

S.M.S. (Salcombe) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED:



30 NOVEMBER 2019

FRIDAY



A963Y0BK

A13

29/05/2020

#189

COMPANIES HOUSE

S.M.S. (Salcombe) Limited

DIRECTORS: J.V. BOWER : L.G.DINGLEY FCA.MIOD.

SECRETARY: L. G. DINGLEY. FCA.MIOD.

COMPANY NUMBER: **04558962**

REGISTERED OFFICE: ... 7, WOODLAND CLOSE, STAVERTON, TOTNES, DEVON. TQ9. 6PQ.

BUSINESS ADDRESS: LINCOMBE BOATYARD, SALCOMBE, DEVON. TQ8. 8NQ.

BANKERS: NATIONAL WESTMINSTER BANK PLC.



S.M.S. (Salcombe) Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2019

The Directors present their report and financial statements of the company for the year ended 30 November 2019

Principal activities

The principal activities of the company were those of the provision of repairs and servicing facilities, together with the sale of engineering parts, small boats, engines & accessories, etc., to the Marine Industry. During the year the company's trading operations were conducted out of its Marine Servicing Centre located in Salcombe.

Strategic report and financial results

The statement of comprehensive income for the financial year ended 30 November 2019 is set out on page 4 and shows a profit for the year of **£5,314** before tax. (2018: £150).

Turnover fell back in the year by 5.1% achieving £658,913 (2018: £694,561). However, an improvement in gross profit percentage of 1.3% to 30.38% resulted in a gross profit increase year on year of £1,856.

In addition, a reduction of £3,308 in operating administrative costs, and finance charges, has benefitted the profit achievable before taxation.

Capital expenditure in the year of £10,493 has mitigated the corporation tax liability, which amounted to £525. (2018: £1,612).

Therefore, whilst it was another reasonable year, with trading conditions continuing to be very competitive, in the circumstances, the Directors do not recommend the payment of a dividend for the year. (2018; £Nil).

Directors

The following Directors have held office throughout the year.

J. V. Bower.

L. G. Dingley.

Directors' Interests

The Directors' beneficial interests in the shares of the company were as stated below:

	Ordinary Shares of £1 each	
	1 December 2018	30 November 2019
J.V. Bower	180	180
L. G. Dingley	9	9

Audit

In accordance with the provisions of Section 477 (small companies) of the Companies Act 2006, the Directors consider that the company, being a small company, qualifies for appropriate exemption from audit.

S.M.S. (Salcombe) Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2019 *(continued)*

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to;

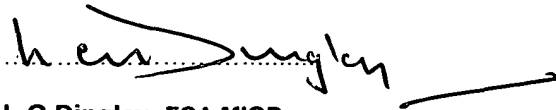
- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and estimates that are reasonable and prudent, and
- c) prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the company will continue in business.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act of 2006, with respect to keeping proper accounting records, and the preparation of financial statements, which disclose with reasonable accuracy at any time the financial position of the company, and to enable them to ensure that the financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members have not required the company to obtain an audit of its financial statements for the year in question, in accordance with section 476 of the Companies Act 2006.

On behalf of the Board



L.G.Dingley. FCA.MIOD.
Director and Secretary.

18 March 2020

S.M.S. (Salcombe) Limited

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	£	30.11.18 £
Turnover	3b	658,913	694,561
Cost of Sales		<u>456,907</u>	<u>494,411</u>
Gross Profit		202,006	200,150
Operating Expenses		<u>195,519</u>	<u>199,268</u>
Operating Profit before interest & taxation		6,487	882
Interest payable and similar charges		<u>1,173</u>	<u>732</u>
Operating Profit before taxation		5,314	150
Taxation	3c	<u>525</u>	<u>1,612</u>
Profit/(Loss) for the financial year		<u>4,789</u>	<u>(1,462)</u>

There are no recognised gains and losses other than those shown above.

STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2019

	Called up Share Capital £	Retained Earnings £	Total Equity £
Balance as at 1 st December 2017	10	19,869	19,879
Shares called-up and fully paid	890	-	890
(Loss) for the Year	<u>-</u>	<u>(1,462)</u>	<u>(1,462)</u>
Balance as at 30 November 2018 and 1 st December 2018	900	18,407	19,307
Profit for the Year	<u>-</u>	<u>4,789</u>	<u>4,789</u>
Balance as at 30 November 2019	<u>900</u>	<u>23,196</u>	<u>24,096</u>

The notes on pages 6 to 10 form part of these financial statements.

S.M.S. (Salcombe) Limited

STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2019

	Notes	£	£	30.11.18 £
Non-Current Assets				
Tangible Assets	5		40,121	39,543
Intangible Asset	6		-	-
			<u>40,121</u>	<u>39,453</u>
Current Assets				
Stocks		45,805		43,299
Work in Progress		18,226		12,050
Trade & Sundry Debtors		47,652		48,519
Cash at Bank and in Hand		<u>298</u>		<u>332</u>
		<u>111,981</u>		<u>104,200</u>
Current Liabilities				
Creditors - Amounts falling due within one year	7			
Trade & Sundry Creditors		112,123		86,434
Bank Overdraft		9,998		18,476
Hire Purchase & Contract Purchase		<u>5,885</u>		<u>13,551</u>
		<u>128,006</u>		<u>118,461</u>
Net Current Liabilities			16,025	14,261
Creditors - Amounts falling due after one year	8			
Hire Purchase & Contract Purchase			-	5,885
NET ASSETS			<u>24,096</u>	<u>19,307</u>
SHAREHOLDERS' EQUITY				
Share Capital	10		900	900
Retained Profits			<u>23,196</u>	<u>18,407</u>
TOTAL EQUITY			<u>24,096</u>	<u>19,307</u>

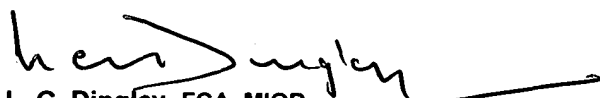
For the financial year ended 30th November 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

These financial statements were approved by the Board of Directors and authorised for issue on 8 March 2020, and are signed on its behalf by;



L. G. Dingley. FCA. MIOD.
Director.

Company Registration No. 04558962

The notes on pages 6 to 10 form part of these financial statements

S.M.S. (Salcombe) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019

1. Company information

S.M.S. (Salcombe) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7 Woodland Close, Staverton, Totnes, Devon, TQ9 6PQ.

2. Statement of compliance

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.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention except that, as disclosed hereunder, certain items are shown at fair value.

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 £.

b. Turnover and revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for the sale of goods supplied and services provided in the normal course of business within the United Kingdom 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 completion of work, and/or despatch of 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.

c. Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, and current or deferred tax assets and liabilities are not discounted.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

d. Tangible assets and depreciation

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

- | | |
|--|-------------------|
| • Leasehold Property Improvements | 20% straight line |
| • Plant, Machinery & Tooling Equipment | 25% straight line |
| • Motor Vehicles | 25% straight line |
| • Telehandlers | 10% straight line |

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 the statement of comprehensive income.

S.M.S. (Salcombe) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019 *(continued)*

3. Summary of significant accounting policies

e. Intangible assets and amortisation

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of the net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

f. Impairment of non-current 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.

g. Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. In the case of stocks, cost comprises direct materials, and, where applicable, direct labour costs and overheads that have been incurred in bringing the stocks to their present location and condition. The cost of work in progress includes raw materials, direct labour and other direct costs related to the finished product.

h. Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, where applicable, are shown within current liabilities.

i. 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.

Recognition and measurement

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument, and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire, or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire, or are cancelled.

Classification

The company holds the following financial instruments:

- Short term trade debtors and creditors
- Other debtors and creditors
- Cash and bank balances

All financial instruments are classified as basic:

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 present value of the future receipts discounted at a market rate of interest. Financial assets classified within one year are not amortised.

S.M.S. (Salcombe) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019 (continued)

3. Summary of significant accounting policies

i. Financial instruments (continued)

Basic financial liabilities

Basic financial liabilities, including 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. Financial liabilities classified as payable within one year are not amortised.

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.

Offsetting

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.

j. Hire purchase and contract purchase assets

Assets obtained under hire purchase or contract purchase agreements are capitalised in the statement of financial position. These assets are depreciated at rates calculated to write off the assets, less any estimated attributable residual value, over their expected lives.

The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The related obligations, net of future finance charges, are shown in creditors in the statement of financial position.

k. Operating lease assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

l. Employee benefits

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

m. Retirement benefits

The company operates a defined contribution 'Workplace' pension scheme, provided by Legal & General Group plc, for the benefit of its employees. Contributions are recognised in the statement of comprehensive income when due.

4. Employees and directors

Employees

The average monthly number of employees (including directors) employed by the company during the year was 7. (2018: 7).

Directors

The total remuneration, and employer pension contributions paid, together with assessed Benefits-in-Kind, in respect of the Directors during the year were £46,123 (2018: £34,824). The total remuneration and employer pension contributions paid, together with assessed Benefits-in-Kind in respect of the highest paid director were £46,123 (2018: £34,824).

S.M.S. (Salcombe) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019 (continued)

5. Non-Current Assets – Tangible Assets

	Leasehold Property	Plant, Machinery & Equipment	Tele-Handler & Vehicles	Total
	£	£	£	£
Cost				
As at 1. December 2018	40,300	68,093	62,692	171,085
Additions	-	10,493	-	10,493
As at 30 November 2019	40,300	78,586	62,692	181,578
Depreciation				
As at 1. December 2018	40,300	58,559	32,773	131,632
Charge for the Year	-	2,810	7,015	9,825
As at 30 November 2019	40,300	61,369	39,788	141,457
Carrying value:				
1. December 2018	-	9,534	29,919	39,453
30 November 2019	-	17,217	22,904	40,121

6. Non-Current Assets - Intangible Asset - Goodwill

	30.11.19 £	30.11.18 £
Cost as at 1st December	47,500	47,500
Amortisation as at 1 st December	47,500	47,500
Charge for the year	-	-
Amortisation as at 30th November	47,500	47,500
Carrying value as at 30th November	-	-

7. Creditors - amounts falling due within one year

	30.11.19 £	30.11.18 £
Hire purchase & contract purchase obligations	5,885	13,551
Bank overdraft	9,998	18,476
Trade creditors	66,592	50,329
Taxation & social security	18,081	17,039
Corporation Tax	525	1,612
Accruals & deferred income	20,586	16,402
Other creditors	6,339	1,052
	128,006	118,461

The Bank overdraft is secured on the assets of the business.

8. Creditors - amounts falling due after one year

	30.11.19 £	30.11.18 £
Hire purchase & contract purchase obligations	-	5,885

S.M.S. (Salcombe) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019 *(continued)*

9. Guarantees and financial commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payment due:	30.11.19	30.11.18
	£	£
Not later than one year	24,395	25,685
Later than one year and not later than five years	-	15,300
	<u>24,395</u>	<u>40,985</u>

10. Share Capital

	30.11.19	30.11.18
	£	£
Ordinary shares of £1 each		
Called Up and Fully Paid	<u>900</u>	<u>900</u>

11. Related party transactions

Three shareholders each have a controlling interest in another company with which S.M.S. (Salcombe) Limited trades in the normal course of business.

Transactions with related parties

Keypart Limited owed S.M.S. (Salcombe) Limited **£5,996** (2018: £416)