

**REGISTERED NUMBER: 05048553 (England and Wales)**

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018  
FOR  
SMITHS EQUIPMENT HIRE (HOLDINGS) LIMITED**

Jones Harris Limited  
Statutory Auditors  
17 St Peters Place  
Fleetwood  
Lancashire  
FY7 6EB

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for the year ended 28 February 2018**

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**SMITHS EQUIPMENT HIRE (HOLDINGS) LIMITED**

**COMPANY INFORMATION**  
**for the year ended 28 February 2018**

**DIRECTORS:**

Mr D Smith  
Mr T G Smith

**REGISTERED OFFICE:**

De Havilland House  
15-16 Avroe Crescent  
Blackpool  
Lancashire  
FY4 2DP

**REGISTERED NUMBER:**

05048553 (England and Wales)

**AUDITORS:**

Jones Harris Limited  
Statutory Auditors  
17 St Peters Place  
Fleetwood  
Lancashire  
FY7 6EB

**GROUP STRATEGIC REPORT  
for the year ended 28 February 2018**

The directors present their strategic report of the company and the group for the year ended 28 February 2018.

The parent company rents property primarily to the subsidiary for use in the group's principal activity in the year under review which was the hiring of plant and equipment to the building and DIY markets.

**REVIEW OF BUSINESS**

**Company**

The company's income has fallen slightly during the year ended 28 February 2018 due to a decrease in dividends received from its subsidiary.

Rent received has risen for the 4th year in a row.

	2018 £	2017 £	2016 £
Rent received from properties for the year	<u>336</u>	<u>321</u>	<u>300</u>
Net operating profit	<u>634</u>	<u>642</u>	<u>585</u>

Rent yield for the year has increased from 9.04% in 2017 to 9.14% in 2018 which the directors consider pleasing but interest cover has fallen from 2.32:1 in 2017 to 2.16:1 in 2018. However, whilst it has fallen, it still gives the company sufficient cover for any future interest rate increases. Interest rates would have to more than double, for the company to lose money on its rental income.

**Subsidiary**

The company has had an extremely pleasing year with many targets being met. Contract numbers have risen this year which is reflected in the results achieved. Reserves have increased from £3.6m to £4.0m, giving the company a healthy balance sheet. A new branch in Leeds was in the process of being set up this year, with a view to it being opened shortly after the year end. This will give the company a presence in West Yorkshire.

The company presents the following key performance indicators.

	2018 £	2017 £	2016 £
Turnover	<u>9,578</u>	<u>8,416</u>	<u>8,439</u>
Gross profit	<u>4,565</u>	<u>4,080</u>	<u>4,018</u>
Profit before tax	<u>827</u>	<u>497</u>	<u>561</u>

**GROUP STRATEGIC REPORT  
for the year ended 28 February 2018**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Company**

The directors consider the major risks to future profitability that the company faces are third-party tenants being unable to meet the rental commitments due to the poor economy. However, since these third party tenants only account for 16% of the company's annual income, the directors are satisfied that in the current financial year they will once again be able to meet their objectives of continued growth and profitability.

**Subsidiary**

The directors consider the major risks to future profitability that the company continues to face are rising costs and a struggling economy. They are also facing increased competition in the industry. However, the directors are satisfied that in the current financial year they will once again be able to meet their objectives of continued growth and profitability for the long term benefit of employees.

**ON BEHALF OF THE BOARD:**

Mr D Smith - Director

28 June 2018

**REPORT OF THE DIRECTORS  
for the year ended 28 February 2018**

The directors present their report with the financial statements of the company and the group for the year ended 28 February 2018.

**DIVIDENDS**

Interim dividends totalling £740 per share were paid during the year. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 28 February 2018 will be £ 370,000 .

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 March 2017 to the date of this report.

Mr D Smith  
Mr T G Smith

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

Mr D Smith - Director

28 June 2018

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SMITHS EQUIPMENT HIRE (HOLDINGS) LIMITED**

### **Opinion**

We have audited the financial statements of Smiths Equipment Hire (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 28 February 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SMITHS EQUIPMENT HIRE (HOLDINGS) LIMITED**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Charles Bryning FCA (Senior Statutory Auditor)  
for and on behalf of Jones Harris Limited  
Statutory Auditors  
17 St Peters Place  
Flectwood  
Lancashire  
FY7 6EB

28 June 2018



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 28 February 2018

	Notes	2018 £	2017 £
<b>TURNOVER</b>	3	9,578,330	8,415,782
Cost of sales		<u>5,013,322</u>	<u>4,335,420</u>
<b>GROSS PROFIT</b>		4,565,008	4,080,362
Administrative expenses		<u>3,154,702</u>	<u>2,982,265</u>
		1,410,306	1,098,097
Other operating income		<u>48,669</u>	<u>48,134</u>
<b>OPERATING PROFIT</b>	5	1,458,975	1,146,231
Interest receivable and similar income		<u>489</u>	<u>3,114</u>
		1,459,464	1,149,345
Interest payable and similar expenses	6	<u>185,645</u>	<u>190,575</u>
<b>PROFIT BEFORE TAXATION</b>		1,273,819	958,770
Tax on profit	7	<u>247,239</u>	<u>219,158</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,026,580	739,612
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		-	-
<b>FOR THE YEAR</b>		<u>1,026,580</u>	<u>739,612</u>
Profit attributable to:			
Owners of the parent		<u>1,026,580</u>	<u>739,612</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>1,026,580</u>	<u>739,612</u>

The notes form part of these financial statements

**SMITHS EQUIPMENT HIRE (HOLDINGS) LIMITED (REGISTERED NUMBER: 05048553)**

**CONSOLIDATED BALANCE SHEET**  
**28 February 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	10	11,555,754	10,472,098
Investments	11	-	-
Investment property	12	531,080	512,000
		<u>12,086,834</u>	<u>10,984,098</u>
<b>CURRENT ASSETS</b>			
Stocks	13	292,654	209,392
Debtors	14	2,023,955	1,622,879
Cash in hand		<u>14,389</u>	<u>16,509</u>
		2,330,998	1,848,780
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>3,885,657</u>	<u>5,141,426</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,554,659)</u>	<u>(3,292,646)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,532,175	7,691,452
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(4,299,860)	(2,078,527)
<b>PROVISIONS FOR LIABILITIES</b>	20	<u>(548,768)</u>	<u>(523,203)</u>
<b>NET ASSETS</b>		<u>5,683,547</u>	<u>5,089,722</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	500	514
Revaluation reserve	22	20,696	20,696
Capital redemption reserve	22	250	236
Retained earnings	22	<u>5,662,101</u>	<u>5,068,276</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>5,683,547</u>	<u>5,089,722</u>

The financial statements were approved by the Board of Directors on 28 June 2018 and were signed on its behalf by:

Mr D Smith - Director

**COMPANY BALANCE SHEET**  
**28 February 2018**

	Notes	2018 £	£	2017 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		-		-
Investments	11		1,500		750
Investment property	12		<u>3,757,203</u>		<u>3,630,000</u>
			3,758,703		3,630,750
<b>CURRENT ASSETS</b>					
Debtors	14	653,111		15,414	
Cash at bank		<u>984</u>		<u>1,287</u>	
		654,095		16,701	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>365,107</u>		<u>1,653,592</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>288,988</u>		<u>(1,636,891)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,047,691		1,993,859
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(1,909,290)		(119,223)
<b>PROVISIONS FOR LIABILITIES</b>	20		<u>(14,668)</u>		<u>(14,779)</u>
<b>NET ASSETS</b>			<u>2,123,733</u>		<u>1,859,857</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		500		514
Revaluation reserve	22		72,337		72,337
Capital redemption reserve	22		250		236
Retained earnings	22		<u>2,050,646</u>		<u>1,786,770</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>2,123,733</u>		<u>1,859,857</u>
Company's profit for the financial year			<u>696,631</u>		<u>750,488</u>

The financial statements were approved by the Board of Directors on 28 June 2018 and were signed on its behalf by:

Mr D Smith - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 28 February 2018

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
<b>Balance at 1 March 2016</b>	538	4,876,244	20,696	212	4,897,690
<b>Changes in equity</b>					
Issue of share capital	(24)	-	-	-	(24)
Dividends	-	(440,000)	-	-	(440,000)
Total comprehensive income	-	739,612	-	-	739,612
Purchase of own shares	-	(107,580)	-	24	(107,556)
<b>Balance at 28 February 2017</b>	<u>514</u>	<u>5,068,276</u>	<u>20,696</u>	<u>236</u>	<u>5,089,722</u>
<b>Changes in equity</b>					
Issue of share capital	(14)	-	-	-	(14)
Dividends	-	(370,000)	-	-	(370,000)
Total comprehensive income	-	1,026,580	-	-	1,026,580
Purchase of own shares	-	(62,755)	-	14	(62,741)
<b>Balance at 28 February 2018</b>	<u>500</u>	<u>5,662,101</u>	<u>20,696</u>	<u>250</u>	<u>5,683,547</u>

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
for the year ended 28 February 2018

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
<b>Balance at 1 March 2016</b>	538	1,583,862	72,337	212	1,656,949
<b>Changes in equity</b>					
Issue of share capital	(24)	-	-	-	(24)
Dividends	-	(440,000)	-	-	(440,000)
Total comprehensive income	-	750,488	-	-	750,488
Purchase of own shares	-	(107,580)	-	24	(107,556)
<b>Balance at 28 February 2017</b>	<u>514</u>	<u>1,786,770</u>	<u>72,337</u>	<u>236</u>	<u>1,859,857</u>
<b>Changes in equity</b>					
Issue of share capital	(14)	-	-	-	(14)
Dividends	-	(370,000)	-	-	(370,000)
Total comprehensive income	-	696,631	-	-	696,631
Purchase of own shares	-	(62,755)	-	14	(62,741)
<b>Balance at 28 February 2018</b>	<u>500</u>	<u>2,050,646</u>	<u>72,337</u>	<u>250</u>	<u>2,123,733</u>

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 28 February 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,427,399	2,239,841
Interest paid		(71,012)	(70,028)
Interest element of hire purchase payments paid		(114,633)	(120,547)
Tax paid		(190,029)	(158,446)
Net cash from operating activities		<u>2,051,725</u>	<u>1,890,820</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(2,982,839)	(2,354,326)
Purchase of investment property		(19,080)	-
Sale of tangible fixed assets		521,286	533,927
Interest received		489	3,114
Net cash from investing activities		<u>(2,480,144)</u>	<u>(1,817,285)</u>
<b>Cash flows from financing activities</b>			
New loans in year		798,382	-
Loan repayments in year		-	(223,059)
Capital repayments in year		30,998	579,777
Amount introduced by directors		30,463	75,711
Amount withdrawn by directors		(489)	(3,114)
Share buyback		(62,755)	(107,580)
Equity dividends paid		(370,000)	(440,000)
Net cash from financing activities		<u>426,599</u>	<u>(118,265)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(1,820)</u>	<u>(44,730)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	(1,039,144)	(994,414)
<b>Cash and cash equivalents at end of year</b>	2	<u><u>(1,040,966)</u></u>	<u><u>(1,039,144)</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 28 February 2018**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018 £	2017 £
Profit before taxation	1,273,819	958,770
Depreciation charges	1,511,817	1,456,696
Profit on disposal of fixed assets	(133,918)	(157,556)
Finance costs	185,645	190,575
Finance income	<u>(489)</u>	<u>(3,114)</u>
	2,836,874	2,445,371
Increase in stocks	(83,262)	(48,261)
Increase in trade and other debtors	(402,573)	(85,076)
Increase/(decrease) in trade and other creditors	<u>76,360</u>	<u>(72,193)</u>
<b>Cash generated from operations</b>	<u><u>2,427,399</u></u>	<u><u>2,239,841</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 28 February 2018**

	28/2/18 £	1/3/17 £
Cash and cash equivalents	14,389	16,509
Bank overdrafts	<u>(1,055,355)</u>	<u>(1,055,653)</u>
	<u><u>(1,040,966)</u></u>	<u><u>(1,039,144)</u></u>

**Year ended 28 February 2017**

	28/2/17 £	1/3/16 £
Cash and cash equivalents	16,509	18,336
Bank overdrafts	<u>(1,055,653)</u>	<u>(1,012,750)</u>
	<u><u>(1,039,144)</u></u>	<u><u>(994,414)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 28 February 2018

1. STATUTORY INFORMATION

Smiths Equipment Hire (Holdings) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Basis of consolidation**

The consolidation includes the results of the subsidiary undertaking, Smiths Equipment Hire Limited, and has been prepared using merger accounting. The directors believe that this is more appropriate than using acquisition accounting given that the group arose from the introduction of a brand new company for the sole purpose of holding the shares in an existing trading company.

**Turnover**

Where turnover represents the value of hire services provided under contracts it is recognised to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total expected consideration at completion. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Where turnover represents sales of goods it is shown net of VAT and trade discounts. Turnover is recognised when the goods are physically delivered to the customer.

**Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- Straight line over 27 years
Short leasehold	- Over the remaining period of the lease
Long leasehold	- Straight line over 27 years
Plant and machinery	- Between 5 and 12 years
Fixtures and fittings	- 33% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 33% on cost

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

**Investment property**

No depreciation is provided for on investment property as a result of FRS 102 section 16. While this represents a departure from the requirements of the Companies Act management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows. Investment property is instead shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 28 February 2018

2. ACCOUNTING POLICIES - continued

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all costs incurred in bringing each product to its present location and condition on a first in, first out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

**Financial instruments**

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 28 February 2018

2. ACCOUNTING POLICIES - continued

**Operating lease income**

Property rentals received under operating leases are credited to profit and loss account on a straight line basis over the period of the lease.

**Operating lease commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2018	2017
	£	£
Equipment hire	6,766,279	6,169,500
Re-sales	1,004,733	925,274
Transport	524,814	484,351
Cross hire	841,367	487,880
Hire protect	154,399	128,348
Other sales	89,942	76,657
Training	196,796	143,772
	<u>9,578,330</u>	<u>8,415,782</u>

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	2,986,656	2,757,262
Social security costs	286,547	261,314
Other pension costs	55,195	53,783
	<u>3,328,398</u>	<u>3,072,359</u>

The average number of employees during the year was as follows:

	2018	2017
Employees	125	118
Directors	<u>2</u>	<u>2</u>
	<u>127</u>	<u>120</u>

	2018	2017
	£	£
Directors' remuneration	16,536	17,007
Directors' pension contributions to money purchase schemes	<u>23,971</u>	<u>24,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2018	2017
Money purchase schemes	<u>2</u>	<u>2</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 28 February 2018**

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Other operating leases	134,195	133,314
Depreciation - owned assets	1,046,311	879,901
Depreciation - assets on hire purchase contracts	465,504	576,795
Profit on disposal of fixed assets	(133,918)	(157,556)
Auditors' remuneration	11,000	14,150
Income from operating leases	(6,762,696)	(6,169,500)
Other accountancy and tax services provided by the auditor	4,850	5,350
Other operating lease expenditure	<u>72,143</u>	<u>72,101</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018	2017
	£	£
Bank interest	16	14
Bank loan interest	70,996	70,014
Hire purchase	<u>114,633</u>	<u>120,547</u>
	<u>185,645</u>	<u>190,575</u>

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	221,674	190,029
Origination and reversal of timing differences	<u>25,565</u>	<u>29,129</u>
Tax on profit	<u>247,239</u>	<u>219,158</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 28 February 2018

7. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>1,273,819</u>	<u>958,770</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.080% (2017 - 20%)	243,045	191,754
Effects of:		
Expenses not deductible for tax purposes	5,632	6,730
Capital allowances in excess of depreciation	(49,476)	(31,219)
Deferred tax	25,565	29,128
Effect of different treatment of properties under FRS 102	<u>22,473</u>	<u>22,765</u>
Total tax charge	<u>247,239</u>	<u>219,158</u>

8. **INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

9. **DIVIDENDS**

	2018 £	2017 £
Interim	<u>370,000</u>	<u>440,000</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 28 February 2018**

**10. TANGIBLE FIXED ASSETS****Group**

	Freehold property £	Short leasehold £	Long leasehold £	Plant and machinery £
<b>COST</b>				
At 1 March 2017	1,962,952	157,127	1,103,407	11,994,062
Additions	108,123	44,463	-	2,577,603
Disposals	-	-	-	(1,015,280)
At 28 February 2018	2,071,075	201,590	1,103,407	13,556,385
<b>DEPRECIATION</b>				
At 1 March 2017	218,106	52,902	116,504	5,141,650
Charge for year	76,706	20,196	40,867	1,159,671
Eliminated on disposal	-	-	-	(644,751)
At 28 February 2018	294,812	73,098	157,371	5,656,570
<b>NET BOOK VALUE</b>				
At 28 February 2018	1,776,263	128,492	946,036	7,899,815
At 28 February 2017	1,744,846	104,225	986,903	6,852,412

  

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 March 2017	289,446	1,309,895	266,593	17,083,482
Additions	10,235	232,592	9,823	2,982,839
Disposals	-	(129,627)	-	(1,144,907)
At 28 February 2018	299,681	1,412,860	276,416	18,921,414
<b>DEPRECIATION</b>				
At 1 March 2017	259,680	566,607	255,935	6,611,384
Charge for year	18,928	186,966	8,481	1,511,815
Eliminated on disposal	-	(112,788)	-	(757,539)
At 28 February 2018	278,608	640,785	264,416	7,365,660
<b>NET BOOK VALUE</b>				
At 28 February 2018	21,073	772,075	12,000	11,555,754
At 28 February 2017	29,766	743,288	10,658	10,472,098

All freehold property, long leasehold property and plant and machinery is held for use in operating leases.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 28 February 2018**

**10. TANGIBLE FIXED ASSETS - continued**

**Group**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 March 2017	4,416,398	684,128	5,100,526
Additions	1,098,988	196,634	1,295,622
Transfer to ownership	<u>(1,550,221)</u>	<u>(109,018)</u>	<u>(1,659,239)</u>
At 28 February 2018	<u>3,965,165</u>	<u>771,744</u>	<u>4,736,909</u>
<b>DEPRECIATION</b>			
At 1 March 2017	946,935	186,281	1,133,216
Charge for year	354,718	110,786	465,504
Transfer to ownership	<u>(641,653)</u>	<u>(75,264)</u>	<u>(716,917)</u>
At 28 February 2018	<u>660,000</u>	<u>221,803</u>	<u>881,803</u>
<b>NET BOOK VALUE</b>			
At 28 February 2018	<u>3,305,165</u>	<u>549,941</u>	<u>3,855,106</u>
At 28 February 2017	<u>3,469,463</u>	<u>497,847</u>	<u>3,967,310</u>

All freehold and long leasehold property is held for use in operating leases primarily with the subsidiary undertaking.

**11. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 March 2017	750
Additions	<u>750</u>
At 28 February 2018	<u>1,500</u>
<b>NET BOOK VALUE</b>	
At 28 February 2018	<u>1,500</u>
At 28 February 2017	<u>750</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 28 February 2018**

**11. FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiary**

**Smiths Equipment Hire Limited**

Registered office:

Nature of business: Plant hire

Class of shares:

Ordinary

%  
holding  
100.00

	2018	2017
	£	£
Aggregate capital and reserves	4,065,137	3,616,866
Profit for the year	<u>687,521</u>	<u>392,947</u>

**12. INVESTMENT PROPERTY**

**Group**

Total  
£

**FAIR VALUE**

At 1 March 2017

512,000

Additions

19,080

At 28 February 2018

531,080

**NET BOOK VALUE**

At 28 February 2018

531,080

At 28 February 2017

512,000

Fair value at 28 February 2018 is represented by:

	£
Valuation in 2018	<u>531,080</u>

**Company**

Total  
£

**FAIR VALUE**

At 1 March 2017

3,630,000

Additions

127,203

At 28 February 2018

3,757,203

**NET BOOK VALUE**

At 28 February 2018

3,757,203

At 28 February 2017

3,630,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 28 February 2018**

**12. INVESTMENT PROPERTY - continued**

**Company**

Fair value at 28 February 2018 is represented by:

	£
Valuation in 2016	72,337
Cost	3,684,866
	<u>3,757,203</u>

If investment properties had not been revalued they would have been included at the following historical cost:

	2018	2017
	£	£
Cost	<u>3,684,866</u>	<u>3,557,663</u>

Investment properties were valued on open market basis on 28 February 2018 by the directors .

**13. STOCKS**

	<b>Group</b>	
	2018	2017
	£	£
Stocks	<u>292,654</u>	<u>209,392</u>

Stock recognised as an expense in the period was £1,725,431 (2017 - £1,304,068).

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	1,747,115	1,476,501	6,400	3,905
Amounts owed by group undertakings	-	-	636,954	-
Other debtors	2,551	5,589	-	240
Directors' current accounts	-	1,497	-	1,497
Prepayments	274,289	139,292	9,757	9,772
	<u>2,023,955</u>	<u>1,622,879</u>	<u>653,111</u>	<u>15,414</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 28 February 2018**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 17)	1,234,433	2,226,416	179,078	1,170,763
Hire purchase contracts (see note 18)	1,164,359	1,400,877	-	-
Trade creditors	922,383	910,051	-	5,901
Amounts owed to group undertakings	-	-	-	300,937
Tax	221,674	190,029	106,973	114,459
Social security and other taxes	65,869	113,185	-	-
VAT	102,097	103,587	36,375	36,695
Other creditors	9,122	95,361	-	10,400
Directors' current accounts	28,477	-	28,477	-
Accruals and deferred income	137,243	101,920	14,204	14,437
	<u>3,885,657</u>	<u>5,141,426</u>	<u>365,107</u>	<u>1,653,592</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 17)	1,909,290	119,223	1,909,290	119,223
Hire purchase contracts (see note 18)	1,728,346	1,460,830	-	-
Trade creditors	662,224	498,474	-	-
	<u>4,299,860</u>	<u>2,078,527</u>	<u>1,909,290</u>	<u>119,223</u>

**17. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	1,055,355	1,055,653	-	-
Bank loans	179,078	1,170,763	179,078	1,170,763
	<u>1,234,433</u>	<u>2,226,416</u>	<u>179,078</u>	<u>1,170,763</u>
Amounts falling due between one and two years:				
Bank loans	185,116	27,085	185,116	27,085
Amounts falling due between two and five years:				
Bank loans	593,639	81,893	593,639	81,893
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	1,130,535	10,245	1,130,535	10,245

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 28 February 2018**

**17. LOANS - continued**

The group has one bank loan with terms as follows:

	Repayable by instalments of	Interest rate
Fixed to variable rate loan facility	Various	3.32%

**18. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	1,164,359	1,400,877
Between one and five years	<u>1,728,346</u>	<u>1,460,830</u>
	<u>2,892,705</u>	<u>2,861,707</u>

**19. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Bank overdrafts	1,055,355	1,055,653	-	-
Bank loans	2,088,368	1,289,986	2,088,368	1,289,986
Hire purchase contracts	<u>2,892,705</u>	<u>2,861,707</u>	<u>-</u>	<u>-</u>
	<u>6,036,428</u>	<u>5,207,346</u>	<u>2,088,368</u>	<u>1,289,986</u>

The bank borrowings are secured over the assets of the group.

The hire purchase creditors in the subsidiary undertaking are secured over the assets to which they relate.

**20. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>548,768</u>	<u>523,203</u>	<u>14,668</u>	<u>14,779</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 28 February 2018

20. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 March 2017	523,203
Credit to Statement of Comprehensive Income during year	<u>25,565</u>
Balance at 28 February 2018	<u>548,768</u>

Company

	Deferred tax £
Balance at 1 March 2017	14,779
Credit to Statement of Comprehensive Income during year	<u>(111)</u>
Balance at 28 February 2018	<u>14,668</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2018 £	2017 £
500	Ordinary		<u>500</u>	<u>500</u>

The B Ordinary shares have no right to dividend, no voting rights and a right to a share of net assets on winding up provided that the maximum amount which shall be payable shall not exceed the then outstanding amount of consideration due in respect of such shares which have not been purchased by the company pursuant to any relevant agreement.

The company purchased (and cancelled) the last 14 B Ordinary shares during the year for a total consideration of £62,755. The reason for the payment was the retirement of one of the directors.

22. RESERVES

Group

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 March 2017	5,068,276	20,696	236	5,089,208
Profit for the year	1,026,580			1,026,580
Dividends	(370,000)			(370,000)
Purchase of own shares	<u>(62,755)</u>	<u>-</u>	<u>14</u>	<u>(62,741)</u>
At 28 February 2018	<u>5,662,101</u>	<u>20,696</u>	<u>250</u>	<u>5,683,047</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 28 February 2018**

**22. RESERVES - continued**

**Company**

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 March 2017	1,786,770	72,337	236	1,859,343
Profit for the year	696,631			696,631
Dividends	(370,000)			(370,000)
Purchase of own shares	(62,755)	-	14	(62,741)
At 28 February 2018	<u>2,050,646</u>	<u>72,337</u>	<u>250</u>	<u>2,123,233</u>

**23. CAPITAL COMMITMENTS**

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>125,000</u>

**24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 28 February 2018 and 28 February 2017:

	2018 £	2017 £
<b>D Smith</b>		
Balance outstanding at start of year	916	53,994
Amounts advanced	92,034	64,920
Amounts repaid	(92,950)	(117,998)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>916</u>
<b>T G Smith</b>		
Balance outstanding at start of year	581	20,100
Amounts advanced	97,526	52,251
Amounts repaid	(98,107)	(71,770)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>581</u>

The advance to the director is unsecured and repayable on demand. Interest is being charged at the HMRC rate for beneficial loan arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 28 February 2018

25. **RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Entities with control, joint control or significant influence over the entity**

	2018	2017
	£	£
Transfers	29,973	367,403
Dividends paid by the company	370,000	440,000
Amount due from related party	-	1,497
Amount due to related party	<u>28,477</u>	<u>-</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.