

Company Registration No. 05480765 (England and Wales)

**PAXTON ACCESS GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# PAXTON ACCESS GROUP LIMITED

## COMPANY INFORMATION

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

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# **PAXTON ACCESS GROUP LIMITED**

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# **PAXTON ACCESS GROUP LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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

#### **Fair review of the business**

2016 was another successful year for the group. The group has been able to increase its market share in all markets to which it has significant exposure.

In brief, the group grew substantially during the year, increasing turnover by 10.3% (2015: 22.3%) and gross profit by 9.4% (2015: 19.7%). At the same time administrative expenses increased by 14.5% (2015: 20.9%), so that net profit for the year before tax ended up at £694,310 (2015: £1,508,944). The group's net worth at the end of 2016 was £11,541,880 (2015: £10,547,291).

The group operates in a highly competitive market. In order to maintain and improve its position in this market, substantial investment has continued to be made by the group in research and development. Additional products and markets enable the group to spread the inherent risk of future trading more widely, and this will continue to be reflected in the future results of the group.

The group is defined as medium sized and therefore this business review does not contain information about environmental matters, the group's employees, or social and community issues. The group has no contractual or other arrangements, which are essential to the business, and therefore no such details are disclosed here.

#### **Principal risks and uncertainties**

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

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

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

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

On behalf of the board



A Brotherton-Ratcliffe

**Director**

3 July 2017

# **PAXTON ACCESS GROUP LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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

### **Principal activities**

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

### **Directors**

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

A Brotherton-Ratcliffe

A Stroud

V Parekh

(Appointed 31 March 2017)

### **Results and dividends**

The results for the year are set out on page 7.

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

### **Financial instruments**

#### ***Treasury operations and financial instruments***

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

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

#### ***Liquidity risk***

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

#### ***Interest rate risk***

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

#### ***Foreign currency risk***

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

### **Research and development**

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

# **PAXTON ACCESS GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Disabled persons**

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

### **Employee involvement**

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

### **Future developments**

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

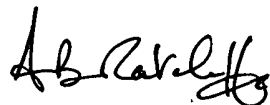
### **Auditor**

The auditor, Humphrey & Co, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

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

On behalf of the board



A Brotherton-Ratcliffe

**Director**

3 July 2017

# **PAXTON ACCESS GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2016***

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **PAXTON ACCESS GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PAXTON ACCESS GROUP LIMITED**

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We have audited the financial statements of Paxton Access Group Limited for the year ended 31 December 2016 set out on pages 7 to 34. 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 FRS 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 group's and the parent 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 annual report 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 group's and the parent company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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



# **PAXTON ACCESS GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PAXTON ACCESS GROUP LIMITED**

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#### **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 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.

**Mr Michael Macefield (Senior Statutory Auditor)**  
**for and on behalf of Humphrey & Co**

17 July 2017

**Chartered Accountants**  
**Statutory Auditor**

7-9 The Avenue  
Eastbourne  
East Sussex  
BN21 3YA

# PAXTON ACCESS GROUP LIMITED

## GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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	Notes	2016 £	2015 £
Turnover	3	36,092,362	32,725,634
Cost of sales		(15,186,916)	(13,617,346)
<b>Gross profit</b>		<b>20,905,446</b>	<b>19,108,288</b>
Administrative expenses		(20,085,780)	(17,538,806)
<b>Operating profit</b>	<b>4</b>	<b>819,666</b>	<b>1,569,482</b>
Interest receivable and similar income	8	3	-
Interest payable and similar expenses	9	(125,359)	(60,538)
<b>Profit before taxation</b>		<b>694,310</b>	<b>1,508,944</b>
Taxation	10	405,179	203,767
<b>Profit for the financial year</b>	<b>26</b>	<b>1,099,489</b>	<b>1,712,711</b>

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

The income statement has been prepared on the basis that all operations are continuing operations.

# **PAXTON ACCESS GROUP LIMITED**

## **GROUP STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
<b>Profit for the year</b>	1,099,489	1,712,711
<b>Other comprehensive income</b>		
Currency translation differences	35,100	-
<b>Total comprehensive income for the year</b>	<u>1,134,589</u>	<u>1,712,711</u>

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


# PAXTON ACCESS GROUP LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Intangible assets	12	241,103		158,872	
Tangible assets	13	10,374,100		7,345,027	
		<u>10,615,203</u>		<u>7,503,899</u>	
<b>Current assets</b>					
Stocks	16	3,467,533		4,435,655	
Debtors falling due after one year	17	1,053,240		716,000	
Debtors falling due within one year	17	6,295,923		6,338,757	
Cash at bank and in hand		3,896,682		2,329,340	
		<u>14,713,378</u>		<u>13,819,752</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(10,046,708)</u>		<u>(9,538,135)</u>	
<b>Net current assets</b>		<u>4,666,670</u>		<u>4,281,617</u>	
<b>Total assets less current liabilities</b>		<u>15,281,873</u>		<u>11,785,516</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(3,496,993)</u>		<u>(995,225)</u>	
<b>Provisions for liabilities</b>	22	<u>(243,000)</u>		<u>(243,000)</u>	
<b>Net assets</b>		<u><u>11,541,880</u></u>		<u><u>10,547,291</u></u>	
<b>Capital and reserves</b>					
Called up share capital	25	211,002		211,002	
Other reserves	24	57,450		57,450	
Profit and loss reserves	26	11,273,428		10,278,839	
<b>Total equity</b>		<u><u>11,541,880</u></u>		<u><u>10,547,291</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 3 July 2017 and are signed on its behalf by:



A Brotherton-Ratcliffe  
Director

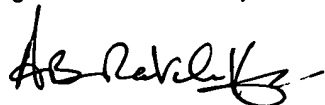
# PAXTON ACCESS GROUP LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	13	7,578,187		4,627,136	
Investments	14	250,249		250,249	
		<u>7,828,436</u>		<u>4,877,385</u>	
<b>Current assets</b>					
Debtors	17	347,260		249,259	
Cash at bank and in hand		42,912		1	
		<u>390,172</u>		<u>249,260</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(2,880,736)</u>		<u>(3,611,232)</u>	
<b>Net current liabilities</b>		<u>(2,490,564)</u>		<u>(3,361,972)</u>	
<b>Total assets less current liabilities</b>		<u>5,337,872</u>		<u>1,515,413</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(3,496,993)</u>		<u>(995,225)</u>	
<b>Net assets</b>		<u><u>1,840,879</u></u>		<u><u>520,188</u></u>	
<b>Capital and reserves</b>					
Called up share capital	25	211,002		211,002	
Profit and loss reserves	26	1,629,877		309,186	
<b>Total equity</b>		<u><u>1,840,879</u></u>		<u><u>520,188</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,460,691 (2015 - £190,384 profit).

The financial statements were approved by the board of directors and authorised for issue on 3 July 2017 and are signed on its behalf by:



A Brotherton-Ratcliffe  
Director

Company Registration No. 05480765

# PAXTON ACCESS GROUP LIMITED

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

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		201,002	57,450	8,706,829	8,965,281
<b>Year ended 31 December 2015:</b>					
Profit and total comprehensive income for the year		-	-	1,712,711	1,712,711
Issue of share capital	25	10,000	-	-	10,000
Dividends	11	-	-	(140,701)	(140,701)
<b>Balance at 31 December 2015</b>		211,002	57,450	10,278,839	10,547,291
<b>Year ended 31 December 2016:</b>					
Profit for the year		-	-	1,099,489	1,099,489
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	35,100	35,100
Total comprehensive income for the year		-	-	1,134,589	1,134,589
Dividends	11	-	-	(140,000)	(140,000)
<b>Balance at 31 December 2016</b>		211,002	57,450	11,273,428	11,541,880

# PAXTON ACCESS GROUP LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		201,002	259,503	460,505
<b>Year ended 31 December 2015:</b>				
Profit and total comprehensive income for the year		-	190,384	190,384
Issue of share capital	25	10,000	-	10,000
Dividends	11	-	(140,701)	(140,701)
<b>Balance at 31 December 2015</b>		211,002	309,186	520,188
<b>Year ended 31 December 2016:</b>				
Profit and total comprehensive income for the year		-	1,460,691	1,460,691
Dividends	11	-	(140,000)	(140,000)
<b>Balance at 31 December 2016</b>		211,002	1,629,877	1,840,879

# PAXTON ACCESS GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	31		4,750,557		(384,485)
Interest paid			(125,359)		(60,538)
Income taxes refunded/(paid)			66,650		(4,233)
<b>Net cash inflow/(outflow) from operating activities</b>			4,691,848		(449,256)
<b>Investing activities</b>					
Purchase of intangible assets		(167,552)		(142,872)	
Purchase of tangible fixed assets		(4,236,356)		(1,387,169)	
Proceeds on disposal of tangible fixed assets		10,081		100,353	
Interest received		3		-	
<b>Net cash used in investing activities</b>			(4,393,824)		(1,429,688)
<b>Financing activities</b>					
Proceeds from issue of shares		-		10,000	
Repayment of borrowings		(1,008,220)		728,893	
Repayment of bank loans		2,452,400		(126,731)	
Dividends paid to equity shareholders		(140,000)		(140,701)	
<b>Net cash generated from financing activities</b>			1,304,180		471,461
<b>Net increase/(decrease) in cash and cash equivalents</b>			1,602,204		(1,407,483)
Cash and cash equivalents at beginning of year			2,294,478		3,701,961
<b>Cash and cash equivalents at end of year</b>			3,896,682		2,294,478
<b>Relating to:</b>					
Cash at bank and in hand			3,896,682		2,329,340
Bank overdrafts included in creditors payable within one year			-		(34,862)



# **PAXTON ACCESS GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies**

#### **Company information**

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

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

#### **1.1 Accounting convention**

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

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

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

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

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

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

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

#### **1.2 Going concern**

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

#### **1.3 Turnover**

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

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

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

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

#### 1.4 Research and development expenditure

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

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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

Development Costs	33% reducing balance
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#### 1.6 Tangible fixed assets

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

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

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

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

#### 1.7 Fixed asset investments

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

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

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

# **PAXTON ACCESS GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1 Accounting policies**

**(Continued)**

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

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

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

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

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

#### **1.8 Impairment of fixed assets**

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

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

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

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

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

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.9 Stocks

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

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

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

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

#### 1.10 Cash and cash equivalents

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

#### 1.11 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Other financial assets**

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

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

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

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

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

#### ***Derecognition of financial assets***

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

#### ***Classification of financial liabilities***

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

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

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

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

#### ***Derecognition of financial liabilities***

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

### 1.12 Equity instruments

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

### 1.13 Taxation

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

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

##### **Current tax**

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

##### **Deferred tax**

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

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

#### **1.14 Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### **1.15 Employee benefits**

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

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

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

#### **1.16 Retirement benefits**

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

#### **1.17 Leases**

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

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### 1.18 Foreign exchange

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

#### 1.19 Provisions

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

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Stock provisioning

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

#### Warranty provisioning

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

#### Useful life of fixed assets

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

### 3 Turnover and other revenue

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

	2016 £	2015 £
<b>Turnover</b>		
Electronic access control systems	36,092,362	32,725,634
	<u>                    </u>	<u>                    </u>
<b>Other significant revenue</b>		
Interest income	3	-
	<u>                    </u>	<u>                    </u>

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

<b>3</b>	<b>Turnover and other revenue</b>	<b>(Continued)</b>	
	Turnover analysed by geographical market		
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	UK	23,020,867	22,217,468
	Europe	6,548,116	3,568,496
	Rest of World	6,523,379	6,939,670
		<u>36,092,362</u>	<u>32,725,634</u>
<b>4</b>	<b>Operating profit</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Operating profit for the year is stated after charging/(crediting):		
	Exchange (gains)/losses	(87,839)	160,882
	Research and development costs	316,247	530,722
	Depreciation of owned tangible fixed assets	1,047,080	813,400
	Depreciation of tangible fixed assets held under finance leases	-	(9,417)
	Loss/(profit) on disposal of tangible fixed assets	194,321	(51,252)
	Amortisation of intangible assets	85,321	37,761
	Cost of stocks recognised as an expense	13,199,568	11,624,051
	Operating lease charges	<u>393,165</u>	<u>373,671</u>
<b>5</b>	<b>Auditor's remuneration</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the group and company	2,500	2,500
	Audit of the financial statements of the company's subsidiaries	<u>15,000</u>	<u>14,100</u>
		<u>17,500</u>	<u>16,600</u>



# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 6 Employees

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

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Administration	180	189	-	-
Production	95	56	-	-
Cleaning	2	2	-	-
	<u>277</u>	<u>247</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	11,855,565	10,137,986	-	-
Social security costs	1,066,739	896,923	-	-
Pension costs	408,975	552,950	-	-
	<u>13,331,279</u>	<u>11,587,859</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	438,275	430,384
Company pension contributions to defined contribution schemes	14,926	22,032
	<u>453,201</u>	<u>452,416</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	438,275	430,384
Company pension contributions to defined contribution schemes	14,926	22,032
	<u>453,201</u>	<u>452,416</u>

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 8 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	3	-
	<u>3</u>	<u>-</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	3	-
	<u>3</u>	<u>-</u>

### 9 Interest payable and similar expenses

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	115,973	45,495
Other interest on financial liabilities	9,386	15,043
	<u>125,359</u>	<u>60,538</u>

### 10 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	8,995	16,815
Adjustments in respect of prior periods	(79,438)	-
Other taxes	2,504	(12,582)
Total current tax	<u>(67,939)</u>	<u>4,233</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(394,750)	(244,658)
Changes in tax rates	57,510	36,658
Total deferred tax	<u>(337,240)</u>	<u>(208,000)</u>
Total tax credit	<u>(405,179)</u>	<u>(203,767)</u>

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Taxation

(Continued)

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

	2016 £	2015 £
Profit before taxation	694,310	1,508,944
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	138,862	301,789
Tax effect of expenses that are not deductible in determining taxable profit	42,111	20,699
Change in unrecognised deferred tax assets	-	109,570
Adjustments in respect of prior years	(79,438)	(107,372)
Effect of change in corporation tax rate	71,314	36,658
Depreciation on assets not qualifying for tax allowances	5,872	24,463
Research and development tax credit	(597,207)	(592,759)
Other non-reversing timing differences	13,307	3,185
Taxation credit for the year	(405,179)	(203,767)

### 11 Dividends

	2016 £	2015 £
Final paid	140,000	140,701

### 12 Intangible fixed assets

Group	Development Costs £
<b>Cost</b>	
At 1 January 2016	203,138
Additions - internally developed	167,552
At 31 December 2016	370,690
<b>Amortisation and impairment</b>	
At 1 January 2016	44,266
Amortisation charged for the year	85,321
At 31 December 2016	129,587

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 12 Intangible fixed assets

(Continued)

##### Carrying amount

At 31 December 2016

241,103

At 31 December 2015

158,872

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

## PAXTON ACCESS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

#### 13 Tangible fixed assets

Group	Freehold properties	Leasehold properties	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 January 2016	2,375,400	2,190,776	933,734	2,899,837	1,662,780	23,129	10,085,656
Additions	-	3,047,453	60,545	797,060	331,298	-	4,236,356
Disposals	-	-	(7,634)	(1,124,888)	(664,018)	(27,875)	(1,824,415)
Exchange adjustments	-	-	17,241	-	34,876	4,746	56,863
At 31 December 2016	2,375,400	5,238,229	1,003,886	2,572,009	1,364,936	-	12,554,460
<b>Depreciation and impairment</b>							
At 1 January 2016	41,665	99,666	293,779	1,362,425	931,946	11,146	2,740,627
Depreciation charged in the year	17,091	79,311	86,299	486,280	378,099	-	1,047,080
Eliminated in respect of disposals	-	-	(7,634)	(937,876)	(661,070)	(13,433)	(1,620,013)
Exchange adjustments	-	-	1,852	-	8,527	2,287	12,666
At 31 December 2016	58,756	178,977	374,296	910,829	657,502	-	2,180,360
<b>Carrying amount</b>							
At 31 December 2016	2,316,644	5,059,252	629,590	1,661,180	707,434	-	10,374,100
At 31 December 2015	2,333,735	2,091,110	639,953	1,537,412	730,834	11,983	7,345,027

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Company		Freehold properties £	Leasehold properties £	Total £
<b>Cost</b>				
At 1 January 2016		2,370,400	2,492,699	4,863,099
Additions		-	3,047,453	3,047,453
At 31 December 2016		2,370,400	5,540,152	7,910,552
<b>Depreciation and impairment</b>				
At 1 January 2016		41,665	194,298	235,963
Depreciation charged in the year		17,091	79,311	96,402
At 31 December 2016		58,756	273,609	332,365
<b>Carrying amount</b>				
At 31 December 2016		2,311,644	5,266,543	7,578,187
At 31 December 2015		2,328,735	2,298,401	4,627,136

14	<b>Fixed asset investments</b>					
		Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
	Investments in subsidiaries	30	-	-	250,249	250,249
	<b>Movements in fixed asset investments</b>					
	<b>Company</b>					<b>Shares in group undertakings £</b>
	<b>Cost or valuation</b>					
	At 1 January 2016 and 31 December 2016					250,249
	<b>Carrying amount</b>					
	At 31 December 2016					250,249
	At 31 December 2015					250,249

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 15 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	5,694,370	5,913,778	138,496	247,500
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	12,715,558	9,767,989	6,377,729	4,606,457

### 16 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	126,177	142,245	-	-
Finished goods and goods for resale	3,341,356	4,293,410	-	-
	3,467,533	4,435,655	-	-

### 17 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	5,678,818	5,656,036	-	-
Corporation tax recoverable	1,289	-	-	-
Amounts due from group undertakings	-	-	138,496	-
Other debtors	54,000	272,508	35,497	249,259
Prepayments and accrued income	561,816	410,213	173,267	-
	6,295,923	6,338,757	347,260	249,259
<b>Amounts falling due after more than one year:</b>				
Deferred tax asset (note 21)	1,053,240	716,000	-	-
<b>Total debtors</b>	<b>7,349,163</b>	<b>7,054,757</b>	<b>347,260</b>	<b>249,259</b>

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 18 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	20	477,434	561,664	477,434	557,868
Other borrowings	20	512,096	1,520,316	512,096	-
Trade creditors		5,061,073	4,623,857	132,724	5,360
Amounts due to group undertakings		-	-	18,357	3,018,354
Other taxation and social security		828,143	765,371	-	-
Other creditors		2,785,276	1,628,184	1,736,975	26,500
Accruals and deferred income		382,686	438,743	3,150	3,150
		<u>10,046,708</u>	<u>9,538,135</u>	<u>2,880,736</u>	<u>3,611,232</u>

#### 19 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	20	<u>3,496,993</u>	<u>995,225</u>	<u>3,496,993</u>	<u>995,225</u>
Amounts included above which fall due after five years are as follows:					
Payable by instalments		<u>1,731,472</u>	<u>763,412</u>	<u>1,731,472</u>	<u>763,412</u>



# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 20 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	3,974,427	1,522,027	3,974,427	1,522,027
Bank overdrafts	-	34,862	-	31,066
Directors' loans	1,736,975	1,591,324	1,736,975	26,500
Loans from related parties	512,096	-	512,096	-
Other loans	-	1,520,316	-	-
	<u>6,223,498</u>	<u>4,668,529</u>	<u>6,223,498</u>	<u>1,579,593</u>
Payable within one year	2,726,505	3,673,304	2,726,505	584,368
Payable after one year	<u>3,496,993</u>	<u>995,225</u>	<u>3,496,993</u>	<u>995,225</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>1,731,472</u>	<u>763,412</u>	<u>1,731,472</u>	<u>763,412</u>

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

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

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

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

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 21 Deferred taxation

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

	Assets 2016 £	Assets 2015 £
<b>Group</b>		
Accelerated capital allowances	(35,033)	(108,000)
Tax losses	1,088,273	824,000
	<u>1,053,240</u>	<u>716,000</u>

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
<b>Movements in the year:</b>		
Liability at 1 January 2016	(716,000)	-
Charge to profit or loss	(396,510)	-
Effect of change in tax rate - profit or loss	59,270	-
	<u>(1,053,240)</u>	<u>-</u>
Liability at 31 December 2016	<u>(1,053,240)</u>	<u>-</u>

#### 22 Provisions for liabilities

Group 2016 £	2015 £	Company 2016 £	2015 £
<u>243,000</u>	<u>243,000</u>	<u>-</u>	<u>-</u>

Movements on provisions:

Group	£
At 1 January 2016 and 31 December 2016	<u>243,000</u>

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

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 23 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	408,975	552,950

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

### 24 Other reserves

<b>Group</b>	<b>Merger reserve £</b>
At 1 January 2015	57,450
At 31 December 2015	57,450
At 31 December 2016	57,450
<b>Company</b>	<b>Merger reserve £</b>
At 1 January 2015	-
At 31 December 2015	-
At 31 December 2016	-

### 25 Share capital

	<b>Group and company</b>	
	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000 Ordinary shares of £211.002 each	211,002	211,002

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 26 Profit and loss reserves

	Group 2016 £	2015 £	Company 2016 £	2015 £
At the beginning of the year	10,278,839	8,706,829	309,186	259,503
Profit for the year	1,099,489	1,712,711	1,460,691	190,384
Dividends	(140,000)	(140,701)	(140,000)	(140,701)
Currency translation differences	35,100	-	-	-
At the end of the year	11,273,428	10,278,839	1,629,877	309,186

### 27 Operating lease commitments

#### Lessee

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

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

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	284,642	326,328	-	-
Between two and five years	289,046	409,489	-	-
	573,688	735,817	-	-

### 28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Acquisition of tangible fixed assets	-	2,475,000	-	2,475,000

### 29 Controlling party

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

# PAXTON ACCESS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 30 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Paxton Access Limited	England & Wales	Manufacture and distribution of electronic goods	Ordinary	100.00	
General Distribution Limited	England & Wales	Manufacture and distribution of electronic goods	Ordinary	100.00	
Paxton Access GmbH	Germany	Sale and distribution of electronic goods	Ordinary	100.00	
Paxton Access Inc	USA	Sale and distribution of electronic goods	Ordinary	100.00	
Paxton Access DMCC	UAE	Sale and distribution of electronic goods	Ordinary	100.00	

The investments in subsidiaries are all stated at cost.

### 31 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	1,099,489	1,712,711
Adjustments for:		
Taxation credited	(405,179)	(203,767)
Finance costs	125,359	60,538
Investment income	(3)	-
Loss/(gain) on disposal of tangible fixed assets	194,321	(51,252)
Amortisation and impairment of intangible assets	85,321	37,761
Depreciation and impairment of tangible fixed assets	1,047,080	822,817
Movements in working capital:		
Decrease/(increase) in stocks	968,122	(844,161)
Decrease/(increase) in debtors	34,067	(1,124,536)
Increase/(decrease) in creditors	1,601,980	(794,596)
<b>Cash generated from/(absorbed by) operations</b>	<b>4,750,557</b>	<b>(384,485)</b>