

**J. J. SMITH & CO. (WOODWORKING
MACHINERY) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017**

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J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	4		310		-
Tangible assets	5		307,365		267,417
			<u>307,675</u>		<u>267,417</u>
Current assets					
Stocks		1,038,528		1,011,175	
Debtors	6	1,519,795		765,547	
Cash at bank and in hand		1,371,408		1,629,735	
		<u>3,929,731</u>		<u>3,406,457</u>	
Creditors: amounts falling due within one year	7	<u>(2,484,724)</u>		<u>(2,151,875)</u>	
Net current assets			<u>1,445,007</u>		<u>1,254,582</u>
Total assets less current liabilities			<u>1,752,682</u>		<u>1,521,999</u>
Creditors: amounts falling due after more than one year	8		<u>(55,757)</u>		<u>(42,985)</u>
Net assets excluding pension liability			<u>1,696,925</u>		<u>1,479,014</u>
Defined benefit pension liability	10		<u>(731,000)</u>		<u>(713,000)</u>
Net assets			<u><u>965,925</u></u>		<u><u>766,014</u></u>
Capital and reserves					
Called up share capital	11		342,900		342,900
Capital redemption reserve	12		52,500		52,500
Profit and loss reserves	12		570,525		370,614
Total equity			<u><u>965,925</u></u>		<u><u>766,014</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

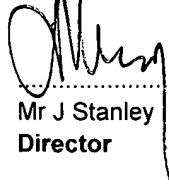
J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2017

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 2/3/18 and are signed on its behalf by:


.....
Mr J Stanley
Director

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

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

1 Accounting policies

Company information

J. J. Smith & Co. (Woodworking Machinery) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Moorgate Road, Knowsley Industrial Park, Kirkby, Liverpool, L33 7DR.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year excluding VAT. Turnover is derived through the sale of woodworking machinery and associated equipment and is recognised at the point that substantially all the risks and rewards attracting to the product are transferred to the customer.

Intangible fixed assets other than goodwill

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

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

Software	33% straight line
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Tangible fixed assets

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

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

Freehold property	Nil
Leasehold improvements	10 - 50% straight line
Plant and machinery	5 - 33% straight line
Fixtures, fittings and equipment	5 - 33% straight line
Motor vehicles	25% straight line

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

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

Stocks

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

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

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

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

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when , and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Employee benefits

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

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The company operates a defined benefit contribution scheme for certain employees which was closed to future accruals in March 2006. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate. The pension scheme assets are valued at market rate.

The pension scheme deficit is recognised in full at the balance sheet date. The deferred tax relating to a defined benefit liability is included with other deferred tax assets or liabilities.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 29 (2016 - 28).

3 Directors' remuneration

	2017 £	2016 £
Remuneration paid to directors	397,002	304,228

Dividends totalling £5,271 (2016 - £2,769) were paid in the year in respect of shares held by the company's directors.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2016 - 4).

4 Intangible fixed assets

	Other £
Cost	
Additions	310
At 31 December 2017	310
Carrying amount	
At 31 December 2017	310
At 31 December 2016	-

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

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

5 Tangible fixed assets

	Freehold property	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2017	4,000	105,422	71,229	284,069	305,492	770,212
Additions	-	10,967	4,764	2,147	134,499	152,377
Disposals	-	-	-	-	(50,496)	(50,496)
At 31 December 2017	4,000	116,389	75,993	286,216	389,495	872,093
Depreciation and impairment						
At 1 January 2017	-	63,525	64,334	250,577	124,359	502,795
Depreciation charged in the year	-	4,180	11,244	9,905	81,705	107,034
Eliminated in respect of disposals	-	-	-	-	(45,101)	(45,101)
At 31 December 2017	-	67,705	75,578	260,482	160,963	564,728
Carrying amount						
At 31 December 2017	4,000	48,684	415	25,734	228,532	307,365
At 31 December 2016	4,000	41,897	6,895	33,492	181,133	267,417

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	1,282,364	281,446
Other debtors	51,322	312,135
Prepayments and accrued income	78,902	62,922
	<u>1,412,588</u>	<u>656,503</u>
Amounts falling due after more than one year:		
	£	£
Deferred tax asset (note 9)	<u>107,207</u>	<u>109,044</u>
Total debtors	<u>1,519,795</u>	<u>765,547</u>

7 Creditors: amounts falling due within one year

	2017	2016
	£	£
Obligations under finance leases	65,530	61,917
Trade creditors	608,578	551,575
Corporation tax	66,302	32,157
Other taxation and social security	538,433	404,766
Other creditors	66,881	551,366
Accruals and deferred income	1,139,000	550,094
	<u>2,484,724</u>	<u>2,151,875</u>

Net obligations under hire purchase agreements are secured over the assets concerned.

8 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Obligations under finance leases	<u>55,757</u>	<u>42,985</u>

Net obligations under hire purchase agreements are secured over the assets concerned.

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Deferred taxation

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

	Assets 2017 £	Assets 2016 £
Balances:		
Accelerated capital allowances	(17,585)	(14,843)
Short term timing differences	522	2,677
Retirement benefit obligations	124,270	121,210
	<u>107,207</u>	<u>109,044</u>
Movements in the year:		2017 £
Liability/(Asset) at 1 January 2017		(109,044)
Charge to profit or loss		14,757
Credit to other comprehensive income		(12,920)
Liability/(Asset) at 31 December 2017		<u>(107,207)</u>

10 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees.

The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £36,311 (2016 - £28,099).

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees.

No other post-retirement benefits are provided.

The scheme is closed to future accrual.

The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 December 2014.

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Retirement benefit schemes (Continued)

<i>Key assumptions</i>	2017 %	2016 %
Discount rate	2.7	3.5
Expected rate of increase of pensions in payment	2.9	3.3
Inflation: RPI	3.2	3.3
Inflation: CPI	2.2	2.3
Statutory revaluation	1.8	2.3

<i>Amounts recognised in the profit and loss account</i>	2017 £	2016 £
Net interest on defined benefit liability/(asset)	23,000	20,000

<i>Amounts taken to other comprehensive income</i>	2017 £	2016 £
Actual return on scheme assets	(310,000)	(380,000)
Less: calculated interest element	162,000	173,000
Return on scheme assets excluding interest income	(148,000)	(207,000)
Actuarial changes related to obligations	224,000	421,000
Total costs	76,000	214,000

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2017 £	2016 £
Present value of defined benefit obligations	5,627,000	5,368,000
Fair value of plan assets	(4,896,000)	(4,655,000)
Deficit in scheme	731,000	713,000

<i>Movements in the present value of defined benefit obligations</i>	2017 £
Liabilities at 1 January 2017	5,368,000
Benefits paid	(150,000)
Actuarial gains and losses	224,000
Interest cost	185,000
At 31 December 2017	5,627,000

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Retirement benefit schemes (Continued)

	2017 £
<i>The defined benefit obligations arise from plans funded as follows:</i>	
Wholly unfunded obligations	-
Wholly or partly funded obligations	5,627,000
	<u>5,627,000</u>

	2017 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2017	4,655,000
Interest income	162,000
Return on plan assets (excluding amounts included in net interest)	148,000
Benefits paid	(150,000)
Contributions by the employer	81,000
At 31 December 2017	<u>4,896,000</u>

	2017 £	2016 £
<i>The analysis of the scheme assets at the reporting date were as follows:</i>		
Equity instruments	3,416,713	3,129,494
Cash	13,271	7,166
Annuities	1,466,016	1,518,340
	<u>4,896,000</u>	<u>4,655,000</u>

11 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
330,000 A Ordinary shares of £1 each	330,000	330,000
	<u>330,000</u>	<u>330,000</u>
Preference share capital		
Issued and fully paid		
12,900 Cumulative preference shares of £1 each	12,900	12,900
	<u>12,900</u>	<u>12,900</u>

J. J. SMITH & CO. (WOODWORKING MACHINERY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12 Reserves

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve that comprises the par value of share capital redeemed by the company.

Profit and loss reserves

The profit and loss reserves comprise earnings net of distributions to owners.

13 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	94,500	94,500
Between one and five years	204,750	299,250
	<u>299,250</u>	<u>393,750</u>

14 Controlling party

The directors do not consider there to be an ultimate controlling party.