

Registered number: 00327695

# **DORMAN SMITH SWITCHGEAR LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

FRIDAY



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COMPANIES HOUSE

**DORMAN SMITH SWITCHGEAR LIMITED**  
**REGISTERED NUMBER:00327695**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	4	409,541	196,670
Tangible assets	5	77,068	136,143
		<u>486,609</u>	<u>332,813</u>
<b>Current assets</b>			
Stocks	6	890,009	926,384
Debtors: amounts falling due after more than one year	7	57,600	57,600
Debtors: amounts falling due within one year	7	931,100	1,273,403
Cash at bank and in hand	8	231,062	154,204
		<u>2,109,771</u>	<u>2,411,591</u>
Creditors: amounts falling due within one year	9	(1,819,207)	(1,955,884)
<b>Net current assets</b>		<u>290,564</u>	<u>455,707</u>
<b>Total assets less current liabilities</b>		<u>777,173</u>	<u>788,520</u>
Creditors: amounts falling due after more than one year	10	(629,632)	(629,632)
<b>Provisions for liabilities</b>			
Other provisions	11	(3,401)	(4,050)
		<u>(3,401)</u>	<u>(4,050)</u>
<b>Net assets</b>		<u>144,140</u>	<u>154,838</u>
<b>Capital and reserves</b>			
Called up share capital		165,330	165,330
Profit and loss account		(21,190)	(10,492)
		<u>144,140</u>	<u>154,838</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.

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**DORMAN SMITH SWITCHGEAR LIMITED**  
**REGISTERED NUMBER:00327695**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2017**

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



**C J Josselyn**  
Director

Date: 26/9/18

The notes on pages 3 to 10 form part of these financial statements.

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## **DORMAN SMITH SWITCHGEAR LIMITED**

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

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#### **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.

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 financial statements are presented in pound sterling which is the functional currency of the Company and rounded to the nearest pound.

The following principal accounting policies have been applied:

##### **2.2 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.

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

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**2. Accounting policies (continued)**

**2.3 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.

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.

**2.4 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	- 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.

**2.5 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.

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

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**2. Accounting policies (continued)**

**2.6 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.

**2.7 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.

**2.8 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.

**2.9 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 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 the 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.

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**DORMAN SMITH SWITCHGEAR LIMITED**

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

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**2. Accounting policies (continued)****2.10 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.

**2.11 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.

**2.12 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.

**2.13 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.

**3. Employees**

The average monthly number of employees, including directors, during the year was 38 (2016 - 40).

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**DORMAN SMITH SWITCHGEAR LIMITED**

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

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**4. Intangible assets**

	Development £
<b>Cost</b>	
At 1 January 2017	196,670
Additions	213,900
At 31 December 2017	<u>410,570</u>
<b>Amortisation</b>	
Charge for the year	1,029
At 31 December 2017	<u>1,029</u>
<b>Net book value</b>	
At 31 December 2017	<u>409,541</u>
At 31 December 2016	<u>196,670</u>

**5. Tangible fixed assets**

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2017	96,325	1,655	253,109	351,089
Additions	10,188	-	1,814	12,002
At 31 December 2017	<u>106,513</u>	<u>1,655</u>	<u>254,923</u>	<u>363,091</u>
<b>Depreciation</b>				
At 1 January 2017	53,694	953	160,299	214,946
Charge for the year on owned assets	19,954	363	50,760	71,077
At 31 December 2017	<u>73,648</u>	<u>1,316</u>	<u>211,059</u>	<u>286,023</u>
<b>Net book value</b>				
At 31 December 2017	<u>32,865</u>	<u>339</u>	<u>43,864</u>	<u>77,068</u>
At 31 December 2016	<u>42,631</u>	<u>702</u>	<u>92,810</u>	<u>136,143</u>



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**DORMAN SMITH SWITCHGEAR LIMITED**

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

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**6. Stocks**

	2017 £	2016 £
Finished goods and goods for resale	890,009	926,384
	<u>890,009</u>	<u>926,384</u>

**7. Debtors**

	2017 £	2016 £
<b>Due after more than one year</b>		
Other debtors	57,600	57,600
	<u>57,600</u>	<u>57,600</u>

	2017 £	2016 £
<b>Due within one year</b>		
Trade debtors	863,836	1,187,976
Other debtors	-	2,000
Prepayments and accrued income	67,264	83,427
	<u>931,100</u>	<u>1,273,403</u>

**8. Cash and cash equivalents**

	2017 £	2016 £
Cash at bank and in hand	231,062	154,204
	<u>231,062</u>	<u>154,204</u>

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**DORMAN SMITH SWITCHGEAR LIMITED**

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

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**9. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	1,079,952	1,168,219
Amounts owed to group undertakings	520,573	488,673
Other taxation and social security	192,493	205,260
Other creditors	15,279	-
Accruals and deferred income	10,910	93,732
	<u>1,819,207</u>	<u>1,955,884</u>

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

	2017 £	2016 £
Amounts owed to group undertakings	629,632	629,632
	<u>629,632</u>	<u>629,632</u>

**11. Provisions**

	Legal claim provision £
At 1 January 2017	4,050
Utilised in year	(649)
At 31 December 2017	<u>3,401</u>

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.

**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 £50,755 (2016 - £54,002). Contributions totalling £13,874 (2016 - £7,187) were payable to the fund at the balance sheet date and are included in creditors.

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**DORMAN SMITH SWITCHGEAR LIMITED**

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

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**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 Switchgear Limited and heads up the smallest and largest group. There is no controlling party of JBK Holdings Limited.

**14. Auditor's information**

The auditor's report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on 26/9/18  
Auditor) on behalf of MHA MacIntyre Hudson.

by Yogan Patel FCA (Senior Statutory