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Registered number: 00327695

DORMAN SMITH SWITCHGEAR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

DORMAN SMITH SWITCHGEAR LIMITED
REGISTERED NUMBER:00327695

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note		2016 £		2015 £
Fixed assets					
Intangible assets	4		**196,670**		9,676
Tangible assets	5		**136,143**		207,346
Investments	6		**-**		165,330
			332,813		382,352
Current assets					
Stocks	7	**926,384**		867,469	
Debtors: amounts falling due within one year	8	**1,331,003**		1,323,929	
Cash at bank and in hand	9	**154,204**		241,565	
		2,411,591		2,432,963	
Creditors: amounts falling due within one year	10	**(1,955,885)**		(1,881,635)	
Net current assets			**455,706**		551,328
Total assets less current liabilities			**788,519**		933,680
Creditors: amounts falling due after more than one year	11		**(629,632)**		(803,806)
Provisions for liabilities					
Other provisions	12	**(4,050)**		(18,421)	
			(4,050)		(18,421)
Net assets			**154,837**		111,453
Capital and reserves					
Called up share capital			**165,330**		165,330
Retained profits			**(10,493)**		(53,877)
			154,837		111,453

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

C J Josselyn

**BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016**

Director

Date: 24/8/17

The notes on pages 3 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

The company is a private limited company limited by shares. Its registered office is Ground Floor Unit 1, Nelson Court Business Centre, Preston, PR2 2XU and its principal place of business is 8 Swinbourne Dr, Braintree CM7 2YG. The principal activity of the company is the assembly and distribution of electrical transmission and distribution panels, electric switches and electric distribution boards.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

These financial statements have been prepared on the going concern basis.

The company's ultimate controlling party, JBK Holdings Limited, has indicated that it will provide financial support to ensure the company can continue to trade for the foreseeable future and that it has the means to do so.

On this basis, the directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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. Accounting policies (continued)

2.4 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.

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	- 5 years straight line
Fixtures and fittings	- 5 years straight line
Computer equipment	- 3 - 7 years straight line

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 Statement of Comprehensive Income.

2.6 Operating leases

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

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

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.8 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 cost of purchase on a first in, first out 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.

2.9 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.

2.10 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.

2. Accounting policies (continued)

2.11 Financial instruments

The Company 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 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.

2.12 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.

2.13 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. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

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

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

Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the Group entity which is legally responsible for the plan and all other Group entities recognise a cost equal to their contribution payable for the period.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.16 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 lives, which range from 3 to 6 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.

3. Employees

The average monthly number of employees, including directors, during the year was 40 (2015 - 41).

4. Intangible assets

	Development £
Cost	
At 1 January 2016	**9,676**
Additions	**186,994**
At 31 December 2016	**196,670**
Net book value	
At 31 December 2016	**196,670**
At 31 December 2015	9,676

5. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2016	**96,325**	**1,655**	**253,109**	**351,089**
At 31 December 2016	**96,325**	**1,655**	**253,109**	**351,089**
Depreciation				
At 1 January 2016	**34,820**	**550**	**108,373**	**143,743**
Charge for the period on owned assets	**18,874**	**403**	**51,926**	**71,203**
At 31 December 2016	**53,694**	**953**	**160,299**	**214,946**
Net book value				
At 31 December 2016	**42,631**	**702**	**92,810**	**136,143**
At 31 December 2015	61,505	1,105	144,736	207,346

6. Fixed asset investments

	Investments in subsidiary company £
At 1 January 2016	**165,330**
Disposals	**(165,330)**
At 31 December 2016	-
At 31 December 2015	165,330

As a result of a group restructuring, the subsidiary company, Dorman Smith Switchgear LLC was disposed of during the year.

7. Stocks

	2016 £	2015 £
Finished goods and goods for resale	**926,384**	867,469
	926,384	867,469

8. Debtors

	2016 £	2015 £
Trade debtors	**1,187,976**	1,181,588
Other debtors	**59,600**	70,632
Prepayments and accrued income	**83,427**	71,709
	1,331,003	1,323,929

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	**154,204**	241,565
	154,204	241,565

10. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	**1,168,219**	1,051,373
Amounts owed to group undertakings	**192,840**	275,946
Taxation and social security	**205,260**	174,060
Other creditors	**295,834**	295,833
Accruals and deferred income	**93,732**	84,423
	1,955,885	1,881,635

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

	2016 £	2015 £
Amounts owed to group undertakings	**629,632**	803,806
	629,632	803,806

12. Provisions

	Legal claim provision £	Warranty provision £	Total £
At 1 January 2016	5,102	13,319	18,421
Utilised in year	(1,052)	(13,319)	(14,371)
At 31 December 2016	**4,050**	**-**	**4,050**

The company has recognised a provision in respect of all industrial deafness claims currently in progress. Any future claims have not been included because a reliable estimate of the obligation cannot currently be made.

The warranty provision has been released in the year.

13. Controlling party

JBK Holdings Limited, a company incorporated in the United Arab Emirates, is the ultimate parent company and controlling party of the group. Dorman Smith Holdings Limited owns the entire share capital of Dorman Smith Swichgear Limited and heads up the smallest and largest group for which group accounts should be prepared. There is no controlling party of JBK Holdings Limited.

14. Auditor's information

The Auditor's report on these financial statements was unqualified. The name of the auditor in MHA MacIntyre Hudson and the Senior Statutory Auditor who signed the Auditor's is Yogan Patel.