

Registrar

REGISTERED NUMBER: 05426346 (England and Wales)

First4seals plc

Strategic Report, Report of the Directors and

Financial Statements For The Year Ended 31 December 2017

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



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For The Year Ended 31 December 2017**

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First4seals plc
Company Information
For The Year Ended 31 December 2017

DIRECTORS:

R J Weaver
J H Stewart

SECRETARY:

J H Stewart

REGISTERED OFFICE:

Global Technology Centre
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

**Strategic Report
For The Year Ended 31 December 2017**

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

RESULTS FOR THE YEAR

The results for the year are set out on page 7. The company made a loss which amounted to £78,835 (2016: profit of £2,751). The loss after taxation amounted to £63,873 (2016: profit of £5,014).


REVIEW OF BUSINESS

Although a loss has been made the directors consider the results to be satisfactory whilst the company is going through a period of strategic redirection and product development.

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:



J H Stewart - Director

7 June 2018

**Report of the Directors
For The Year Ended 31 December 2017**

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

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 (2016: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 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

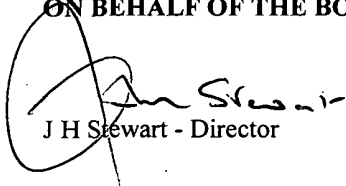
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant 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 2017**

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

7 June 2018

Report of the Independent Auditors to the Members of First4seals plc

Opinion

We have audited the financial statements of First4seals plc (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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 Auditors' 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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

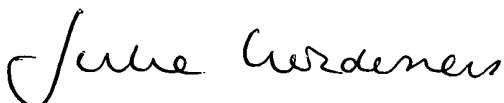
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary 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 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 company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



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

7 June 2018

**Statement of Comprehensive Income
For The Year Ended 31 December 2017**


	Notes	2017 £	2016 £
TURNOVER	3	953,478	1,002,788
Changes in stocks of finished goods and work in progress		97,396	65,127
		<u>1,050,874</u>	<u>1,067,915</u>
Raw materials and consumables		(612,429)	(580,518)
		<u>438,445</u>	<u>487,397</u>
Staff costs	4	(321,136)	(348,850)
Depreciation		(60,144)	(33,864)
Other operating expenses		(121,861)	(103,981)
		<u>(64,696)</u>	<u>702</u>
OPERATING (LOSS)/PROFIT			
Interest payable and similar expenses	5	(14,139)	2,049
		<u>(78,835)</u>	<u>2,751</u>
(LOSS)/PROFIT BEFORE TAXATION	6		
Tax on (loss)/profit	7	14,962	2,263
		<u>(63,873)</u>	<u>5,014</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			
OTHER COMPREHENSIVE INCOME		-	-
		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(63,873)</u>	<u>5,014</u>

The notes form part of these financial statements

Balance Sheet
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	8	2,722	2,722
Tangible assets	9	536,211	329,169
		<u>538,933</u>	<u>331,891</u>
CURRENT ASSETS			
Stocks	10	344,043	251,042
Debtors	11	186,685	178,585
Cash at bank		22,574	18,186
		<u>553,302</u>	<u>447,813</u>
CREDITORS			
Amounts falling due within one year	12	181,714	510,423
NET CURRENT ASSETS/(LIABILITIES)		<u>371,588</u>	<u>(62,610)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>910,521</u>	<u>269,281</u>
CREDITORS			
Amounts falling due after more than one year	13	(700,000)	-
PROVISIONS FOR LIABILITIES	14	(5,113)	-
NET ASSETS		<u><u>205,408</u></u>	<u><u>269,281</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	500,000	500,000
Retained earnings	16	(294,592)	(230,719)
SHAREHOLDERS' FUNDS		<u><u>205,408</u></u>	<u><u>269,281</u></u>

The financial statements were approved by the Board of Directors on 7 June 2018 and were signed on its behalf by:


J H Stewart - Director

**Statement of Changes in Equity
For The Year Ended 31 December 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	500,000	(235,733)	264,267
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>
Changes in equity			
Total comprehensive income	-	(63,873)	(63,873)
Balance at 31 December 2017	<u><u>500,000</u></u>	<u><u>(294,592)</u></u>	<u><u>205,408</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
For The Year Ended 31 December 2017**

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.

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.

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

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise stated.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- 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 2017

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

	2017	2016
	£	£
Wages and salaries	287,214	313,294
Social security costs	29,058	30,118
Other pension costs	4,864	5,438
	<u>321,136</u>	<u>348,850</u>

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

	2017	2016
Directors	2	2
Workshop	4	3
Sales and administration	9	11
	<u>15</u>	<u>16</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

4. EMPLOYEES AND DIRECTORS - continued

	2017	2016
	£	£
Directors' remuneration	15,731	15,731

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Foreign exchange loss/(gain)	531	(5,885)
Interest on group loan	13,608	3,836
	<u>14,139</u>	<u>(2,049)</u>

6. (LOSS)/PROFIT BEFORE TAXATION

The loss (2016 - profit) is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	59,887	35,864
Loss/(profit) on disposal of fixed assets	257	(2,000)
Auditors remuneration: Audit work	2,400	2,500
Auditors remuneration: Taxation work	250	275
Auditors remuneration: Other services	1,100	1,175

7. TAXATION**Analysis of the tax credit**

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

	2017	2016
	£	£
Current tax:		
Credit for group relief	(22,338)	-
Deferred tax	7,376	(2,263)
Tax on (loss)/profit	<u>(14,962)</u>	<u>(2,263)</u>

UK corporation tax has been charged at 19.25% (2016 - 20%).

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

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

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

	2017 £	2016 £
(Loss)/profit before tax	<u>(78,835)</u>	<u>2,751</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	(15,176)	550
Effects of:		
Expenses not deductible for tax purposes	226	482
Reconciliation for deferred tax not provided in prior years	-	(3,383)
Effect of changes of tax rate on deferred tax provision	<u>(12)</u>	<u>88</u>
Total tax credit	<u>(14,962)</u>	<u>(2,263)</u>

Deferred tax

The amount of unused tax losses is £32,017 (2016: £32,017). There is no expiry date on unused tax losses.

Changes to reduce the UK corporation tax rate to 17% from 1 April 2020 were enacted by the Finance Act 2016 in September 2016. Deferred taxes at the balance sheet date have been measured at 19% which is the tax rate for which the timing differences are expected to reverse at.

8. INTANGIBLE FIXED ASSETS

	Trademarks £
COST	
At 1 January 2017	
and 31 December 2017	<u>2,722</u>
NET BOOK VALUE	
At 31 December 2017	<u>2,722</u>
At 31 December 2016	<u>2,722</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

9. TANGIBLE FIXED ASSETS

	Plant, fixtures and equipment £	Motor vehicles £	Totals £
COST			
At 1 January 2017	326,754	90,892	417,646
Additions	247,587	22,449	270,036
Disposals	(2,991)	(11,652)	(14,643)
At 31 December 2017	571,350	101,689	673,039
DEPRECIATION			
At 1 January 2017	43,008	45,469	88,477
Charge for year	46,181	13,706	59,887
Eliminated on disposal	(2,991)	(8,545)	(11,536)
At 31 December 2017	86,198	50,630	136,828
NET BOOK VALUE			
At 31 December 2017	485,152	51,059	536,211
At 31 December 2016	283,746	45,423	329,169

10. STOCKS

	2017 £	2016 £
Raw materials	11,497	15,893
Finished goods	332,546	235,149
	344,043	251,042

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	140,634	156,087
Amounts owed by group undertakings	10,057	7,850
Other debtors	6,032	5,113
Group relief receivable	25,830	3,492
Deferred tax asset	-	2,263
Prepayments and accrued income	4,132	3,780
	186,685	178,585
Deferred tax asset		2016 £
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 2017

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	26,675	27,748
Amounts owed to group undertakings	116,431	441,738
Social security and other taxes	7,873	7,537
Other creditors	834	867
Accruals and deferred income	29,901	32,533
	<u>181,714</u>	<u>510,423</u>

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

	2017	2016
	£	£
Amounts owed to group undertakings	<u>700,000</u>	<u>-</u>

Amounts owed to group undertakings includes a loan of £700,000 from the parent company which is repayable on or before 31 December 2019 based on the current loan agreement.

14. PROVISIONS FOR LIABILITIES

	2017	
	£	
Deferred tax		
Accelerated capital allowances	11,196	
Tax losses carried forward	(6,083)	
	<u>5,113</u>	
		Deferred tax
		£
Balance at 1 January 2017		(2,263)
Charge to Statement of Comprehensive Income during year		<u>7,376</u>
Balance at 31 December 2017		<u>5,113</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2017	2016
Number:	Class:		£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

16. RESERVES

	Retained earnings £
At 1 January 2017	(230,719)
Deficit for the year	(63,873)
	<hr/>
At 31 December 2017	(294,592)
	<hr/>

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

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

During the year the company traded with subsidiaries of AES Engineering Limited, a company in which C J 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 which are wholly owned members of the group.

Transactions with group entities not wholly owned are as follows;

Other related parties

	2017	2016
	£	£
Sales	6,243	66,308
Purchases	26,959	52,892
Amount due from related party	490	5,793
	<hr/>	<hr/>

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 £4,864 (2016: £5,438).

19. COMMITMENTS ON BEHALF OF GROUP COMPANIES

Along with the other group undertakings based in the United Kingdom, the company has given security in favour of HSBC Bank plc against group borrowings by 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. At 31 December 2017 the overdraft balance in the company was £nil (2016: nil). The gross overdraft balance in the other companies covered by the multilateral guarantee was £3.1m (2016: £1.3m).

In the opinion of the directors, no loss will arise in respect of this matter.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2017**

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.