

AAMP ARMOUR GROUP LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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AAMP ARMOUR GROUP LIMITED

COMPANY INFORMATION

Directors	D Hill (resigned 4 January 2018) D M Tolson S Verano (appointed 4 January 2018)
Registered number	08907676
Registered office	25B Woolmer Way Bordon Hampshire GU35 9QE
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 5 Benham Road Southampton Hampshire SO16 7QJ
Bankers	Lloyds Bank Plc 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

AAMP ARMOUR GROUP LIMITED

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AAMP ARMOUR GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Introduction

The Company is a wholly owned subsidiary of Audax AAMP Holdings Inc.

The Group's principal activity is the design, manufacture and distribution of electrical equipment which include connectivity solutions and audio visual, communications, entertainment, and in-vehicle safety products.

Business review

The Group operates across a variety of sales channels and countries which makes it difficult to benchmark individual channels and country performance, however, the different channels in which our competition operate are kept under review, comparing the Group's financial results against those of major competitors.

The results for the period and the financial position of the Group were considered to be satisfactory by the directors.

Principal risks and uncertainties

Competitive pressure in the UK, Europe and the rest of the world is a continuing risk for the Group, which could result in it losing sales to its key competitors. The Group manages risk by providing added value services to its customers, continually updating and developing its range of products, having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships with customers.

The Group makes purchases in US dollars and is therefore exposed to the movement in the Dollar to the Pound exchange rate. Where appropriate the Group takes out forward foreign exchange contracts to mitigate the effects of this risk. The Group also makes sales in US dollars to further mitigate exchange risk.

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

The Group monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Key performance indicators

The Group uses a variety of KPIs to monitor the business. These KPIs include the monitoring of sales, margins, debtors, stock and cash generation.

Financial key performance indicators

Sales have increased by 2.2% over the previous year, which was broadly in line with the expectations of the directors.

Gross profit margins remained consistent year on year, decreasing by a marginal 0.1% points to 32.3%.

AAMP ARMOUR GROUP LIMITED

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

Other key performance indicators

The Group is committed to providing first class customer service and has a number of targets which it measures against in order to ensure its objectives are realised.

Non-Financial KPI's include customer satisfaction targets, stock availability targets, shipments despatched targets and product return rates.

Development and performance

The Group continues to invest in research and development. This has resulted in the launch of new products and the improvement of existing products and product ranges during the year. The directors regard investment in research and development as necessary for continuing success of the Group and consequently envisage continued on-going evaluation and engagement in projects of a technical nature.

This report was approved by the board on 10 MAR 2018 and signed on its behalf.



D M Tolson
Director

AAMP ARMOUR GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Results and dividends

The profit for the year, after taxation, amounted to £1,550,926 (2016 : loss £1,124,368).

The directors do not recommend payment of a dividend.

Directors

The directors who served during the year were:

D Hill (resigned 4 January 2018)
D M Tolson

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

AAMP ARMOUR GROUP LIMITED

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

Financial risk management policies and objectives

The Group has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure.

Foreign exchange risk

The Group is exposed to currency exchange risk due to a significant proportion of its receivables and operating expenses being denominated in non-sterling currencies.

Liquidity risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows.

Customer credit exposure

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

Future developments

The Group is committed to ongoing investment in research and development in order to remain competitive with its product offering within the markets that it operates.

Employees

The Group regularly communicates with all employees to keep them informed of the performance of the Group and all other matters affecting them.

Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The financial statements have been prepared on a going concern basis as the ultimate parent company has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.

Post balance sheet events

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

AAMP ARMOUR GROUP LIMITED

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

Disclosure of information to auditors

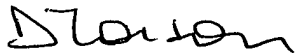
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 MAY 2018 and signed on its behalf.



D M Tolson
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AAMP ARMOUR GROUP LIMITED

Opinion

We have audited the financial statements of AAMP Armour Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated statement of cash flows, the consolidated and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

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 Auditors' 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.

Conclusions relating to going concern

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

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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AAMP ARMOUR GROUP LIMITED
(CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

Matters on which we are required to report by exception

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

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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AAMP ARMOUR GROUP LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



Norman Armstrong BSc FCA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Southampton
Date: 16 Aug 2018

AAMP ARMOUR GROUP LIMITED

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

	Note	2017 £	2016 £
Turnover	4	19,121,810	18,711,604
Cost of sales		(12,944,780)	(12,640,044)
Gross profit		6,177,030	6,071,560
Distribution costs		(2,046,773)	(2,214,210)
Administrative expenses		(2,046,616)	(4,658,807)
Other operating income	5	6,157	2,597
Operating profit/(loss)		2,089,798	(798,860)
Interest receivable and similar income	10	2,394	-
Interest payable and expenses	11	(209,752)	(216,960)
Profit/(loss) before tax		1,882,440	(1,015,820)
Tax on profit/(loss)	12	(331,514)	(108,548)
Profit/(loss) for the year		1,550,926	(1,124,368)
Other comprehensive income for the year			
Currency translation differences on foreign currency net investments		(489)	78,291
Other comprehensive income for the year		(489)	78,291
Total comprehensive income for the year		1,550,437	(1,046,077)
Profit for the year attributable to:			
Owners of the parent company		1,550,926	(1,124,368)
		1,550,926	(1,124,368)

The notes on pages 16 to 38 form part of these financial statements.

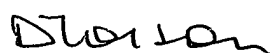
AAMP ARMOUR GROUP LIMITED
REGISTERED NUMBER:08907676

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	14	5,022,108	5,546,175
Tangible assets	15	121,620	132,630
		<u>5,143,728</u>	<u>5,678,805</u>
Current assets			
Stocks	16	4,343,864	4,107,407
Debtors	17	3,768,695	4,088,834
Cash at bank and in hand	18	1,179,639	896,896
		<u>9,292,198</u>	<u>9,093,137</u>
Creditors: amounts falling due within one year	19	(3,052,510)	(3,214,418)
Net current assets		<u>6,239,688</u>	<u>5,878,719</u>
Total assets less current liabilities		<u>11,383,416</u>	<u>11,557,524</u>
Creditors: amounts falling due after more than one year	20	(10,207,883)	(11,988,596)
Provisions for liabilities			
Deferred tax	22	(116,008)	(59,840)
Net assets/(liabilities)		<u>1,059,525</u>	<u>(490,912)</u>
Capital and reserves			
Called up share capital	24	2	2
Foreign exchange reserve	23	672	1,161
Profit and loss account	23	1,058,851	(492,075)
		<u>1,059,525</u>	<u>(490,912)</u>

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

10 MAY 2018



D M Tolson
Director

The notes on pages 16 to 38 form part of these financial statements.

AAMP ARMOUR GROUP LIMITED
REGISTERED NUMBER:08907676

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	13	8,335,000	8,335,000
		<u>8,335,000</u>	<u>8,335,000</u>
Current assets			
Debtors	17	2	2
		<u>2</u>	<u>2</u>
Creditors: amounts falling due within one year	19	(1,437,936)	(319,076)
Net current liabilities		<u>(1,437,934)</u>	<u>(319,074)</u>
Total assets less current liabilities		<u>6,897,066</u>	<u>8,015,926</u>
Creditors: amounts falling due after more than one year	20	(10,207,883)	(11,988,596)
Net liabilities		<u>(3,310,817)</u>	<u>(3,972,670)</u>
Capital and reserves			
Called up share capital	24	2	2
Profit and loss account brought forward		(3,972,672)	(1,642,437)
Profit/(loss) for the year		661,853	(2,330,235)
Profit and loss account carried forward		<u>(3,310,819)</u>	<u>(3,972,672)</u>
		<u>(3,310,817)</u>	<u>(3,972,670)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
10 MAY 2018

D M Tolson

D M Tolson
Director

The notes on pages 16 to 38 form part of these financial statements.

AAMP ARMOUR GROUP LIMITED

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

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2017	2	1,161	(492,075)	(490,912)	(490,912)
Profit for the year	-	-	1,550,926	1,550,926	1,550,926
Other comprehensive income	-	(489)	-	(489)	(489)
At 31 December 2017	2	672	1,058,851	1,059,525	1,059,525

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

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2016	2	(77,131)	632,293	555,164	555,164
Loss for the year	-	-	(1,124,368)	(1,124,368)	(1,124,368)
Other comprehensive income	-	78,292	-	78,292	78,292
At 31 December 2016	2	1,161	(492,075)	(490,912)	(490,912)

The notes on pages 16 to 38 form part of these financial statements.

AAMP ARMOUR GROUP LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	2	(3,972,672)	(3,972,670)
Profit for the year	-	661,853	661,853
At 31 December 2017	2	(3,310,819)	(3,310,817)

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	2	(1,642,437)	(1,642,435)
Loss for the year	-	(2,330,235)	(2,330,235)
At 31 December 2016	2	(3,972,672)	(3,972,670)

The notes on pages 16 to 38 form part of these financial statements.

AAMP ARMOUR GROUP LIMITED

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

	2017 £	2016 £
Cash flows from operating activities		
Profit/(loss) for the financial year	1,550,926	(1,124,368)
Adjustments for:		
Amortisation of intangible assets	536,365	534,901
Depreciation of tangible assets	88,618	89,992
Interest	209,752	212,885
Interest received	(2,394)	-
Taxation	335,144	108,548
(Increase) in stocks	(236,457)	(1,006,629)
Decrease/(increase) in debtors	300,882	(514,087)
Increase in creditors	212,386	421,109
(Decrease)/increase in amounts owed to groups	(571,682)	214,311
Corporation tax (paid)	(77,957)	(110,025)
FOREX translation on financing loan	(876,126)	2,109,710
Other forex movements	(852)	87,694
Net cash generated from operating activities	1,468,605	1,024,041
Cash flows from investing activities		
Purchase of intangible fixed assets	(12,280)	(22,712)
Purchase of tangible fixed assets	(77,277)	(49,362)
Interest received	2,394	-
Net cash from investing activities	(87,163)	(72,074)

AAMP ARMOUR GROUP LIMITED

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

	2017 £	2016 £
Cash flows from financing activities		
Repayment of other loans	(888,947)	(195,558)
Interest paid	(209,752)	(212,885)
Net cash used in financing activities	(1,098,699)	(408,443)
Net increase in cash and cash equivalents	282,743	543,524
Cash and cash equivalents at beginning of year	896,896	353,372
Cash and cash equivalents at the end of year	1,179,639	896,896
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,179,639	896,896
	1,179,639	896,896

AAMP ARMOUR GROUP LIMITED

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

1. General information

AAMP Armour Group Limited is incorporated in the United Kingdom.

The Company is a holding company. The Group's principal activity is the design, manufacture and distribution of electrical equipment which include connectivity solutions and audio visual, communications, entertainment, and in-vehicle safety products.

2. Accounting policies

2.1 Company information and basis of preparation of financial statements

The financial statements are presented in Sterling (£).

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

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

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit for the year was £661,853 (2016: loss £2,330,235).

The individual accounts of FRS 102 Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks.

The following principal accounting policies have been applied:

AAMP ARMOUR GROUP LIMITED

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

2. Accounting policies (continued)

2.2 Basis of consolidation

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

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

The group financial statements consolidate the financial statements of AAMP Armour Group Limited and all its subsidiary undertakings drawn up to 31 December each year.

The individual accounts of AAMP Armour Group Limited have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures including categories of financial instruments, items of income, expense, gains or losses relation to financial instruments and exposure to and management of financial risks.

2.3 Going concern

The financial statements have been prepared on a going concern basis as the ultimate parent company has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

AAMP ARMOUR GROUP LIMITED

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

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful range as follows:

Technology	- 8 years
Software	- 5 years
Goodwill	- 15 years
Trademarks	- 15 years
Customer relationship	- 15 years

AAMP ARMOUR GROUP LIMITED

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

2. Accounting policies (continued)

2.6 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 3 to 5 years
Motor vehicles	- 3 years
Fixtures and fittings	- 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

AAMP ARMOUR GROUP LIMITED

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

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the average cost basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

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

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

2.12 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

AAMP ARMOUR GROUP LIMITED

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

2. Accounting policies (continued)

2.12 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

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

AAMP ARMOUR GROUP LIMITED

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

2. Accounting policies (continued)

2.15 Finance costs

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

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.19 Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

AAMP ARMOUR GROUP LIMITED

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

2. Accounting policies (continued)

2.20 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic life of 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

AAMP ARMOUR GROUP LIMITED

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

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

(a) Impairment of goodwill and other intangible assets

The Group is required to test on an annual basis, whether goodwill has suffered any impairment. Other intangible assets are tested for impairment when indication of impairment exists. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

(b) Useful lives of intangible assets and property, plant and equipment.

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Statement of Comprehensive Income and Retained Earnings.

(c) Inventories

The Group reviews the net realisable value of and demand for inventory on a regular basis and particularly at the year-end to provide assurance that it is stated at the lower of cost and net realisable value. Factors that could impact estimated demand and selling prices include the timing and success of future technological innovations, competitor activities, supplier prices and economic trends.

(d) Debtors

The Group makes judgements as to its ability to collect outstanding receivables and provides allowances for the portion of receivables when collection becomes doubtful. Provisions are made based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are recorded at differing percentages, based on the age of the receivable. In determining these percentages, the Group analyses its historical collection experience. Since the Group cannot predict with certainty future changes in the financial stability of its customers, additional provisions for doubtful accounts may be needed and the future results of operations could be affected.

AAMP ARMOUR GROUP LIMITED

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

4. Turnover

	2017 £	2016 £
Sales of goods	19,121,810	18,711,604

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom & Europe	18,880,316	18,396,529
Rest of the world	241,494	315,075
	19,121,810	18,711,604

5. Other operating income

	2017 £	2016 £
Profit on disposal of tangible assets	6,157	2,597

6. Operating profit/(loss)

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

	2017 £	2016 £
Research & development charged as an expense	544,093	406,325
Depreciation of tangible fixed assets	88,618	89,992
Amortisation of intangible assets, including goodwill	536,365	534,901
Exchange differences	(917,900)	2,022,016
Other operating lease rentals	383,173	339,068

AAMP ARMOUR GROUP LIMITED

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

7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	30,400	29,960
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to accounts preparation	3,100	3,100
Other services relating to taxation	9,970	9,680
	13,070	12,780

8. Employees

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

	Group 2017 £	Group 2016 £
Wages and salaries	2,378,555	2,287,689
Social security costs	326,109	312,948
Cost of defined contribution scheme	72,222	93,790
	2,776,886	2,694,427

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

	2017 No.	2016 No.
Manufacturing	25	24
Selling and distribution	28	31
Administration	13	12
	66	67

AAMP ARMOUR GROUP LIMITED

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

9. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	96,400	100,000
Directors pension costs - defined contrib'n sch.	10,000	10,000
	106,400	110,000

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

	2017	2016
	£	£
Other interest receivable	2,394	-

11. Interest payable and similar charges

	2017	2016
	£	£
Bank interest payable	3,119	4,075
Loans from group undertakings	206,633	212,885
	209,752	216,960

AAMP ARMOUR GROUP LIMITED

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

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	276,102	-
Adjustments in respect of previous periods	(51)	-
	<u>276,051</u>	<u>-</u>
Foreign tax		
Foreign tax on income for the year	-	78,622
Total current tax	<u>276,051</u>	<u>78,622</u>
Deferred tax		
Origination and reversal of timing differences	55,463	29,926
Total deferred tax	<u>55,463</u>	<u>29,926</u>
Taxation on profit on ordinary activities	<u>331,514</u>	<u>108,548</u>

AAMP ARMOUR GROUP LIMITED

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

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	1,882,440	(1,015,820)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	362,371	(203,604)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	103,945	9,254
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,457	2,464
Capital allowances for year in excess of depreciation	12,847	-
Adjustments to tax charge in respect of prior periods	(51)	-
Short term timing difference leading to an increase (decrease) in taxation	(18,136)	23,958
Non-taxable income	(15,699)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(44,078)	(15,281)
Deferred tax not recognised	(112,515)	176,962
Differences in the tax rates	15,427	30,205
Overseas taxation	21,946	84,590
Total tax charge for the year	331,514	108,548

AAMP ARMOUR GROUP LIMITED

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

13. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
AAMP Global Limited	Ordinary	100 %	Distribution of electrical equipment
Armour Nordic AB	Ordinary	100 %	Distribution of electrical equipment
Armour Nordic AS	Ordinary	100 %	Distribution of electrical equipment
Continental Technologies and Investments Limited	Ordinary	100 %	Dormant
Autoleads Limited	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
AAMP Global Limited	7,327,961	959,815
Armour Nordic AB	14,759	(35,765)
Armour Nordic AS	1,446,714	504,998
	8,789,434	1,429,048

AAMP ARMOUR GROUP LIMITED

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

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	8,335,000
At 31 December 2017	8,335,000
Net book value	
At 31 December 2017	8,335,000
At 31 December 2016	8,335,000

AAMP ARMOUR GROUP LIMITED

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

14. Intangible assets

Group and Company

	Technology £	Software £	Trade- marks £	Goodwill £	Customer relationship £	Total £
Cost						
At 1 January 2017	854,000	421,467	1,380,000	704,988	3,900,000	7,260,455
Additions	-	12,298	-	-	-	12,298
Disposals	-	(70,730)	-	-	-	(70,730)
At 31 December 2017	854,000	363,035	1,380,000	704,988	3,900,000	7,202,023
Amortisation						
At 1 January 2017	293,562	323,471	253,000	129,247	715,000	1,714,280
Charge for the year	106,750	30,616	92,000	46,999	260,000	536,365
On disposals	-	(70,730)	-	-	-	(70,730)
At 31 December 2017	400,312	283,357	345,000	176,246	975,000	2,179,915
Net book value						
At 31 December 2017	453,688	79,678	1,035,000	528,742	2,925,000	5,022,108
At 31 December 2016	560,438	97,996	1,127,000	575,741	3,185,000	5,546,175

AAMP ARMOUR GROUP LIMITED

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

15. Tangible fixed assets

Group

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2017	1,348,548	22,035	542,756	1,913,339
Additions	71,347	-	5,930	77,277
Disposals	(628,884)	-	(124,672)	(753,556)
Exchange adjustments	1,213	-	-	1,213
At 31 December 2017	792,224	22,035	424,014	1,238,273
Depreciation				
At 1 January 2017	1,257,108	18,476	505,125	1,780,709
Charge for the year on owned assets	75,439	1,456	11,723	88,618
Disposals	(628,884)	-	(124,672)	(753,556)
Exchange adjustments	882	-	-	882
At 31 December 2017	704,545	19,932	392,176	1,116,653
Net book value				
At 31 December 2017	87,679	2,103	31,838	121,620
At 31 December 2016	91,440	3,559	37,631	132,630

AAMP ARMOUR GROUP LIMITED

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

16. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	103,899	127,500	-	-
Finished goods and goods for resale	4,239,965	3,979,907	-	-
	4,343,864	4,107,407	-	-

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

Stock recognised in cost of sales during the year as an expense was £12,694,740 (2016: £12,219,014).

An impairment loss of £66,453 (2016: gain of £9,529) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	3,392,203	3,778,791	-	-
Other debtors	68,465	89,275	-	-
Prepayments and accrued income	308,027	220,768	2	2
	3,768,695	4,088,834	2	2

18. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	1,179,639	896,896	-	-

AAMP ARMOUR GROUP LIMITED

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

19. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	1,291,613	1,174,214	7,640	7,640
Amounts owed to group	210,327	782,009	1,430,296	311,436
Corporation tax	250,361	52,973	-	-
Taxation and social security	340,576	447,652	-	-
Other creditors	104,999	79,920	-	-
Accruals and deferred income	854,634	677,650	-	-
	3,052,510	3,214,418	1,437,936	319,076

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Audax AAMP loans	10,207,883	11,988,596	10,207,883	11,988,596

These loans are held in USD and are made up of an interest free business funding loan \$6,388,549 and a balance of \$8,446,139 bearing interests at 3.32% per annum. Repayments are variable and made based on the availability of cash.

21. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	1,179,639	896,896	-	-
Financial assets measured at amortised cost	3,460,848	3,868,066	2	2
Financial liabilities				
Financial liabilities measured at amortised cost	(11,604,495)	13,242,730	(10,215,523)	(11,996,236)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade and other receivables.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and loans.

AAMP ARMOUR GROUP LIMITED

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

22. Deferred taxation**Group**

	2017 £	2016 £
At beginning of year	(59,840)	(23,611)
Charged to profit or loss	(56,168)	(36,229)
At end of year	(116,008)	(59,840)

	Group 2017 £	Group 2016 £
Accelerated capital allowances	(132,746)	(75,622)
Short term timing differences	16,738	15,782
	(116,008)	(59,840)

23. Reserves**Foreign exchange reserve**

This comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

Profit and loss account

This comprises all current and prior period retained profits and losses.

AAMP ARMOUR GROUP LIMITED

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

24. Share capital

	2017 £	2016 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
200 Ordinary shares of £0.01 each	<u>2</u>	<u>2</u>

Share capital represents the nominal value of shares that have been issued.

The ordinary shares confer the right to vote at all general meetings and on all written resolutions, the right to participate pari passu in any distribution or dividend payable, and the right on a winding up or other return of capital to receive a return of the nominal amount paid up on the ordinary shares and to participate pari passu in any further distribution of assets.

25. Capital commitments

The group had no capital commitments at 31 December 2017 (2016: £Nil).

26. Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £72,222 (2016: £93,790). Contributions totaling £1,359 (2016: £1,247) were payable to the fund at the balance sheet date and are included in creditors.

AAMP ARMOUR GROUP LIMITED

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

27. Commitments under operating leases

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

	Group 2017 £	<i>Group 2016 £</i>
Land and buildings		
Not later than 1 year	162,306	272,201
Later than 1 year and not later than 5 years	224,622	385,681
Later than 5 years	-	-
	386,928	657,882
	Group 2017 £	<i>Group 2016 £</i>
Others		
Not later than 1 year	87,382	78,549
Later than 1 year and not later than 5 years	72,723	70,438
	160,105	148,987

The Group charge to the income statement for operating leases was £383,173 (2016: £481,089).

28. Related party transactions

The following related party transactions occurred in the year:

Interest was payable to Audax AAMP Holdings Inc of £206,633 (2016: £212,885).

There were sales of £35,590 (2016: £175,309) with AAMP of America.

There were purchases of £465,688 (2016: £318,897) with AAMP of America.

29. Controlling party

The Company's ultimate controlling party is Audax AAMP Holdings Inc by virtue of its 100% holding in the share capital of AAMP Armour Group Limited. This represents the largest group of undertakings for which group accounts are drawn up.