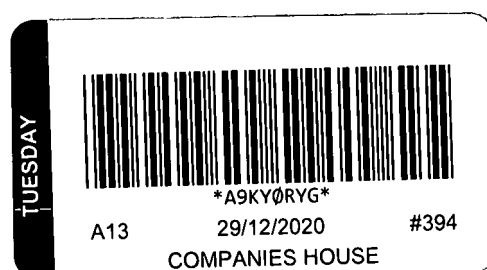


Registered number: 00327695

DORMAN SMITH SWITCHGEAR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



DORMAN SMITH SWITCHGEAR LIMITED
REGISTERED NUMBER: 00327695

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	517,107	523,666
Tangible assets	5	107,726	27,821
		<u>624,833</u>	<u>551,487</u>
Current assets			
Stocks	6	1,591,868	1,474,217
Debtors	7	1,072,854	1,120,074
Cash at bank and in hand	8	194,300	306,159
		<u>2,859,022</u>	<u>2,900,450</u>
Creditors: amounts falling due within one year	9	(2,615,959)	(2,664,780)
Net current assets		<u>243,063</u>	<u>235,670</u>
Total assets less current liabilities		<u>867,896</u>	<u>787,157</u>
Creditors: amounts falling due after more than one year	10	(629,632)	(629,632)
Provisions for liabilities			
Other provisions	11	(2,186)	(2,948)
		<u>(2,186)</u>	<u>(2,948)</u>
Net assets		<u><u>236,078</u></u>	<u><u>154,577</u></u>

DORMAN SMITH SWITCHGEAR LIMITED
REGISTERED NUMBER: 00327695

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	2019 £	2018 £
Capital and reserves		
Called up share capital	165,330	165,330
Profit and loss account	70,748	(10,753)
	<u>236,078</u>	<u>154,577</u>

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 on


C J Josselyn
Director

23 December 2020

The notes on pages 3 to 12 form part of these financial statements.

DORMAN SMITH SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The company is a private limited company limited by shares. Its company registration number is 00327695. Its registered office is Ground Floor Unit 1, Nelson Court Business Centre, Preston, PR2 2XU and its principal place of business is 8 Swinbourne Drive, Braintree CM7 2YG.

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

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. Like most businesses worldwide, the COVID-19 pandemic and the ensuing economic shutdown has had some impact on the Company's operations. This has seen a temporary slowdown in sales and therefore the Company has taken necessary steps available to it to mitigate this impact.

In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

In making these assessments the Directors are assuming that business will operate at a reduced capacity at the beginning of the financial year before returning to more normal trading levels after the first quarter of the 2021 financial year. Additionally the business has availed itself of available reliefs put forward by HM Government including the furloughing of staff.

Although the forecast prepared takes accounts of the matters above, the full impact of COVID 19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

The Directors have concluded that the external macroeconomic circumstances may give rise to a material uncertainty. However given the result of these assessments including the measures that have been undertaken to mitigate the current adverse impacts, the Directors are of the position that they can continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustment that may arise in the event that the entity is unable to realize its assets and discharge its liabilities in the normal course of business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

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.

2.4 Operating leases: the Company as lessee

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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Research and development

In the research phase of an internal project, if it is not possible to demonstrate that the project will generate future economic benefits, 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.

2.6 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.

DORMAN SMITH SWITCHGEAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.7 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.

2.8 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 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 Statement of Comprehensive Income over its useful economic life. At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Where development costs have been capitalised (see 2.4 above), these are amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years. Goodwill is amortised over the remaining lease term of the building which is between 2 to 3 years.

2.9 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.

DORMAN SMITH SWITCHGEAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.9 Tangible fixed assets (continued)**

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	- 2 - 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.

2.10 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 weighted average 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.

2.11 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.

2.12 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.

2.13 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.

DORMAN SMITH SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.14 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.

2.15 Financial instruments

The Company only enters into basic financial instrument 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

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 Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

DORMAN SMITH SWITCHGEAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Employees

The average monthly number of employees, including directors, during the year was 41 (2018 - 35).

4. Intangible assets

	Research and develop- ment expenditure £	Trademarks £	Goodwill £	Total £
Cost				
At 1 January 2019	519,987	30,816	-	550,803
Additions	-	21,800	50,000	71,800
At 31 December 2019	519,987	52,616	50,000	622,603
Amortisation				
At 1 January 2019	22,463	4,674	-	27,137
Charge for the year	57,939	5,426	14,994	78,359
At 31 December 2019	80,402	10,100	14,994	105,496
Net book value				
At 31 December 2019	439,585	42,516	35,006	517,107
At 31 December 2018	497,524	26,142	-	523,666

DORMAN SMITH SWITCHGEAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2019	115,090	1,655	254,923	371,668
Additions	108,474	1,633	7,060	117,167
At 31 December 2019	223,564	3,288	261,983	488,835
Depreciation				
At 1 January 2019	92,576	1,588	249,683	343,847
Charge for the year on owned assets	31,117	347	5,798	37,262
At 31 December 2019	123,693	1,935	255,481	381,109
Net book value				
At 31 December 2019	99,871	1,353	6,502	107,726
At 31 December 2018	22,514	67	5,240	27,821

DORMAN SMITH SWITCHGEAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Stocks

	2019 £	2018 £
Finished goods and goods for resale	1,591,868	1,474,217
	<u>1,591,868</u>	<u>1,474,217</u>

7. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	57,600	57,600
	<u>57,600</u>	<u>57,600</u>
Due within one year		
Trade debtors	871,050	936,714
Prepayments and accrued income	144,204	125,760
	<u>1,072,854</u>	<u>1,120,074</u>

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	194,300	306,159
	<u>194,300</u>	<u>306,159</u>

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,362,074	1,623,915
Amounts owed to group undertakings	1,059,596	815,243
Other taxation and social security	123,512	157,417
Accruals and deferred income	70,777	68,205
	<u>2,615,959</u>	<u>2,664,780</u>

DORMAN SMITH SWITCHGEAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	2019 £	2018 £
Amounts owed to group undertakings	629,632	629,632
	<u>629,632</u>	<u>629,632</u>

11. Provisions

	Other provisions £
At 1 January 2019	2,948
Utilised in year	(762)
At 31 December 2019	<u>2,186</u>

The provision is in respect of possible claims relating to loss of hearing for past employees.

12. Pension commitments

The Company operates a defined contributions pension 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 £54,464 (2018 - £47,377). Contributions totaling £5,091 (2018 - £12,674) were payable to the fund at the balance sheet date and are included in other creditors.

13. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	64,000	73,083
Later than 1 year and not later than 5 years	176,000	240,000
	<u>240,000</u>	<u>313,083</u>

DORMAN SMITH SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Related party transactions

JBK Holdings Limited is the ultimate parent undertaking of the Company. At the balance sheet date, the amount due to JBK Holdings Limited was £629,632 (2018 - £629,632).

Dorman Smith Switchgear LLC is a member of the JBK Holdings Limited group. In the year the Company made sales to Dorman Smith Switchgear LLC totalling £103,419 (2018 - £80,674). At the balance sheet date, the Company owed Dorman Smith Switchgear LLC £829,556 (2018 - £619,389).

JBK Controls Limited is a member of the JBK Holdings Limited group. At the balance sheet date, the Company owed JBK Controls Limited £180,040 (2018 - £195,854).

Euro Gulf Switchgear Trading WLL is a member of the JBK Holdings Limited group. At the balance sheet date, the Company owed Euro Gulf Switchgear Trading WLL £50,000 (2018 - £Nil).

15. Controlling party

JBK Holdings Limited, a company incorporated in the United Arab Emirates, is the ultimate parent company. There is no controlling party of JBK Holdings Limited.

16. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2019 was unqualified.

The audit report was signed on ~~24~~ **24 December 2020** by Yogan Patel FCA (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.