

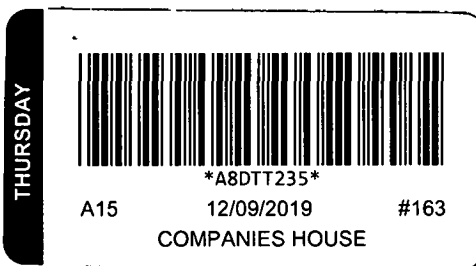
Registered number: 00135728

SMITH OF DERBY GROUP LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



SMITH OF DERBY GROUP LIMITED

COMPANY INFORMATION

Directors	Mrs J V H Millar J G Smith J N W Smith (passed away 12 February 2018) Dr J H Smith Mrs M H Whitworth J Bowler
Company secretary	N Scire
Registered number	00135728
Registered office	112 Alfreton Road Derby Derbyshire DE21 4AU
Accountants	Grant Thornton UK LLP Chartered Accountants Regent House 80 Regent Road Leicester LE1 7NH
Bankers	HSBC Bank plc 1 St Peters Street Derby Derbyshire DE21 2AE

SMITH OF DERBY GROUP LIMITED

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SMITH OF DERBY GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors

The directors who served during the year were:

Mrs J V H Millar
J G Smith
J N W Smith (passed away 12 February 2018)
Dr J H Smith
Mrs M H Whitworth
J Bowler

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 August 2019 and signed on its behalf.



J Bowler
Director

Report to the directors on the preparation of the unaudited statutory financial statements of Smith of Derby Group Limited for the year ended 31 December 2018

We have compiled the accompanying financial statements of Smith of Derby Group Limited based on the information you have provided. These financial statements comprise the Balance Sheet of Smith of Derby Group Limited as at 31 December 2018, the Statement of Comprehensive Income for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Board of Directors of Smith of Derby Group Limited, as a body, in accordance with the terms of our engagement letter dated 25 July 2018. Our work has been undertaken solely to prepare for your approval the financial statements of Smith of Derby Group Limited and state those matters that we have agreed to state to the Board of Directors of Smith of Derby Group Limited, as a body, in this report in accordance with our engagement letter dated 25 July 2018. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Smith of Derby Group Limited and its Board of Directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Leicester

Date: *29 August 2019*

SMITH OF DERBY GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Administrative expenses		(299,855)	(405,730)
Other operating income	4	138,449	138,540
Fair value movements		-	380,000
Operating (loss)/profit		(161,406)	112,810
Interest receivable and similar income		391	821
(Loss)/profit before tax		(161,015)	113,631
Tax on (loss)/profit	6	-	-
(Loss)/profit for the financial year		(161,015)	113,631
Other comprehensive income for the year			
Total comprehensive income for the year		(161,015)	113,631

The notes on pages 7 to 15 form part of these financial statements.

SMITH OF DERBY GROUP LIMITED
REGISTERED NUMBER:00135728

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	7	64,299	73,238
Tangible assets	8	22,406	18,403
Investments	9	389,562	389,562
Investment property	10	1,594,174	1,594,174
		<u>2,070,441</u>	<u>2,075,377</u>
Current assets			
Debtors: amounts falling due within one year	11	176,202	192,635
Cash at bank and in hand	12	316,560	460,686
		<u>492,762</u>	<u>653,321</u>
Creditors: amounts falling due within one year	13	(20,479)	(9,080)
Net current assets		<u>472,283</u>	<u>644,241</u>
Total assets less current liabilities		<u>2,542,724</u>	<u>2,719,618</u>
Creditors: amounts falling due after more than one year	14	(18,822)	(34,701)
Net assets		<u><u>2,523,902</u></u>	<u><u>2,684,917</u></u>

SMITH OF DERBY GROUP LIMITED
REGISTERED NUMBER:00135728

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital		4,503	4,503
Revaluation reserve	16	1,219,993	1,219,993
Capital redemption reserve	16	6,500	6,500
Profit and loss account	16	1,292,906	1,453,921
		<u>2,523,902</u>	<u>2,684,917</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of 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.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23 August 2019


J Bowler
Director

The notes on pages 7 to 15 form part of these financial statements.

SMITH OF DERBY GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	4,503	6,500	1,219,993	1,453,921	2,684,917
Comprehensive income for the year					
Loss for the year	-	-	-	(161,015)	(161,015)
Total comprehensive income for the year	-	-	-	(161,015)	(161,015)
At 31 December 2018	4,503	6,500	1,219,993	1,292,906	2,523,902

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	4,503	6,500	839,993	1,720,290	2,571,286
Comprehensive income for the year					
Profit for the year	-	-	-	113,631	113,631
Transfer from Profit and loss account	-	-	-	(380,000)	(380,000)
Transfer in of non distributable gains from unlisted investment	-	-	380,000	-	380,000
At 31 December 2017	4,503	6,500	1,219,993	1,453,921	2,684,917

The notes on pages 7 to 15 form part of these financial statements.

SMITH OF DERBY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Smith of Derby Group Limited, is the ultimate parent undertaking. The registered office is 112 Alfreton Road, Derby, DE21 4AU

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	15% on cost
Motor vehicles	-	25% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

SMITH OF DERBY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Unlisted investments are valued at cost less provision for impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

SMITH OF DERBY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgements and/or estimation. These judgements and estimates are based on the directors' prior experiences and using their best knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements. Information about such judgements and estimations is contained in the accounting policies and/or notes to the financial statements. Key judgements/estimations made by directors are:

- carrying value of development costs within intangible assets note
- carrying value of investments in subsidiary companies within fixed asset investments note
- investment property open market valuation determined by the directors
- recoverability of amounts owed by group undertakings within the debtors note

SMITH OF DERBY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Other operating income

	2018 £	2017 £
Other operating income	5,558	5,690
Net rents receivable	132,800	132,800
Sundry income	91	50
	<u>138,449</u>	<u>138,540</u>

5. Employees

The average monthly number of employees, including directors, during the year was 4 (2017: 5).

6. Taxation

There was no current and deferred tax charge in 2018 and 2017.

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	<u>(161,015)</u>	<u>113,631</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(30,593)	21,874
Effects of:		
Chargeable losses	-	(3,252)
Non-taxable income	-	(73,150)
Adjustments of deferred tax to average rate	(435)	1,039
Group relief claimed	(1,011)	-
Deferred tax not recognised	32,039	53,489
Total tax charge for the year	<u>-</u>	<u>-</u>

SMITH OF DERBY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Intangible assets

	Development expenditure £
Cost	
At 1 January 2018	100,055
At 31 December 2018	<u>100,055</u>
Amortisation	
At 1 January 2018	26,817
Charge for the year	8,939
At 31 December 2018	<u>35,756</u>
Net book value	
At 31 December 2018	<u>64,299</u>
<i>At 31 December 2017</i>	<u>73,238</u>

SMITH OF DERBY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation			
At 1 January 2018	326,427	28,140	354,567
Additions	14,718	-	14,718
At 31 December 2018	<u>341,145</u>	<u>28,140</u>	<u>369,285</u>
Depreciation			
At 1 January 2018	322,094	14,070	336,164
Charge for the year on owned assets	3,680	-	3,680
Charge for the year on financed assets	-	7,035	7,035
At 31 December 2018	<u>325,774</u>	<u>21,105</u>	<u>346,879</u>
Net book value			
At 31 December 2018	<u>15,371</u>	<u>7,035</u>	<u>22,406</u>
At 31 December 2017	<u>4,333</u>	<u>14,070</u>	<u>18,403</u>

9. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2018	9,562	380,000	389,562
At 31 December 2018	<u>9,562</u>	<u>380,000</u>	<u>389,562</u>

SMITH OF DERBY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Holding
Smith of Derby Limited	Manufacture of timepieces	100%
J B Joyce and Company Limited	Dormant	100%
B&H (Derby) Limited	Dormant	100%
William Potts and Sons Limited	Dormant	100%
G & F Cope & Co Limited	Dormant	100%
Smith of Derby (Scandinavia) Limited	Dormant	100%
J Ritchie & Sons (Clockmasters) Limited	Dormant	100%

10. Investment property

	Freehold investment property £
Valuation	
At 1 January 2018	1,594,174
At 31 December 2018	1,594,174

The directors have considered the valuation of the investment property as at 31 December 2018 and have concluded there has not been a material change in value.

11. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	176,202	192,635
	176,202	192,635

SMITH OF DERBY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	316,560	460,686
	<u>316,560</u>	<u>460,686</u>

Details of security held with HSBC Bank Plc:

- Debenture including Fixed Charge over all present freehold and leasehold property.
- First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future
- First Floating Charge over all assets and undertaking, both present and future
- Unlimited Multilateral Guarantee given by Smith of Derby Group Limited, Smith of Derby Limited, William Potts & Sons Limited, J.B. Joyce & Company Limited, B & H (Derby) Limited, G & F Cope & Co. Limited

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Obligations under finance lease and hire purchase contracts	15,879	3,237
Accruals and deferred income	4,600	5,843
	<u>20,479</u>	<u>9,080</u>

14. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	-	15,879
Amounts owed to group undertakings	18,822	18,822
	<u>18,822</u>	<u>34,701</u>

SMITH OF DERBY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	15,879	3,237
Between 1-5 years	-	15,879
	<u>15,879</u>	<u>19,116</u>

16. Reserves

Revaluation reserve

The reserve is the accumulated gains on revalued property and unlisted investments.

Capital redemption reserve

This reserve records the nominal value of the shares repurchased by the company.

Profit and loss account

Profit and loss includes all current and prior period retained profits and losses.

17. Related party transactions

As the controlling party in the group, the company is exempt from the requirements of FRS102 to disclose transactions with other members of the group.

The company was charged £12,000 (2017: £10,000) for general advisory services from Cooper Parry Group Limited. This is a related party by virtue of Jeremy Bowler being a director of the company and also being an employee of Cooper Parry Group Limited. The balance outstanding at the year end was £Nil (2017: £Nil).