

Registration number: 0807879

Fred Smith & Sons (Motor Bodies) Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2016

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COMPANIES HOUSE

Ian Richmond Limited
Chartered Accountants
Chapel Ash House
6 Compton Road
Wolverhampton
West Midlands
WV3 9PH

Fred Smith & Sons (Motor Bodies) Limited

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Fred Smith & Sons (Motor Bodies) Limited

Company Information

| | |
|--------------------------|-----------------------|
| Directors | Robert Smith |
| | Emma Cottam |
| | Martin Smith |
| | James Smith |
| | Gregory Smith |
| | Clarke Smith |
| Company secretary | James Smith |
| Registered office | Sams Lane |
| | West Bromwich |
| | West Midlands |
| | B70 7EG |
| Auditors | Ian Richmond Limited |
| | Chartered Accountants |
| | Chapel Ash House |
| | 6 Compton Road |
| | Wolverhampton |
| | West Midlands |
| | WV3 9PH |

Fred Smith & Sons (Motor Bodies) Limited

Strategic Report for the Year Ended 30 June 2016

The Directors present their strategic report for the year ended 30 June 2016.

Principal activity

The principal activity of the company is that of motor body builders, repairers and assemblers and short term hire of commercial vehicles.

Fair review of the business

The Directors consider trading performance in the year to be good with increased turnover and improved margins. The financial position at the year end was considered satisfactory and the Directors anticipate that the ongoing investment in facilities should improve performance going forward.

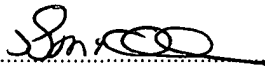
The Company's key financial and other performance indicators during the year were as follows:

| | Unit | 2016 | 2015 |
|------------------|-------------|-------------|-------------|
| Turnover | £000 | 8,879.00 | 7,604.00 |
| Gross Profit | % | 26.94 | 26.17 |
| Operating Profit | £000 | 463.00 | 335.00 |

Principal risks and uncertainties

The company continues to recognise areas of risk to the business, in particular compliance with laws and regulations is a significant risk to the business. The company is always looking at ways to minimise these risks and investment in this area is given priority.

Approved by the Board on 10 November 2016 and signed on its behalf by:



James Smith
Company secretary and director

Fred Smith & Sons (Motor Bodies) Limited

Directors' Report for the Year Ended 30 June 2016

The Directors present their report and the financial statements for the year ended 30 June 2016.

Directors of the Company

The directors who held office during the year were as follows:

Robert Smith

Emma Cottam

Martin Smith

James Smith - Company secretary and director

Gregory Smith

Clarke Smith

Financial instruments

Objectives and policies

The company's operations expose it to a variety of financial risks and the Directors seek to limit any adverse effects on the financial performance by monitoring the levels of debt finance and liquidity and the related costs.

Price risk, credit risk, liquidity risk and cash flow risk

Price Risk

The company is not significantly exposed to price risk as the majority of the work is short term and quoted for on a job by job basis.

Credit Risk

The company has implemented policies that require appropriate credit and finance checks on customers before sales are made and operate within set limits for the majority of customers.

Liquidity Risk

The company aims to mitigate liquidity risk by maintaining liquid funds within the business at all times by utilising a mixture of finance options within the business.

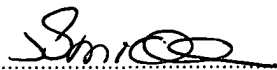
Interest Rate Cash Flow Risk

The company is not exposed to any significant interest rate risk since the majority of their debt is on a fixed rate basis.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 10 November 2016 and signed on its behalf by:



James Smith
Company secretary and director

Fred Smith & Sons (Motor Bodies) Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report 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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fred Smith & Sons (Motor Bodies) Limited

Independent Auditor's Report

We have audited the financial statements of Fred Smith & Sons (Motor Bodies) Limited for the year ended 30 June 2016, set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 an auditor's report 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.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Fred Smith & Sons (Motor Bodies) Limited

Independent Auditor's Report

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Ian Richmond (Senior Statutory Auditor)

For and on behalf of Ian Richmond Limited, Statutory Auditor

Chapel Ash House
6 Compton Road
Wolverhampton
West Midlands
WV3 9PH

10 November 2016

Fred Smith & Sons (Motor Bodies) Limited

Profit and Loss Account for the Year Ended 30 June 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------------------|-----------------------|
| Turnover | 3 | 8,879,287 | 7,604,483 |
| Cost of sales | | <u>(6,487,223)</u> | <u>(5,614,569)</u> |
| Gross profit | | 2,392,064 | 1,989,914 |
| Administrative expenses | | <u>(1,929,131)</u> | <u>(1,654,996)</u> |
| Operating profit | 5 | <u>462,933</u> | <u>334,918</u> |
| Other interest receivable and similar income | 6 | 5 | 334 |
| Interest payable and similar charges | 7 | <u>(88,169)</u> | <u>(76,851)</u> |
| | | <u>(88,164)</u> | <u>(76,517)</u> |
| Profit before tax | | 374,769 | 258,401 |
| Taxation | 11 | <u>(109,233)</u> | <u>(52,256)</u> |
| Profit for the financial year | | <u><u>265,536</u></u> | <u><u>206,145</u></u> |

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Fred Smith & Sons (Motor Bodies) Limited

Statement of Comprehensive Income for the Year Ended 30 June 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-----------------------|-----------------------|
| Profit for the year | | <u>265,536</u> | <u>206,145</u> |
| Total comprehensive income for the year | | <u><u>265,536</u></u> | <u><u>206,145</u></u> |

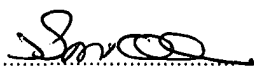
Fred Smith & Sons (Motor Bodies) Limited

(Registration number: 0807879)

Balance Sheet as at 30 June 2016

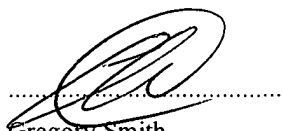
| | Note | 2016 £ | 2015 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 6,060,928 | 5,365,363 |
| Other financial assets | 13 | <u>14,000</u> | <u>14,000</u> |
| | | <u>6,074,928</u> | <u>5,379,363</u> |
| Current assets | | | |
| Stocks | 14 | 240,857 | 312,422 |
| Debtors | 15 | 2,023,201 | 1,628,463 |
| Cash at bank and in hand | | <u>760,675</u> | <u>761,066</u> |
| | | 3,024,733 | 2,701,951 |
| Creditors: Amounts falling due within one year | 17 | <u>(4,143,263)</u> | <u>(3,708,760)</u> |
| Net current liabilities | | <u>(1,118,530)</u> | <u>(1,006,809)</u> |
| Total assets less current liabilities | | 4,956,398 | 4,372,554 |
| Creditors: Amounts falling due after more than one year | 17 | (1,676,388) | (1,380,080) |
| Provisions for liabilities | 18 | <u>(90,000)</u> | <u>(68,000)</u> |
| Net assets | | <u>3,190,010</u> | <u>2,924,474</u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 3,000 | 3,000 |
| Profit and loss account | | <u>3,187,010</u> | <u>2,921,474</u> |
| Total equity | | <u>3,190,010</u> | <u>2,924,474</u> |

Approved and authorised by the Board on 10 November 2016 and signed on its behalf by:



James Smith

Company secretary and director



Gregory Smith

Director

The notes on pages 12 to 24 form an integral part of these financial statements.

Fred Smith & Sons (Motor Bodies) Limited

Statement of Changes in Equity for the Year Ended 30 June 2016

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|--------------------|---------------------------------|------------|
| At 1 July 2015 | 3,000 | 2,921,474 | 2,924,474 |
| Profit for the year | - | 265,536 | 265,536 |
| Total comprehensive income | - | 265,536 | 265,536 |
| At 30 June 2016 | 3,000 | 3,187,010 | 3,190,010 |
| | Share capital £ | Profit and loss account £ | Total £ |
| At 1 July 2014 | 3,000 | 2,715,329 | 2,718,329 |
| Profit for the year | - | 206,145 | 206,145 |
| Total comprehensive income | - | 206,145 | 206,145 |
| At 30 June 2015 | 3,000 | 2,921,474 | 2,924,474 |

The notes on pages 12 to 24 form an integral part of these financial statements.

Fred Smith & Sons (Motor Bodies) Limited

Statement of Cash Flows for the Year Ended 30 June 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 265,536 | 206,145 |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation and amortisation | 5 | 1,850,218 | 1,525,655 |
| Profit on disposal of tangible assets | 4 | (204,613) | (248,346) |
| Finance income | 6 | (5) | (334) |
| Finance costs | 7 | 88,169 | 76,851 |
| Income tax expense | 11 | 109,233 | 52,256 |
| | | <u>2,108,538</u> | <u>1,612,227</u> |
| Working capital adjustments | | | |
| Decrease/(increase) in stocks | 14 | 71,565 | (145,808) |
| Increase in trade debtors | 15 | (394,738) | (121,215) |
| Increase in trade creditors | 17 | 120,353 | 417,404 |
| Decrease in provisions | 18 | - | (5,098) |
| | | <u>1,905,718</u> | <u>1,757,510</u> |
| Cash generated from operations | | | |
| Income taxes paid | 11 | (24,845) | (67,621) |
| | | <u>1,880,873</u> | <u>1,689,889</u> |
| Cash flows from investing activities | | | |
| Interest received | 6 | 5 | 334 |
| Acquisitions of tangible assets | | (2,563,675) | (2,152,818) |
| Proceeds from sale of tangible assets | | 222,505 | 272,465 |
| | | <u>(2,341,165)</u> | <u>(1,880,019)</u> |
| Cash flows from financing activities | | | |
| Interest paid | 7 | (6,740) | (5,075) |
| Proceeds from other borrowing draw downs | | 2,504,925 | 1,792,398 |
| Repayment of other borrowing | | (2,038,284) | (1,394,226) |
| | | <u>459,901</u> | <u>393,097</u> |
| Net cash flows from financing activities | | | |
| Net (decrease)/increase in cash and cash equivalents | | (391) | 202,967 |
| Cash and cash equivalents at 1 July | | <u>761,066</u> | <u>558,099</u> |
| Cash and cash equivalents at 30 June | | <u><u>760,675</u></u> | <u><u>761,066</u></u> |

The notes on pages 12 to 24 form an integral part of these financial statements.

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

1 General information

The company is a private company limited by share capital incorporated in England.

The address of its registered office is:

Sams Lane
West Bromwich
West Midlands
B70 7EG

These financial statements were authorised for issue by the Board on 10 November 2016.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Name of parent of group

These financial statements are consolidated in the financial statements of Telideal Limited.

The financial statements of Telideal Limited may be obtained from Telideal Limited, Sams Lane, West Bromwich, B70 7EG.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|----------------------------------|---|
| Short Leasehold Land & Buildings | 10% pa straight line basis |
| Plant & Machinery | 15% pa reducing balance basis, 33% 20%, 12.5% and 10% reducing balance basis. |
| Office Equipment | 15% pa reducing balance basis and 25% pa straight line basis. |
| Motor Vehicles | 25% pa reducing balance basis |

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Sale of goods | 8,874,867 | 7,595,689 |
| Rental income from investment property | 4,420 | 8,794 |
| | <u>8,879,287</u> | <u>7,604,483</u> |

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Gain (loss) on disposal of property, plant and equipment | <u>204,613</u> | <u>248,346</u> |

5 Operating profit

Arrived at after charging/(crediting)

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Depreciation expense | 1,850,218 | 1,525,655 |
| Profit on disposal of property, plant and equipment | <u>(204,613)</u> | <u>(248,346)</u> |

6 Other interest receivable and similar income

| | 2016 £ | 2015 £ |
|----------------------------------|-----------|------------|
| Interest income on bank deposits | - | 334 |
| Other finance income | <u>5</u> | <u>-</u> |
| | <u>5</u> | <u>334</u> |

7 Interest payable and similar charges

| | 2016 £ | 2015 £ |
|--|---------------|---------------|
| Interest on bank overdrafts and borrowings | 6,740 | 5,075 |
| Interest on obligations under finance leases and hire purchase contracts | <u>81,429</u> | <u>71,776</u> |
| | <u>88,169</u> | <u>76,851</u> |

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Wages and salaries | 2,265,843 | 2,006,079 |
| Social security costs | 214,679 | 190,624 |
| Pension costs, defined contribution scheme | <u>164,026</u> | <u>130,403</u> |
| | <u>2,644,548</u> | <u>2,327,106</u> |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2016 No. | 2015 No. |
|----------------------------|-------------|-------------|
| Production | 71 | 65 |
| Administration and support | 8 | 8 |
| Other departments | <u>6</u> | <u>6</u> |
| | <u>85</u> | <u>79</u> |

9 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Remuneration | 735,367 | 670,964 |
| Contributions paid to money purchase schemes | <u>154,607</u> | <u>122,737</u> |
| | <u>889,974</u> | <u>793,701</u> |

During the year the number of directors who were receiving benefits and share incentives was as follows:

| | 2016 No. | 2015 No. |
|---|-------------|-------------|
| Accruing benefits under money purchase pension scheme | <u>6</u> | <u>6</u> |

In respect of the highest paid director:

| | 2016 £ | 2015 £ |
|--------------|----------------|----------------|
| Remuneration | <u>147,181</u> | <u>145,872</u> |

10 Auditors' remuneration

| | 2016 £ | 2015 £ |
|-----------------------------------|--------------|--------------|
| Audit of the financial statements | <u>3,250</u> | <u>3,250</u> |

11 Taxation

Tax charged/(credited) in the income statement

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

| | 2016 £ | 2015 £ |
|---|-----------------------|----------------------|
| Current taxation | | |
| UK corporation tax | 92,000 | 27,256 |
| UK corporation tax adjustment to prior periods | <u>(4,767)</u> | <u>-</u> |
| | 87,233 | 27,256 |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | <u>22,000</u> | <u>25,000</u> |
| Tax expense in the income statement | <u><u>109,233</u></u> | <u><u>52,256</u></u> |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20%).

The differences are reconciled below:

| | 2016 £ | 2015 £ |
|---|-----------------------|----------------------|
| Profit before tax | <u>374,769</u> | <u>258,401</u> |
| Corporation tax at standard rate | 74,954 | 51,680 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 686 | 3,917 |
| Tax increase (decrease) from effect of capital allowances and depreciation | 38,640 | (3,867) |
| Other tax effects for reconciliation between accounting profit and tax expense (income) | <u>(5,047)</u> | <u>526</u> |
| Total tax charge | <u><u>109,233</u></u> | <u><u>52,256</u></u> |

Deferred tax

Deferred tax assets and liabilities

2016

Accelerated capital allowances

**Liability
£**

90,000

2015

Accelerated capital allowances

**Liability
£**

68,000

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

12 Tangible assets

| | Land and buildings £ | Furniture, fittings and equipment £ | Motor vehicles £ | Other property, plant and equipment £ |
|--------------------------|----------------------------|--|---------------------|--|
| Cost or valuation | | | | |
| At 1 July 2015 | 80,108 | 293,457 | 350,184 | 11,032,796 |
| Additions | 18,301 | 6,358 | 46,645 | 2,492,371 |
| Disposals | - | - | - | (1,176,440) |
| At 30 June 2016 | 98,409 | 299,815 | 396,829 | 12,348,727 |
| Depreciation | | | | |
| At 1 July 2015 | 22,621 | 250,879 | 233,079 | 5,884,603 |
| Charge for the year | 8,519 | 14,906 | 34,102 | 1,792,691 |
| Eliminated on disposal | - | - | - | (1,158,548) |
| At 30 June 2016 | 31,140 | 265,785 | 267,181 | 6,518,746 |
| Carrying amount | | | | |
| At 30 June 2016 | 67,269 | 34,030 | 129,648 | 5,829,981 |
| At 30 June 2015 | 57,487 | 42,578 | 117,105 | 5,148,193 |
| | | | | Total £ |
| Cost or valuation | | | | |
| At 1 July 2015 | | | | 11,756,545 |
| Additions | | | | 2,563,675 |
| Disposals | | | | (1,176,440) |
| At 30 June 2016 | | | | 13,143,780 |
| Depreciation | | | | |
| At 1 July 2015 | | | | 6,391,182 |
| Charge for the year | | | | 1,850,218 |
| Eliminated on disposal | | | | (1,158,548) |
| At 30 June 2016 | | | | 7,082,852 |
| Carrying amount | | | | |
| At 30 June 2016 | | | | 6,060,928 |
| At 30 June 2015 | | | | 5,365,363 |

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

| | 2016 £ | 2015 £ |
|---------------------|------------------|------------------|
| Plant and machinery | 4,397,786 | 3,648,397 |
| Motor vehicles | 79,788 | 64,453 |
| | <u>4,477,574</u> | <u>3,712,850</u> |

13 Other financial assets (current and non-current)

| | 2016 £ | 2015 £ |
|--|---------------|---------------|
| Non-current financial assets | | |
| Financial assets at cost less impairment | <u>14,000</u> | <u>14,000</u> |

14 Stocks

| | 2016 £ | 2015 £ |
|-------------------------------|----------------|----------------|
| Raw materials and consumables | 143,373 | 94,742 |
| Work in progress | 97,484 | 217,680 |
| | <u>240,857</u> | <u>312,422</u> |

15 Debtors

| | 2016 £ | 2015 £ |
|---------------------------------------|------------------|------------------|
| Trade debtors | 1,608,008 | 1,241,743 |
| Other debtors | 183,021 | 172,931 |
| Prepayments | 232,172 | 213,789 |
| Total current trade and other debtors | <u>2,023,201</u> | <u>1,628,463</u> |

16 Cash and cash equivalents

| | 2016 £ | 2015 £ |
|--------------|----------------|----------------|
| Cash on hand | 754 | 756 |
| Cash at bank | 759,921 | 760,310 |
| | <u>760,675</u> | <u>761,066</u> |

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

17 Creditors

| | Note | 2016 £ | 2015 £ |
|---------------------------------|------|------------------|------------------|
| Due within one year | | | |
| Loans and borrowings | 21 | 1,785,250 | 1,533,488 |
| Trade creditors | | 866,290 | 1,009,506 |
| Amounts due to related parties | 24 | 475,437 | 420,448 |
| Social security and other taxes | | 287,385 | 142,884 |
| Other payables | | 601,523 | 540,902 |
| Accrued expenses | | 35,378 | 31,920 |
| Income tax liability | 11 | 92,000 | 29,612 |
| | | <u>4,143,263</u> | <u>3,708,760</u> |
| Due after one year | | | |
| Loans and borrowings | 21 | <u>1,676,388</u> | <u>1,380,080</u> |

18 Deferred tax and other provisions

| | Deferred tax £ | Total £ |
|--|-------------------|---------------|
| At 1 July 2015 | 68,000 | 68,000 |
| Increase (decrease) in existing provisions | <u>22,000</u> | <u>22,000</u> |
| At 30 June 2016 | <u>90,000</u> | <u>90,000</u> |

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £164,026 (2015 - £130,403).

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

20 Share capital

Allotted, called up and fully paid shares

| | 2016 | | 2015 | |
|---------------------|--------------|--------------|--------------|--------------|
| | No. | £ | No. | £ |
| Ordinary of £1 each | <u>3,000</u> | <u>3,000</u> | <u>3,000</u> | <u>3,000</u> |

21 Loans and borrowings

| | 2016 £ | 2015 £ |
|---|-------------------|-------------------|
| Non-current loans and borrowings | | |
| Bank borrowings | 200,252 | 327,365 |
| Finance lease liabilities | <u>1,476,136</u> | <u>1,052,715</u> |
| | <u>1,676,388</u> | <u>1,380,080</u> |
| | 2016 £ | 2015 £ |
| Current loans and borrowings | | |
| Bank borrowings | 40,000 | 37,374 |
| Finance lease liabilities | 1,732,601 | 1,459,625 |
| Other borrowings | <u>12,649</u> | <u>36,489</u> |
| | <u>1,785,250</u> | <u>1,533,488</u> |

Bank borrowings

Business Loan is denominated in GBP with a nominal interest rate of 1.49% over Bank of England Base Rate, and the final instalment is due on 30 October 2024. The carrying amount at year end is £240,251 (2015 - £364,739).

The loan is secured by a legal charge given by Telldeal Limited (parent company) over freehold property at Kelvin Way West Bromwich. All monies guarantee from Telldeal Limited. Unlimited debenture from Fred Smith & Sons (Motor Bodies) Limited.

The loan is repayable by 120 consecutive installments of principal and interest commencing 30.11.14.

Included in the loans and borrowings are the following amounts due after more than five years:

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| After more than five years by instalments | 40,251 | 170,566 |

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

22 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

| | 2016 | 2015 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Not later than one year | 1,790,750 | 1,509,917 |
| Later than one year and not later than five years | <u>1,500,478</u> | <u>1,075,145</u> |
| | <u><u>3,291,228</u></u> | <u><u>2,585,062</u></u> |

Operating leases

The total of future minimum lease payments is as follows:

| | 2016 | 2015 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Later than one year and not later than five years | 50,000 | 50,000 |
| Later than five years | <u>119,500</u> | <u>119,500</u> |
| | <u><u>169,500</u></u> | <u><u>169,500</u></u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2015 - £Nil).

23 Other long-term employment and termination benefits

The amount of the obligation is Nil (2015 - Nil). The extent of funding at the reporting date is Nil (2015 - Nil).

24 Related party transactions

Summary of transactions with parent

Fred Smith & Sons (Motor Bodies) Limited is a wholly owned subsidiary of Telideal Limited. Rent is paid and a loan is due to Telideal from the company.

Summary of transactions with entities with joint control or significant interest

Saxon Lettings Limited and Universal Truck Sales Limited are owned by the Directors of Fred Smith & Sons (Motor Bodies) Limited.

Commision is paid to Universal Truck Sales Limited and property is rented from Saxon Lettings Limited by Fred Smith & Sons (Motor Bodies Limited. Fred Smith & Sons (Motor Bodies) Limited have also made a loan to Saxon Lettings Limited.

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Expenditure with and payables to related parties

| | Parent | Entities with joint control or significant influence |
|-----------------------|----------------|---|
| | £ | £ |
| 2016 | | |
| Rendering of services | - | 38,246 |
| Leases | 219,500 | 21,016 |
| | <u>219,500</u> | <u>59,262</u> |
| | | |
| | Parent | Entities with joint control or significant influence |
| | £ | £ |
| 2015 | | |
| Rendering of services | - | 46,768 |
| Leases | 152,125 | 8,516 |
| | <u>152,125</u> | <u>55,284</u> |

Loans to related parties

| | Entities with joint control or significant influence |
|--------------------|---|
| | £ |
| 2016 | |
| At start of period | 158,920 |
| Advanced | 20,572 |
| Repaid | (10,470) |
| At end of period | <u>169,022</u> |
| | |
| | Entities with joint control or significant influence |
| | £ |
| 2015 | |
| At start of period | 169,353 |
| Advanced | 13 |
| Repaid | (10,446) |
| At end of period | <u>158,920</u> |

Terms of loans to related parties

The loan is interest free and repayable on demand.

Fred Smith & Sons (Motor Bodies) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Loans from related parties

| | Parent |
|--------------------|------------------|
| | £ |
| 2016 | |
| At start of period | 420,448 |
| Advanced | 243,400 |
| Repaid | <u>(179,804)</u> |
| At end of period | <u>484,044</u> |
| 2015 | |
| At start of period | 425,140 |
| Advanced | 194,426 |
| Repaid | <u>(199,118)</u> |
| At end of period | <u>420,448</u> |

25 Parent and ultimate parent undertaking

The company's immediate parent is Telldale Limited, incorporated in England.

26 Transition to FRS 102

There have been no amendments on the adoption of FRS102.