

'Registrar'

REGISTERED NUMBER: 05426346 (England and Wales)

First4seals plc

Strategic Report, Report of the Directors and

Financial Statements For The Year Ended 31 December 2016

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For The Year Ended 31 December 2016**

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First4seals plc
Company Information
For The Year Ended 31 December 2016

DIRECTORS: R J Weaver
J H Stewart

SECRETARY: J H Stewart

REGISTERED OFFICE: Mill Close
Rotherham
South Yorkshire
S60 1BZ

REGISTERED NUMBER: 05426346 (England and Wales)

AUDITORS: Roddis Taylor Robinson
Chartered Accountants
Statutory Auditor
Unit 6, Acorn Business Park
Woodseats Close
Sheffield
South Yorkshire
S8 0TB

BANKERS: HSBC Bank plc
4th Floor, City Point
29 King Street
Leeds
LS1 2HL

**Strategic Report
For The Year Ended 31 December 2016**

The directors present their strategic report for the year ended 31 December 2016.

RESULTS FOR THE YEAR

The results for the year are set out on page 7. The profit on ordinary activities before taxation amounted to £2,751 (2015: £25,682). The profit after taxation amounted to £5,014 (2015: £26,020).

REVIEW OF BUSINESS

The results for the year are considered to be satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors of AES Engineering Limited manage the group's risks at a group level and operations on a divisional basis, rather than at an individual business unit level. For this reason, the company's directors believe that discussion of the group's risk and an analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of the group, which include those of the company, and the development, performance and position of the company are discussed in the Directors' Report in the group's report and accounts which do not form part of this report.

ON BEHALF OF THE BOARD:



JH Stewart - Director

11 May 2017

**Report of the Directors
For The Year Ended 31 December 2016**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the assembly and distribution of mechanical seals.

DIVIDENDS

No dividend was paid during the year (2015: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

R J Weaver
J H Stewart

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Report of the Directors
For The Year Ended 31 December 2016**

AUDITORS

The auditors, Roddis Taylor Robinson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



J.H Stewart - Director

11 May 2017

Report of the Independent Auditors to the Members of First4seals plc

We have audited the financial statements of First4seals plc for the year ended 31 December 2016 on pages seven to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
First4seals plc**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Julie Holderness (Senior Statutory Auditor)
for and on behalf of Roddis Taylor Robinson
Chartered Accountants
Statutory Auditor
Unit 6, Acorn Business Park
Woodseats Close
Sheffield
South Yorkshire
S8 0TB

11 May 2017

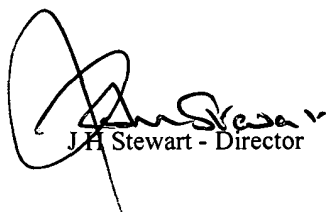
**Statement of Comprehensive Income
For The Year Ended 31 December 2016**

	Notes	2016 £	2015 £
TURNOVER	3	1,002,788	1,004,980
Changes in stocks of finished goods and work in progress		65,127	(19,340)
		<u>1,067,915</u>	<u>985,640</u>
Raw materials and consumables		(580,518)	(511,944)
		<u>487,397</u>	<u>473,696</u>
Staff costs	4	(348,850)	(337,604)
Depreciation		(33,864)	(15,109)
Other operating expenses		(103,981)	(115,366)
		<u>702</u>	<u>5,617</u>
OPERATING PROFIT		702	5,617
Profit on sale of tangible fixed assets	5	-	33,064
		<u>702</u>	<u>38,681</u>
Interest payable and similar expenses	6	2,049	(12,999)
		<u>2,751</u>	<u>25,682</u>
PROFIT BEFORE TAXATION	7	2,751	25,682
Tax on profit	8	2,263	338
		<u>5,014</u>	<u>26,020</u>
PROFIT FOR THE FINANCIAL YEAR		5,014	26,020
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>5,014</u></u>	<u><u>26,020</u></u>

Balance Sheet
31 December 2016

	Notes	2016 £	£	2015 £	£
FIXED ASSETS					
Intangible assets	9		2,722		2,722
Tangible assets	10		329,169		72,825
			<u>331,891</u>		<u>75,547</u>
CURRENT ASSETS					
Stocks	11	251,042		183,498	
Debtors	12	178,585		168,398	
Cash at bank		18,186		26,225	
		<u>447,813</u>		<u>378,121</u>	
CREDITORS					
Amounts falling due within one year	13	510,423		164,401	
NET CURRENT (LIABILITIES)/ASSETS			<u>(62,610)</u>		<u>213,720</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>269,281</u>		<u>289,267</u>
CREDITORS					
Amounts falling due after more than one year	14		-		25,000
NET ASSETS			<u><u>269,281</u></u>		<u><u>264,267</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		500,000		500,000
Retained earnings	16		(230,719)		(235,733)
SHAREHOLDERS' FUNDS			<u><u>269,281</u></u>		<u><u>264,267</u></u>

The financial statements were approved by the Board of Directors on 11 May 2017 and were signed on its behalf by:



J.H. Stewart - Director

**Statement of Changes in Equity
For The Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	350,000	(261,753)	88,247
Changes in equity			
Issue of share capital	150,000	-	150,000
Total comprehensive income	-	26,020	26,020
Balance at 31 December 2015	<u>500,000</u>	<u>(235,733)</u>	<u>264,267</u>
Changes in equity			
Total comprehensive income	-	5,014	5,014
Balance at 31 December 2016	<u>500,000</u>	<u>(230,719)</u>	<u>269,281</u>

Cash Flow Statement
For The Year Ended 31 December 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	(25,880)	(242,852)
Interest paid		2,049	(12,999)
Tax paid		-	(338)
Net cash from operating activities		<u>(23,831)</u>	<u>(256,189)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(292,208)	(57,659)
Sale of tangible fixed assets		2,000	172,949
Net cash from investing activities		<u>(290,208)</u>	<u>115,290</u>
Cash flows from financing activities			
Share issue		-	150,000
Borrowings from parent company		306,000	-
Net cash from financing activities		<u>306,000</u>	<u>150,000</u>
(Decrease)/increase in cash and cash equivalents		<u>(8,039)</u>	<u>9,101</u>
Cash and cash equivalents at beginning of year	2	26,225	17,124
Cash and cash equivalents at end of year	2	<u><u>18,186</u></u>	<u><u>26,225</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
For The Year Ended 31 December 2016

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit before taxation	2,751	25,682
Depreciation charges	35,864	15,073
Profit on disposal of fixed assets	(2,000)	(33,028)
Finance costs	(2,049)	12,999
	<u>34,566</u>	<u>20,726</u>
(Increase)/decrease in stocks	(67,544)	28,269
(Increase)/decrease in trade and other debtors	(7,924)	9,011
Increase/(decrease) in trade and other creditors	15,022	(300,858)
	<u>(25,880)</u>	<u>(242,852)</u>
Cash generated from operations	(25,880)	(242,852)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>18,186</u>	<u>26,225</u>

Year ended 31 December 2015

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	<u>26,225</u>	<u>17,124</u>

**Notes to the Financial Statements
For The Year Ended 31 December 2016**

1. STATUTORY INFORMATION

First4Seals PLC is an unlisted public company limited by shares incorporated in England within the United Kingdom. The company's registered number and registered office address can be found on the Company Information page.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover

Turnover represents the amount received or receivable for goods and services provided to customers during the year, excluding value added tax.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The costs incurred in registering trademarks have been capitalised and are not amortised. The directors consider the trademarks to be worth at least the amount stated in the balance sheet and therefore no amortisation has been charged.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant, fixtures and equipment	- 10 to 25% straight line
Motor vehicles	- 20 - 25% straight line

Stocks

Stock and work in progress is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Exceptional items

The company operates a policy of showing separate on the face of the statement of comprehensive income any items which are considered material when they have an impact on the understanding of the financial performance of the company.

3. TURNOVER

The company's turnover relates entirely to its principal activities.

As permitted by the Companies Act 2006 the directors have not disclosed segmental information as they consider it would be seriously prejudicial to the interests of the company.

4. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	313,294	303,873
Social security costs	30,118	28,423
Other pension costs	5,438	5,308
	<u>348,850</u>	<u>337,604</u>

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

	2016	2015
Directors	2	2
Workshop	3	3
Sales and administration	11	13
	<u>16</u>	<u>18</u>

	2016	2015
	£	£
Directors' remuneration	<u>15,731</u>	<u>15,731</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

5. **EXCEPTIONAL ITEMS**

	2016 £	2015 £
Profit on sale of tangible fixed assets	-	33,064

During the year ended 31 December 2015 the company disposed of its freehold property for a net consideration of £172,440 giving profit on the disposal of £33,064.

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2016 £	2015 £
Foreign exchange loss/(gain)	(5,885)	2,586
Interest on group loan	3,836	10,413
	<u>(2,049)</u>	<u>12,999</u>

7. **PROFIT BEFORE TAXATION**

The profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation - owned assets	35,864	15,073
(Profit)/loss on disposal of fixed assets	(2,000)	36
Auditors remuneration: Audit work	2,500	2,500
Auditors remuneration: Taxation work	275	275
Auditors remuneration: Other services	1,175	635

8. **TAXATION**

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	-	(338)
Deferred tax	<u>(2,263)</u>	<u>-</u>
Tax on profit	<u>(2,263)</u>	<u>(338)</u>

UK corporation tax has been charged at 20%.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

8. TAXATION - continued**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit before tax	<u>2,751</u>	<u>25,682</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	550	5,136
Effects of:		
Expenses not deductible for tax purposes	482	549
Reconciliation for deferred tax not provided in prior years	(3,383)	(6,023)
Effect of changes of tax rate on deferred tax opening position	<u>88</u>	<u>-</u>
Total tax credit	<u>(2,263)</u>	<u>(338)</u>

Deferred tax

The amount of unused tax losses is £32,017 (2015: £6,179). There is no expiry date on unused tax losses.

9. INTANGIBLE FIXED ASSETS

	Trademarks £
COST	
At 1 January 2016	
and 31 December 2016	<u>2,722</u>
NET BOOK VALUE	
At 31 December 2016	<u>2,722</u>
At 31 December 2015	<u>2,722</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

10. TANGIBLE FIXED ASSETS

	Plant, fixtures and equipment £	Motor vehicles £	Totals £
COST			
At 1 January 2016	99,494	43,694	143,188
Additions	245,010	47,198	292,208
Disposals	(17,750)	-	(17,750)
At 31 December 2016	326,754	90,892	417,646
DEPRECIATION			
At 1 January 2016	36,379	33,984	70,363
Charge for year	24,379	11,485	35,864
Eliminated on disposal	(17,750)	-	(17,750)
At 31 December 2016	43,008	45,469	88,477
NET BOOK VALUE			
At 31 December 2016	283,746	45,423	329,169
At 31 December 2015	63,115	9,710	72,825

11. STOCKS

	2016 £	2015 £
Raw materials	15,893	13,476
Finished goods	235,149	170,022
	251,042	183,498

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	156,087	132,749
Amounts owed by group undertakings	7,850	21,339
Other debtors	5,113	6,701
Group relief receivable	3,492	3,492
Deferred tax asset	2,263	-
Prepayments and accrued income	3,780	4,117
	178,585	168,398
Deferred tax asset		
	2016 £	2015 £
Accelerated capital allowances	(3,900)	-
Tax losses carried forward	6,163	-
	2,263	-

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	27,748	53,143
Amounts owed to group undertakings	441,738	51,733
Social security and other taxes	7,537	6,962
Other creditors	867	849
Accruals and deferred income	32,533	51,714
	<u>510,423</u>	<u>164,401</u>

Amounts owed to group undertakings includes a loan of £331,000 from the parent company which is repayable on or before 31 December 2017 based on the current loan agreement, however the parent company has indicated it will continue to support the company beyond this date.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Amounts owed to group undertakings	-	25,000
	<u>-</u>	<u>25,000</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2016	2015
Number:	Class:	Nominal value:	£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

16. RESERVES

	Retained earnings £
At 1 January 2016	(235,733)
Profit for the year	5,014
At 31 December 2016	<u>(230,719)</u>

17. RELATED PARTY DISCLOSURES

Controlling Parties

The company is under the control of AES Engineering Limited. The ultimate controlling party is considered to be Mr C J Rea, by virtue of his shareholding in that company.

Related Party Transactions

During the year the company traded with subsidiaries of AES Engineering Limited, a company in which CJ Rea has an interest. All the transactions were carried out on a normal commercial business.

Advantage has been taken of the exemption in FRS 102 from disclosing transactions with other group entities as the company is a 100% subsidiary undertaking..

The company did not enter into any transactions with the directors during the year.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2016**

18. PENSION COSTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

Contributions payable to the schemes by the company are included in the pensions cost charge in respect of the year and amounted to £5,438 (2015: £5,308).

19. COMMITMENTS ON BEHALF OF GROUP COMPANIES

Along with the other Group undertakings based in Great Britain, the company has given security in favour of HSBC Bank plc against the Group borrowings by the way of an Unlimited Multilateral Company guarantee, to secure all liabilities of each other, and a debenture giving fixed and floating charges over assets of the company.

20. ULTIMATE PARENT COMPANY

AES Engineering Limited, a company registered in England and Wales, is the company's only parent undertaking and ultimate holding company.

Copies of the accounts of AES Engineering Limited can be obtained from the Registered Office at Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham S60 1BZ, United Kingdom.