

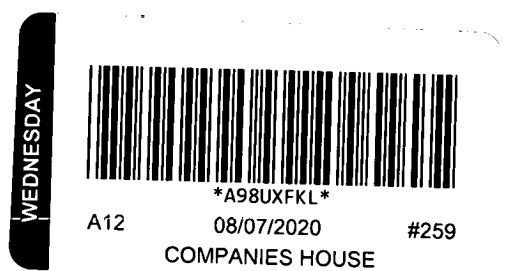
*Statutory Accounts*

**M.P.SMITH & CO LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Company Registration No. 01234802 (England and Wales)**



# **M.P.SMITH & CO LIMITED**

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# **M.P.SMITH & CO LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present the strategic report for the year ended 31 December 2019.

#### **Review and analysis of the business during the year**

The company continued its principal activities throughout the current year.

#### **Principal risks and uncertainties**

Management continually monitor the key risks facing the company. The principal risks facing the company are as follows:

##### **Reliance on key customers**

The company acknowledges the importance of maintaining close relationships with its key customers and management use their considerable experience to ensure our products fulfil customer needs and aspirations completely.

##### **Reliance on key suppliers**

The management continue to monitor the performance of key suppliers to ensure the highest quality products are manufactured to the standards which we and our customers expect.

##### **Retention of key personnel**

Our management team enables the company to ensure the high quality of service is maintained. We seek to ensure our personnel are appropriately remunerated to ensure good performance is recognised.

##### **Currency risk**

The company's principal foreign exposures arrive from trading with overseas companies. The company policy permits but does not demand that these exposures may be hedged in order to fix the cost of sterling. This hedging activity involves the use of foreign exchange forward contracts.

#### **Development, financial performance and position at the reporting date**

There has been no significant change in operations during the year. Turnover has decreased by 5.8% during the year as a result of the uncertainty around the UK's exit from the European market. Margins have increased as a result of the gradual increase in the value of sterling against the dollar. Gross profit consequently decreased from £1,757,843 to £1,719,126. Overheads have decreased slightly during the year resulting in pre tax profits of £579,724.

The financial position of the company has been further strengthened by the retained profit with shareholder funds increasing from £6,755,574 to £7,327,696.

#### **Key performance indicators**

As part of its continuous improvement and quality program, the company monitors a range of key performance indicators and the directors are pleased to comment on a number of these as follows:

Gross profit - Sales less materials, consumables, change in stocks, direct labour and depreciation of plant. This has decreased by £38,717 to £1,719,126 (2018 - £1,757,843).

Gross profit margin - The above gross profit as a percentage of turnover. This has increased to 29.4% from 28.2% in the prior year.

EBITDA - Earnings before interest, tax, depreciation and amortisation. This has decreased to £603,275 from £656,184 in the prior year.

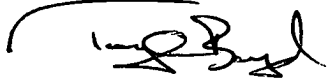
# **M.P.SMITH & CO LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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On behalf of the board



Mr W T Boyd

**Director**

1 July 2020

# M.P.SMITH & CO LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	5		1,616,751		1,672,953
<b>Current assets</b>					
Stocks	6	2,423,055		2,102,364	
Debtors	7	3,608,810		1,085,475	
Cash at bank and in hand		158,944		2,294,150	
		6,190,809		5,481,989	
<b>Creditors: amounts falling due within one year</b>	8	(378,718)		(377,368)	
<b>Net current assets</b>			5,812,091		5,104,621
<b>Total assets less current liabilities</b>			7,428,842		6,777,574
<b>Provisions for liabilities</b>	9		(19,000)		(22,000)
<b>Net assets</b>			7,409,842		6,755,574
<b>Capital and reserves</b>					
Called up share capital	11		6,440		6,000
Share premium account			144,320		-
Profit and loss reserves			7,259,082		6,749,574
<b>Total equity</b>			7,409,842		6,755,574

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

The financial statements were approved by the board of directors and authorised for issue on 1 July 2020 and are signed on its behalf by:



Mr W T Boyd  
Director

Company Registration No. 01234802

# M.P.SMITH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

M.P.Smith & Co Limited is a private company limited by shares incorporated in England and Wales. The registered office is Holloway Drive, Wardley Industrial Estate, Manchester, M28 2LA.

#### 1.1 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.

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 modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

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.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	2% Straight line
Computer equipment	33% Straight line
Plant and equipment	15% Straight line
Fixtures, fittings & equipment	10%/20% Straight line
Motor vehicles	25% Reducing balance

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.

# **M.P.SMITH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Accounting policies**

**(Continued)**

##### **1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

##### **1.7 Cash and cash equivalents**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks.

##### **1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet 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.

# M.P.SMITH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **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.



# M.P.SMITH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

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

### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

# M.P.SMITH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.10 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor:		
<b>For audit services</b>		
Audit of the financial statements of the company	7,725	7,725
Other services	8,598	9,023
	<u>16,323</u>	<u>16,748</u>

# M.P.SMITH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Administration	6	7
Distribution	14	14
Production	28	29
	<hr/>	<hr/>
	48	50
	<hr/>	<hr/>

## M.P.SMITH & CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 5 Tangible fixed assets

	Freehold land and buildings	Computer equipment	Plant and equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2019	1,600,000	113,888	288,546	175,569	85,280	2,263,283
Additions	-	5,295	3,987	7,970	-	17,252
Revaluation	(50,000)	-	-	-	-	(50,000)
At 31 December 2019	1,550,000	119,183	292,533	183,539	85,280	2,230,535
<b>Depreciation and impairment</b>						
At 1 January 2019	-	109,547	259,921	154,179	66,687	590,334
Depreciation charged in the year	-	3,778	10,738	4,286	4,648	23,450
At 31 December 2019	-	113,325	270,659	158,465	71,335	613,784
<b>Carrying amount</b>						
At 31 December 2019	1,550,000	5,858	21,874	25,074	13,945	1,616,751
At 31 December 2018	1,600,000	4,342	28,624	21,392	18,595	1,672,953

# M.P.SMITH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 5 Tangible fixed assets

(Continued)

Freehold land and buildings with a carrying amount of £1,550,000 was sold at the book value on the 9th January 2020 .

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	1,196,005	1,196,005
Accumulated depreciation	(561,379)	(531,644)
Carrying value	<u>634,626</u>	<u>664,361</u>

### 6 Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>2,423,055</u>	<u>2,102,364</u>

### 7 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	674,569	1,059,123
Amounts owed by parent company	2,910,610	-
Prepayments and accrued income	23,631	26,352
	<u>3,608,810</u>	<u>1,085,475</u>

### 8 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	113,685	38,274
Corporation tax	28,935	123,207
Other taxation and social security	50,614	139,347
Other creditors	8,335	7,034
Accruals and deferred income	177,149	69,506
	<u>378,718</u>	<u>377,368</u>

# M.P.SMITH & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	10	19,000	22,000

### 10 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:

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
ACAs	19,000	22,000
<b>Movements in the year:</b>		2019 £
Liability at 1 January 2019		22,000
Credit to profit or loss		(3,000)
Liability at 31 December 2019		19,000

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 11 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
6,440 Ordinary shares of £1 each	6,440	6,000
	6,440	6,000

### 12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The auditor was Milnes & Co.

# **M.P.SMITH & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **13 Events after the reporting date**

On the 9th January 2020 the company disposed of its freehold land and buildings for the book value of £1,550,000.

### **14 Related party transactions**

The company has taken advantage of FRS 102 Section 33, which exempts the disclosure of intra-group transactions between parent companies and wholly-owned subsidiaries.

### **15 Controlling party**

The ultimate parent company is Stax Trade Centres Limited, a company registered in England and Wales. The registered office is Holloway Drive, Wardley Industrial Estate, Worlsey, Manchester, M28 2LA, this is also the trading office of the company

The ultimate controlling party is Stax Trade Centres Limited.