478,213</u>	<u>2,789,527</u>	<u>2,445,248</u>

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

	Group 2017 No.	As restated Group 2016 No.	Company 2017 No.	As restated Company 2016 No.
Administration	76	67	68	61
Production	17	16	17	16
	<u>93</u>	<u>83</u>	<u>85</u>	<u>77</u>

Directors' remuneration

	2017 £	2016 £
Directors' emoluments	855,518	660,305
Company contributions to defined contribution pension schemes	54,500	73,352
	<u>910,018</u>	<u>733,657</u>

During the year retirement benefits were accruing to 5 directors (2016 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £234,069 (2016 - £188,037).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2016 - £15,000).

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. Interest receivable and similar income

	2017 £	2016 £
Other interest receivable	621	670

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	47,973	27,294

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	60,561	8,388
Adjustments in respect of previous periods	4,767	(69,517)
Double taxation relief	(11,349)	(11,373)
	53,979	(72,502)
Foreign tax		
Foreign tax on income for the year	26,976	26,860
Foreign tax in respect of prior periods	1,727	-
	28,703	26,860
Total current tax	82,682	(45,642)
Deferred tax		
Origination and reversal of timing differences	(5,196)	19,910
Total deferred tax	(5,196)	19,910
Taxation on profit on ordinary activities	77,486	(25,732)

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of Corporation Tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,184,544</u>	<u>726,677</u>
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19.25% (2016 - 20%)	228,025	145,335
Effects of:		
Expenses not deductible for tax purposes	3,318	1,125
Higher rate taxes on overseas earnings	17,354	15,486
Adjustments to tax charge in respect of prior periods	4,767	(69,517)
Other matters	785	1,403
Income excluded for tax purposes	(121,762)	-
Current year research and development tax credits	(32,350)	(46,312)
Untaxed (profit) on foreign subsidiaries	(22,651)	(888)
Untaxed (profit) on disposal of Rapidrop Global FZCO	-	(72,364)
Total tax charge for the year	<u>77,486</u>	<u>(25,732)</u>

Factors that may affect future tax charges

The Finance (No.2) Act 2015 enacted the Corporation Tax rate to reduce from the current rate of 20% to 19% from 1 April 2017 with a further reduction to 18% from April 2020. On 24 March 2016, the Chancellor of the Exchequer announced that legislation would be introduced in Finance Act 2016 to reduce the main rate of Corporation Tax to 17% from 1 April 2020, superseding the 18% rate effective from that date introduced in Finance (No.2) Act 2015. These changes to the future tax rate were substantively enacted at the Balance Sheet date.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. Intangible assets

Group and Company

	Trademarks £
Cost	
At 1 January 2017	236,407
Additions	2,904
Disposals	(188,471)
At 31 December 2017	<u>50,840</u>
Amortisation	
At 1 January 2017	212,943
Charge for the year	12,015
On disposals	(188,471)
At 31 December 2017	<u>36,487</u>
Net book value	
At 31 December 2017	<u><u>14,353</u></u>
At 31 December 2016	<u><u>23,464</u></u>

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Tangible fixed assets

Group

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 January 2017 (as previously stated)	2,848,333	7,000	7,978	2,863,311
Prior Year Adjustment	41,984	21,388	(4,612)	58,760
At 1 January 2017 (as restated)	2,890,317	28,388	3,366	2,922,071
Additions	64,147	-	-	64,147
Disposals	(767,828)	-	(3,366)	(771,194)
Exchange adjustments	(3,497)	(1,756)	-	(5,253)
At 31 December 2017	2,183,139	26,632	-	2,209,771
Depreciation				
At 1 January 2017 (as previously stated)	2,431,877	7,000	4,746	2,443,623
Prior Year Adjustment	37,233	11,873	(1,380)	47,726
At 1 January 2017 (as restated)	2,469,110	18,873	3,366	2,491,349
Charge for the year on owned assets	131,109	4,392	-	135,501
Charge for the year on financed assets	11,844	-	-	11,844
Disposals	(767,828)	-	(3,366)	(771,194)
Exchange adjustments	(3,317)	(907)	-	(4,224)
At 31 December 2017	1,840,918	22,358	-	1,863,276
Net book value				
At 31 December 2017	342,221	4,274	-	346,495
At 31 December 2016 (as restated)	421,207	9,514	-	430,721

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Tangible fixed assets (continued)

The restatement in respect of motor vehicles relates solely to Rapidrop Qatar L.L.C. as a result of the reassessment of the nature of the Company's control over Rapidrop Qatar L.L.C. (see note 23). The restatement in respect of plant & machinery is largely also due to the assets of Rapidrop Qatar L.L.C. now being included within the consolidated fixed assets of the Group. The restatement in respect of fixtures & fittings relates to assets of Rapidrop India Private Limited which had previously been incorrectly classified. These amounts have now been correctly classified within plant & machinery.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	<u>66,131</u>	<u>113,709</u>

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Tangible fixed assets (continued)

Company

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 January 2017	2,841,081	7,000	3,366	2,851,447
Additions	61,464	-	-	61,464
Disposals	(760,800)	-	(3,366)	(764,166)
At 31 December 2017	2,141,745	7,000	-	2,148,745
Depreciation				
At 1 January 2017	2,424,443	7,000	3,366	2,434,809
Charge for the year on owned assets	129,171	-	-	129,171
Charge for the year on financed assets	11,844	-	-	11,844
Disposals	(760,800)	-	(3,366)	(764,166)
At 31 December 2017	1,804,658	7,000	-	1,811,658
Net book value				
At 31 December 2017	337,087	-	-	337,087
At 31 December 2016	416,638	-	-	416,638

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	66,131	113,709

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Fixed asset investments

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Rapidrop, Inc.	Ordinary	100 %	Supply of fire sprinklers and ancillary fire equipment
Rapidrop India Private Limited	Ordinary	100 %	Supply of fire sprinklers and ancillary fire equipment
Rapidrop Qatar L.L.C. (see note 23)	Ordinary	49 %	Supply of fire sprinklers and ancillary fire equipment
Rapidrop Europe Limited	Ordinary	100 %	Semi-dormant
IFI Limited	Ordinary	100 %	Dormant
Rapidrop UK Limited	Ordinary	100 %	Dormant

Name	Registered office
Rapidrop, Inc.	208 S. LaSalle Street, Suite 814, Chicago, IL 60604, United States of America.
Rapidrop India Private Limited	Level 13, Platinum Techno Park, Plot No. 17/18, Sector 30-A, Vashi, Navi Mumbai – 400 705, India.
Rapidrop Qatar L.L.C.	P.O. Box 31453 Doha, Qatar.
Rapidrop Europe Limited	Block 3, Harcourt Centre, Harcourt Road, Dublin 2, Ireland.
IFI Limited	Units 1-3 Rutland Business Park, Newark Road, Peterborough, Cambridgeshire, PE1 5WA, United Kingdom.
Rapidrop UK Limited	Units 1-3 Rutland Business Park, Newark Road, Peterborough, Cambridgeshire, PE1 5WA, United Kingdom.

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017 (as previously stated)	48,257
Prior Year Adjustment	35,538
	<hr/>
At 1 January 2017 (as restated)	83,795
Additions	862
	<hr/>
At 31 December 2017	84,657
	<hr/>
Net book value	
At 31 December 2017	84,657
	<hr/>
At 31 December 2016 (as restated)	83,795
	<hr/>

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Fixed asset investments (continued)

The directors believe that the carrying amount of the investments is supported by the future cashflows of the entities concerned.

15. Stocks

	Group 2017 £	As restated Group 2016 £	Company 2017 £	Company 2016 £
Finished goods and goods for resale	5,367,144	4,627,620	5,210,863	4,580,037

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised during the year as an expense was as follows:

Group: £16,781,868 (2016 - £14,046,456)

Company: £15,753,592 (2016 - £13,301,817)

The impairment loss recognised for the year in respect of stocks was as follows:

Group: £228,910 (2016 - £102,340)

Company: £214,424 (2016 - £93,192)

16. Debtors

	Group 2017 £	As restated Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	5,319,353	4,791,845	4,939,119	3,956,429
Amounts owed by group undertakings	-	-	490,364	1,197,705
Other debtors	626,356	317,548	430,972	215,577
Prepayments and accrued income	286,849	200,063	231,756	117,572
Deferred taxation	3,287	1,826	-	-
	6,235,845	5,311,282	6,092,211	5,487,283

The impairment loss recognised for the Group for the year in respect of bad and doubtful debts was £21,528 (2016 - £27,915) and for the Company was £19,523 (2016 - £8,132).

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. Creditors: Amounts falling due within one year

	Group 2017 £	As restated Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	2,517,334	2,507,014	2,322,262	2,497,492
Corporation tax	64,800	20,148	64,800	20,148
Other taxation and social security	235,892	210,918	235,892	210,235
Obligations under finance lease and hire purchase contracts	27,595	45,305	27,595	45,305
Other creditors	4,593,831	3,508,293	4,598,987	3,505,711
Accruals and deferred income	729,443	402,481	646,159	334,958
	<u>8,168,895</u>	<u>6,694,159</u>	<u>7,895,695</u>	<u>6,613,849</u>

Other creditors includes amounts of £2,019,382 (2016 - £1,618,448) which are secured on the book debts of the Group and £2,561,681 (2016 - £1,870,032) which are secured against the underlying assets to which they relate.

Obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Net obligations under finance leases and hire purchase contracts	6,899	34,494	6,899	34,495

Obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Financial instruments

	Group 2017 £	As restated Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through Statement of Comprehensive Income	1,313,906	336,239	1,153,878	63,384
Financial assets that are debt instruments measured at amortised cost	5,941,637	5,109,393	5,860,455	5,369,711
Financial assets that are equity instruments measured at cost less impairment	-	-	84,657	83,795
	<u>7,255,543</u>	<u>5,445,632</u>	<u>7,098,990</u>	<u>5,516,890</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(7,834,325)</u>	<u>(6,444,578)</u>	<u>(7,561,125)</u>	<u>(6,364,590)</u>

Financial assets measured at fair value through the Consolidated Statement of Comprehensive Income comprise cash at bank and in hand.

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

Financial assets that are equity instruments measured at cost less impairment comprise investments in subsidiary undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, obligations under finance lease and hire purchase contracts, other creditors and accruals but excludes deferred income.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	(11,537)	8,373
Charged to profit or loss	5,196	(19,910)
Movement in foreign exchange	66	-
At end of year	(6,275)	(11,537)

Company

	2017 £	2016 £
At beginning of year	(13,363)	8,373
Charged to profit or loss	3,801	(21,736)
At end of year	(9,562)	(13,363)

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	(11,999)	(15,789)	(11,999)	(15,789)
Other timing differences	5,724	4,252	2,437	2,426
	(6,275)	(11,537)	(9,562)	(13,363)

Comprising:

Asset - included within debtors (see note 16)	3,287	1,826	-	-
Included in provisions for liabilities	(9,562)	(13,363)	(9,562)	(13,363)
	(6,275)	(11,537)	(9,562)	(13,363)

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
30,100 Ordinary shares of £1 each	30,100	30,100

Called-up share capital represents the nominal value of shares that have been issued.

22. Reserves

Foreign exchange reserve

The foreign exchange reserve represents accumulated foreign exchange differences arising from the consolidation of foreign subsidiaries where the Group exercises significant influence over the operations of such subsidiaries during the year and prior periods.

Profit and loss account

The profit and loss accounts represents accumulated comprehensive income of the year and prior periods, net of dividends paid and other adjustments.

23. Prior year adjustment

A review of the Group's investments undertaken in 2017 following a change in the Group's auditors identified that the nature of the Group's control over its investment in Rapidrop Qatar L.L.C. had been incorrectly assessed. The result of this incorrect assessment was that Rapidrop Qatar L.L.C. had been accounted for as an associate when it should have been accounted for as a subsidiary because of the significant influence exercised by the Group over its operations. As a consequence of this a restatement of the Group's previously issued financial statements for the year ended 31 December 2016 is required. This review also identified that the profit on disposal of fixed asset investments as previously reported had been calculated incorrectly and that a non-controlling interest had been incorrectly disclosed. The cumulative effect of these various restatements on the financial statements for the year ended 31 December 2016 is a reduction in the profit reported for the year of £34,041 and a reduction in shareholder's funds of £121,643.

24. Contingent liabilities

The Group has given a guarantee of £50,000 to HM Revenue & Customs in relation to the deferment of the payment of duties, taxes, levies and charges. At the Balance Sheet date the amount secured was £7,764 (2016 - £6,080).

The Group has also issued a performance guarantee for £15,950 (2016 - £15,387). This guarantee expired on 30 May 2018.

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

25. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £92,590 (2016 - £108,834). Contributions totalling £12,825 (2016 - £12,130) were payable to the fund at the Balance Sheet date and are included in other creditors.

26. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancelable operating leases as follows:

	Group 2017 £	As restated Group 2016 £	Company 2017 £	As restated Company 2016 £
Not later than 1 year	63,546	163,402	33,924	133,433
Later than 1 year and not later than 5 years	583,929	383,988	583,929	383,988
Later than 5 years	879,783	396,985	879,783	396,895
	<u>1,527,258</u>	<u>944,375</u>	<u>1,497,636</u>	<u>914,316</u>

27. Related party transactions

During the year ended 31 December 2017 and as at 31 December 2016 the Group had the following transactions and balances with Rapidrop Middle East Trading LLC a company under common ownership.

	2017 £	2016 £
Amounts due from Rapidrop Middle East Trading LLC	2,219,180	2,065,467
Sales of fire prevention products	1,082,197	1,226,490
Sale of tangible fixed assets	-	18,175
Purchase of fire prevention products	(1,013,962)	(589,122)
Sale of inter-company debt at book value in Rapidrop Global FZCO	-	396,404
	<u>2,287,415</u>	<u>3,111,314</u>

The Group also provides short-term funding support to Rapidrop Middle East Trading LLC and included within the amounts due from Rapidrop Middle East Trading LLC as at the Balance Sheet date was a total of £1,825,521 (2016 - £1,194,646) in respect of such funding.

Key management personnel represent the directors of the Company as set out in note 8. They have responsibility for planning, directing and controlling the activities of the Company. Total remuneration in respect of these individuals was £967,957 (2016 - £745,787).

RAPIDROP GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

28. Controlling party

The Company has no ultimate controlling party. 100% of the shares of the Company were held by Mr D P J Gill until his death on 5 May 2017. These shares are held by the executors of his estate at the time of the accounts being approved.