

# R N Smith Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 January 2015



Thompson Jones Business Solutions Limited  
Registered Auditors & Chartered Accountants  
2 Heap Bridge  
Bury  
Lancashire  
BL9 7HR

# **R N Smith Holdings Limited**

## **Contents**

|  |          |
|--|----------|
| Company Information .....                      | 1        |
| Strategic Report .....                         | 2        |
| Directors' Report .....                        | 3        |
| Statement of Directors' Responsibilities ..... | 4        |
| Independent Auditor's Report .....             | 5 to 6   |
| Consolidated Profit and Loss Account .....     | 7        |
| Consolidated Balance Sheet .....               | 8        |
| Balance Sheet .....                            | 9        |
| Consolidated Cash Flow Statement .....         | 10 to 11 |
| Notes to the Financial Statements .....        | 12 to 24 |

The following pages do not form part of the statutory financial statements:

|   |          |
|---|----------|
| Detailed Consolidated Profit and Loss Account ..... | 25 to 27 |
| Detailed Company Profit and Loss Account .....      | 28       |

**R N Smith Holdings Limited**  
**Strategic Report for the Year Ended 31 January 2015**

The directors present their strategic report for the year ended 31 January 2015.

**Business review**

***Fair review of the business***

R Smith (Windermere) Limited

2015 has shown a steady growth in turnover, with our increase nearly one million or 5.9%. Achieving increases in turnover in many cases can affect the GP, but we are pleased to note that our margin of 9% was virtually maintained, giving us an increase of £70,000 over the full year. With admin expenses and other operating income showing a £52,000 improvement, we are pleased to announce an increase in profit before tax of £122,000, giving us a final figure of £229,000.

2016 has started very positively on the turnover side but, sadly our profitability has taken a backward step owing to Fiat bringing in more difficult to achieve targets. Thankfully, common sense appears to be entering the Fiat arena, with our latest set of targets, matched with the commensurate rewards appearing to be achievable.

Our Forecast for 2016 is a slight increase in turnover with a comparable year of profitability.

**North Lakes Childrens Services Limited**

2015 has been a disappointing year in some respects but, owing to our decision to close our Girls facility at Warwick House, the final result was not unexpected. Owing to the complexities of looking after girls we took the decision in November to change Warwick House into a boys only home. Sadly changing from one gender to another isn't as simple as just changing the criteria with Ofsted. The home required re-registering which took until early March to complete. Having built a strong and loyal staff base, we had the difficulty of employing an extra 8 staff with virtually no income for nearly 4 months, and in addition the added costs attributed to that home.

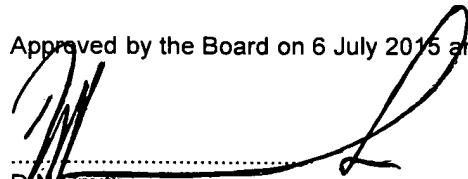
On the positive side, we are proud to announce that our school was inspected in October 2014 and was awarded outstanding in all areas. This is a huge achievement and our thanks go to our Head of Education Catherine Garton and her hard working team.

The other three Care Homes were all adjudged to be outstanding and our congratulations go to Shirley Pipes, Mike Dodd and Caroline Rae, along with all their hardworking staff for taking their Homes to the highest level.

2016 has started on a similar vein to 2015 but the inquiry level has increased fivefold and we expect to be nearly at full capacity by the end of September. Our 2016 financial result should return us back to profitability with 2017 making giant strides to achieve the results we know we are capable of.

The market for special schools remains strong despite the challenging economic and regulatory climate. An increase in the number of children being taken into care combined with an increase in exclusions from mainstream schools will continue to drive demand. The majority of fees are paid by Local Authorities at the start of a term and therefore the credit risk is minimal. The directors monitor the cashflow needs and occupancy capacity of the schools on a regular basis. The continuing support of the parent company has been pledged.

Approved by the Board on 6 July 2015 and signed on its behalf by:

  
.....  
D N Smith  
Director

**R N Smith Holdings Limited**  
**Directors' Report for the Year Ended 31 January 2015**

The directors present their report and the consolidated financial statements for the year ended 31 January 2015.

**Directors of the company**

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

D N Smith

R G Smith

**Financial instruments**

***Objectives and policies***

The company does not enter significant derivative transactions. The company's principal financial instruments comprise bank loans, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the company's financial instruments are credit risk, interest risk and liquidity risk.

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

**Credit risk**

The company operates credit control policies to assess customer credit rating and provides for any debt that is deemed non-recoverable. Historically losses from trade debtors have been low.

**Interest rate risk**

The company is subject to interest rate rise due to borrowing at floating rates of interest.

**Liquidity risk**

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and finance leases as appropriate.

**Disclosure of information to the auditor**

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 group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 6 July 2015 and signed on its behalf by:



.....  
D N Smith  
Director

## **R N Smith Holdings 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 group and the company 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report to the Members of R N Smith Holdings Limited**

We have audited the financial statements of R N Smith Holdings Limited for the year ended 31 January 2015, 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.

### **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 group's and parent 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 and Consolidated Financial Statements 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 financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2015 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.

### **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.

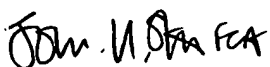
**Independent Auditor's Report to the Members of  
R N Smith Holdings Limited**

**..... continued**

**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 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.



John Stone FCA (Senior Statutory Auditor)

For and on behalf of Thompson Jones Business Solutions Limited, Statutory Auditor

2 Heap Bridge  
Bury  
Lancashire  
BL9 7HR

6 July 2015

**R N Smith Holdings Limited**  
**Consolidated Profit and Loss Account for the Year Ended 31 January 2015**

|   | Note | 2015<br>£             | 2014<br>£             |
|---|------|-----------------------|-----------------------|
| Turnover  | 2    | 20,522,591            | 19,537,985            |
| Cost of sales   |      | <u>(16,411,354)</u>   | <u>(15,553,420)</u>   |
| Gross profit  |      | 4,111,237             | 3,984,565             |
| Administrative expenses   |      | (3,790,984)           | (3,693,291)           |
| Other operating income  |      | <u>39,480</u>         | <u>19,089</u>         |
| Group operating profit  | 3    | 359,733               | 310,363               |
| Other interest receivable and similar income                                | 7    | 41,612                | 23,928                |
| Interest payable and similar charges  | 8    | <u>(169,605)</u>      | <u>(153,175)</u>      |
| Profit on ordinary activities before taxation                               |      | 231,740               | 181,116               |
| Tax on profit on ordinary activities  | 9    | <u>(59,322)</u>       | <u>(40,293)</u>       |
| Profit for the financial year attributable to members of the parent company | 19   | <u><u>172,418</u></u> | <u><u>140,823</u></u> |

Turnover and operating profit derive wholly from continuing operations.

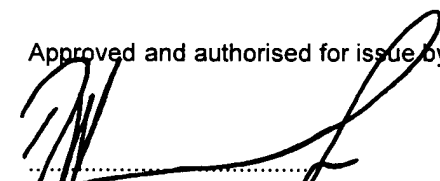
The group has no recognised gains or losses for the year other than the results above.



**R N Smith Holdings Limited**  
**Consolidated Balance Sheet at 31 January 2015**

|   |      | 2015        |             | 2014        |             |
|---|------|-------------|-------------|-------------|-------------|
|   | Note | £           | £           | £           | £           |
| <b>Fixed assets</b>                                     |      |             |             |             |             |
| Tangible fixed assets                                   | 11   |             | 3,319,936   |             | 3,238,940   |
| <b>Current assets</b>                                   |      |             |             |             |             |
| Stocks  | 13   | 1,799,093   |             | 1,808,013   |             |
| Debtors   | 14   | 1,514,107   |             | 1,554,629   |             |
| Cash at bank and in hand                                |      | 3,498       |             | 6,458       |             |
|   |      | 3,316,698   |             | 3,369,100   |             |
| Creditors: Amounts falling due within one year          | 15   | (4,216,613) |             | (4,101,838) |             |
| Net current liabilities                                 |      |             | (899,915)   |             | (732,738)   |
| Total assets less current liabilities                   |      |             | 2,420,021   |             | 2,506,202   |
| Creditors: Amounts falling due after more than one year | 16   |             | (1,343,492) |             | (1,495,603) |
| Net assets  |      |             | 1,076,529   |             | 1,010,599   |
| <b>Capital and reserves</b>                             |      |             |             |             |             |
| Called up share capital                                 | 17   | 15,000      |             | 15,000      |             |
| Revaluation reserve                                     | 19   | 729,469     |             | 729,469     |             |
| Other reserves  | 19   | 36,267      |             | 36,267      |             |
| Profit and loss account                                 | 19   | 613,524     |             | 547,594     |             |
| Shareholders' funds                                     | 20   | 1,394,260   |             | 1,328,330   |             |
| Minority interest                                       |      | (317,731)   |             | (317,731)   |             |
| Capital employed  |      |             | 1,076,529   |             | 1,010,599   |

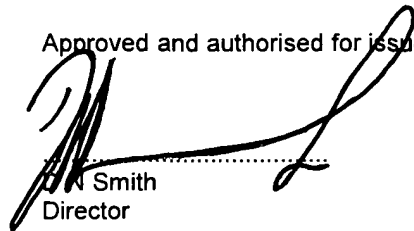
Approved and authorised for issue by the Board on 6 July 2015 and signed on its behalf by:

  
D W Smith  
Director

**R N Smith Holdings Limited**  
**(Registration number: 00702316)**  
**Balance Sheet at 31 January 2015**

|                             | Note | 2015<br>£     | 2014<br>£     |
|-----------------------------|------|---------------|---------------|
| <b>Fixed assets</b>         |      |               |               |
| Investments                 | 12   | 1,000         | 1,000         |
| <b>Current assets</b>       |      |               |               |
| Debtors                     | 14   | 56,111        | 56,111        |
| Net assets                  |      | <u>57,111</u> | <u>57,111</u> |
| <b>Capital and reserves</b> |      |               |               |
| Called up share capital     | 17   | 15,000        | 15,000        |
| Profit and loss account     | 19   | 42,111        | 42,111        |
| Shareholders' funds         | 20   | <u>57,111</u> | <u>57,111</u> |

Approved and authorised for issue by the Board on 6 July 2015 and signed on its behalf by:

  
R N Smith  
Director

**R N Smith Holdings Limited**  
**Consolidated Cash Flow Statement for the Year Ended 31 January 2015**

**Reconciliation of operating profit to net cash flow from operating activities**

|  | <b>2015</b><br><b>£</b> | <b>2014</b><br><b>£</b> |
|--|-------------------------|-------------------------|
| Operating profit                                       | 359,733                 | 310,363                 |
| Depreciation, amortisation and impairment charges      | 67,104                  | 72,862                  |
| Loss on disposal of fixed assets                       | 7,883                   | 1,592                   |
| Decrease/(increase) in stocks                          | 8,920                   | (71,250)                |
| Decrease/(increase) in debtors                         | 37,722                  | (671,921)               |
| Increase/(decrease) in creditors                       | 25,746                  | (21,432)                |
| Receipt/release of government grants                   | (26,359)                | 59,211                  |
| (Profit)/loss on disposal of current asset investments | -                       | 20,391                  |
| Net cash inflow/(outflow) from operating activities    | <u>480,749</u>          | <u>(300,184)</u>        |

**Cash flow statement**

|   | <b>2015</b><br><b>£</b> | <b>2014</b><br><b>£</b> |
|---|-------------------------|-------------------------|
| Net cash inflow/(outflow) from operating activities                           | <u>480,749</u>          | <u>(300,184)</u>        |
| <b>Returns on investments and servicing of finance</b>                        |                         |                         |
| Interest received   | 41,612                  | 23,928                  |
| HP and finance lease interest   | (3,711)                 | (3,246)                 |
| Interest paid   | <u>(165,894)</u>        | <u>(149,929)</u>        |
|   | <u>(127,993)</u>        | <u>(129,247)</u>        |
| Tax paid  | <u>(31,611)</u>         | <u>(26,680)</u>         |
| <b>Capital expenditure and financial investment</b>                           |                         |                         |
| Purchase of tangible fixed assets   | (161,681)               | (25,465)                |
| Sale of tangible fixed assets   | 5,698                   | 180                     |
| Sale of investments   | <u>-</u>                | <u>1,183</u>            |
|   | <u>(155,983)</u>        | <u>(24,102)</u>         |
| Equity dividends paid   | <u>(106,488)</u>        | <u>(106,488)</u>        |
| Net cash inflow/(outflow) before management of liquid resources and financing | <u>58,674</u>           | <u>(586,701)</u>        |
| <b>Financing</b>  |                         |                         |
| Value of new loans obtained during the period                                 | -                       | 800,000                 |
| Repayment of loans and borrowings   | (177,937)               | (442,550)               |
| Repayment of capital element of finance leases and HP contracts               | <u>21,182</u>           | <u>(22,396)</u>         |
|   | <u>(156,755)</u>        | <u>335,054</u>          |
| Decrease in cash  | <u>(98,081)</u>         | <u>(251,647)</u>        |

**R N Smith Holdings Limited**  
**Consolidated Cash Flow Statement for the Year Ended 31 January 2015**  
*..... continued*

**Reconciliation of net cash flow to movement in net debt**

|   | Note   | 2015<br>£               | 2014<br>£               |
|---|--------|-------------------------|-------------------------|
| Decrease in cash  |        | (98,081)                | (251,647)               |
| Cash inflow from increase in loans  |        | -                       | (800,000)               |
| Cash outflow from repayment of loans  |        | 177,937                 | 442,550                 |
| Cash outflow from repayment of capital element of<br>finance leases and hire purchase contracts |        | <u>(21,182)</u>         | <u>22,396</u>           |
| Change in net debt resulting from cash flows  | 21     | <u>58,674</u>           | <u>(586,701)</u>        |
| <br>Movement in net debt  | <br>21 | <br>58,674              | <br>(586,701)           |
| Net debt at 1 February  | 21     | <u>(996,344)</u>        | <u>(409,643)</u>        |
| Net debt at 31 January  | 21     | <u><u>(937,670)</u></u> | <u><u>(996,344)</u></u> |

**R N Smith Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 January 2015**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 January 2015.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £106,488 (2014 - £106,488).

**Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

**Goodwill**

Negative goodwill is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through sale or depreciation.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

**Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

| <b>Asset class</b>       | <b>Depreciation method and rate</b> |
|--------------------------|-------------------------------------|
| Freehold property        | Not provided                        |
| Improvements to property | Over the period of the lease        |
| Plant and machinery      | 20% on cost                         |
| Motor vehicles           | 25% reducing balance method         |

Although the Companies Act would normally require annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation on freehold property is necessary in order to give a true and fair view since the buildings are maintained in good condition so that their value is not significantly impaired by the passage of time, and in consequence any element of depreciation would be immaterial.

## **R N Smith Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2015**

**..... continued**

#### **Investment properties**

Certain of the group's properties are held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

No depreciation is provided in respect of investment properties and they are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This treatment as regards the group's investment properties may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### **Stock**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

#### **Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

#### **Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... *continued*

### 2 Turnover

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

|                    | 2015<br>£         | 2014<br>£         |
|--------------------|-------------------|-------------------|
| Motor trade        | 17,763,132        | 16,863,728        |
| Childrens services | 2,759,459         | 2,674,257         |
|                    | <u>20,522,591</u> | <u>19,537,985</u> |

### 3 Operating profit

Operating profit is stated after charging:

|   | 2015<br>£     | 2014<br>£     |
|---|---------------|---------------|
| Operating leases - other assets   | 170,915       | 149,098       |
| Loss on sale of tangible fixed assets                                       | 7,883         | 1,592         |
| Depreciation of owned assets  | 21,255        | 24,863        |
| Depreciation of assets held under finance lease and hire purchase contracts | 45,849        | 47,999        |
| Auditor's remuneration  | <u>15,000</u> | <u>14,500</u> |

### 4 Auditor's remuneration

|                                   | 2015<br>£     | 2014<br>£     |
|-----------------------------------|---------------|---------------|
| Audit of the financial statements | <u>15,000</u> | <u>14,500</u> |

### 5 Particulars of employees

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

|                            | 2015<br>No. | 2014<br>No. |
|----------------------------|-------------|-------------|
| Administration and support | 10          | 9           |
| Service                    | 15          | 13          |
| Teachers                   | 11          | 19          |
| Carers                     | 42          | 36          |
| Sales                      | 9           | 11          |
| Managers                   | 6           | 5           |
| Other                      | 15          | 12          |
| Directors                  | <u>6</u>    | <u>5</u>    |
|                            | <u>114</u>  | <u>110</u>  |

# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... *continued*

The aggregate payroll costs were as follows:

|                       | 2015<br>£        | 2014<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,271,212        | 2,274,750        |
| Social security costs | 63,229           | 64,311           |
|                       | <u>2,334,441</u> | <u>2,339,061</u> |

### 6 Directors' remuneration

The directors' remuneration for the year was as follows:

|   | 2015<br>£      | 2014<br>£      |
|---|----------------|----------------|
| Remuneration (including benefits in kind) | <u>124,447</u> | <u>143,159</u> |

### 7 Other interest receivable and similar income

|                           | 2015<br>£     | 2014<br>£     |
|---------------------------|---------------|---------------|
| Other interest receivable | <u>41,612</u> | <u>23,928</u> |

### 8 Interest payable and similar charges

|  | 2015<br>£      | 2014<br>£      |
|--|----------------|----------------|
| Interest on bank borrowings                | 35,846         | 28,244         |
| Interest on other loans                    | 19,562         | 11,041         |
| Other interest payable                     | 110,486        | 110,644        |
| Finance charges                            | 3,711          | 3,246          |
| Group interest payable and similar charges | <u>169,605</u> | <u>153,175</u> |

### 9 Taxation

#### Tax on profit on ordinary activities

|  | 2015<br>£     | 2014<br>£     |
|--|---------------|---------------|
| <b>Current tax</b>                             |               |               |
| Corporation tax charge                         | 50,618        | 25,445        |
| Adjustments in respect of previous years       | 5,904         | -             |
| UK Corporation tax                             | <u>56,522</u> | <u>25,445</u> |
| <b>Deferred tax</b>                            |               |               |
| Origination and reversal of timing differences | <u>2,800</u>  | <u>14,848</u> |
| Total tax on profit on ordinary activities     | <u>59,322</u> | <u>40,293</u> |



# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... *continued*

### Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 20%).

The differences are reconciled below:

|   | 2015<br>£ | 2014<br>£ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation | 231,740   | 181,116   |
| Corporation tax at standard rate              | 46,348    | 36,223    |
| Capital allowances in excess of depreciation  | (808)     | 8,403     |
| Other timing differences                      | 10,860    | (200)     |
| Expenses not deductible for tax purposes      | 8,951     | 1,440     |
| Losses utilised                               | (8,829)   | (20,422)  |
| Total current tax                             | 56,522    | 25,445    |

### 10 Intangible fixed assets

#### Group

|                       | Goodwill<br>£ | Total<br>£ |
|-----------------------|---------------|------------|
| <b>Cost</b>           |               |            |
| At 1 February 2014    | (31,938)      | (31,938)   |
| At 31 January 2015    | (31,938)      | (31,938)   |
| <b>Amortisation</b>   |               |            |
| At 1 February 2014    | (31,938)      | (31,938)   |
| At 31 January 2015    | (31,938)      | (31,938)   |
| <b>Net book value</b> |               |            |
| At 31 January 2015    | -             | -          |
| At 31 January 2014    | -             | -          |

**R N Smith Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 January 2015**

..... *continued*

**11 Tangible fixed assets**

**Group**

|                          | Freehold<br>land and<br>buildings<br>£ | Investment<br>properties<br>£ | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Improvements<br>to property<br>£ | Total<br>£       |
|--------------------------|--|-------------------------------|-----------------------------|------------------------|----------------------------------|------------------|
| <b>Cost or valuation</b> |  |                               |                             |                        |                                  |                  |
| At 1 February 2014       | 2,421,114                              | 570,000                       | 1,187,927                   | 69,882                 | 220,682                          | 4,469,605        |
| Additions                | 72,331                                 | -                             | 42,490                      | 42,780                 | 4,080                            | 161,681          |
| Disposals                | -                                      | -                             | -                           | (33,299)               | -                                | (33,299)         |
| At 31 January 2015       | <u>2,493,445</u>                       | <u>570,000</u>                | <u>1,230,417</u>            | <u>79,363</u>          | <u>224,762</u>                   | <u>4,597,987</u> |
| <b>Depreciation</b>      |  |                               |                             |                        |                                  |                  |
| At 1 February 2014       | 4,558                                  | -                             | 1,123,277                   | 31,765                 | 71,065                           | 1,230,665        |
| Charge for the year      | -                                      | -                             | 35,806                      | 15,218                 | 16,080                           | 67,104           |
| Eliminated on disposals  | -                                      | -                             | -                           | (19,718)               | -                                | (19,718)         |
| At 31 January 2015       | <u>4,558</u>                           | <u>-</u>                      | <u>1,159,083</u>            | <u>27,265</u>          | <u>87,145</u>                    | <u>1,278,051</u> |
| <b>Net book value</b>    |  |                               |                             |                        |                                  |                  |
| At 31 January 2015       | <u>2,488,887</u>                       | <u>570,000</u>                | <u>71,334</u>               | <u>52,098</u>          | <u>137,617</u>                   | <u>3,319,936</u> |
| At 31 January 2014       | <u>2,416,556</u>                       | <u>570,000</u>                | <u>64,650</u>               | <u>38,117</u>          | <u>149,617</u>                   | <u>3,238,940</u> |

# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... continued

### Revaluations

The freehold property and investment property of R Smith (Windermere) Limited was revalued on 1 July 2011 by Peill & Company Chartered Surveyors who is external to the company. The basis of this valuation was open market basis. This class of assets has a current value of £1,920,000 (2014 - £1,920,000) and a carrying amount at historical cost of £948,400 (2014 - £948,400). The depreciation on this historical cost is £nil (2014 - £nil).

The directors are not aware of any material change in respect of valuation. A full professional valuation of all properties will be undertaken in 2016 in accordance with the Group's policy.

### 12 Investments held as fixed assets

#### Company

|  | 2015<br>£    | 2014<br>£    |
|--|--------------|--------------|
| Shares in group undertakings and participating interests | <u>1,000</u> | <u>1,000</u> |

#### Shares in group undertakings and participating interests

|                                 | Subsidiary<br>undertakings<br>£ | Total<br>£   |
|---------------------------------|---------------------------------|--------------|
| <b>Cost</b>                     |                                 |              |
| At 1 February 2014              | <u>5,900</u>                    | <u>5,900</u> |
| At 31 January 2015              | 5,900                           | 5,900        |
| <b>Provision for impairment</b> |                                 |              |
| At 1 February 2014              | <u>4,900</u>                    | <u>4,900</u> |
| <b>Net book value</b>           |                                 |              |
| At 31 January 2015              | <u>1,000</u>                    | <u>1,000</u> |
| At 31 January 2014              | <u>1,000</u>                    | <u>1,000</u> |

# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... continued

### Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking                            | Holding  | Proportion of voting rights and shares held | Principal activity       |
|--|----------|---|--------------------------|
| <b>Subsidiary undertakings</b>         |          |   |                          |
| R Smith (Windermere) Limited           | Ordinary | 100%  | Motor trader             |
| North Lakes Childrens Services Limited | Ordinary | 80%   | School and care provider |
| Rayrigg Motor Group Limited            | Ordinary | 100%  | Dormant                  |
| Rayrigg Motors Limited                 | Ordinary | 100%  | Dormant                  |

### 13 Stocks

|                   | Group            |                  | Company   |           |
|-------------------|------------------|------------------|-----------|-----------|
|                   | 2015<br>£        | 2014<br>£        | 2015<br>£ | 2014<br>£ |
| Stocks            | 1,101,934        | 1,155,827        | -         | -         |
| Consignment stock | 697,159          | 652,186          | -         | -         |
|                   | <u>1,799,093</u> | <u>1,808,013</u> | <u>-</u>  | <u>-</u>  |

### 14 Debtors

|                                | Group            |                  | Company       |               |
|--------------------------------|------------------|------------------|---------------|---------------|
|                                | 2015<br>£        | 2014<br>£        | 2015<br>£     | 2014<br>£     |
| Trade debtors                  | 589,784          | 853,959          | -             | -             |
| Other debtors                  | 827,957          | 582,120          | 56,111        | 56,111        |
| Deferred tax                   | 17,200           | 20,000           | -             | -             |
| Prepayments and accrued income | 79,166           | 98,550           | -             | -             |
|                                | <u>1,514,107</u> | <u>1,554,629</u> | <u>56,111</u> | <u>56,111</u> |

### Deferred tax

The movement in the deferred tax asset in the year is as follows:

|   | Group<br>£    | Company<br>£ |
|---|---------------|--------------|
| At 1 February 2014                                  | 20,000        | -            |
| Deferred tax charged to the profit and loss account | (2,800)       | -            |
| At 31 January 2015                                  | <u>17,200</u> | <u>-</u>     |

# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... *continued*

### Analysis of deferred tax

#### Group

|  | 2015<br>£     | 2014<br>£     |
|--|---------------|---------------|
| Difference between accumulated depreciation and capital allowances | (7,800)       | (5,000)       |
| Tax losses available   | 25,000        | 25,000        |
|  | <u>17,200</u> | <u>20,000</u> |

### 15 Creditors: Amounts falling due within one year

|   | Group            |                  | Company   |           |
|---|------------------|------------------|-----------|-----------|
|   | 2015<br>£        | 2014<br>£        | 2015<br>£ | 2014<br>£ |
| Trade creditors   | 1,218,202        | 1,151,561        | -         | -         |
| Consignment stock creditor                                  | 697,159          | 652,186          | -         | -         |
| Bank loans and overdrafts                                   | 598,672          | 512,733          | -         | -         |
| Obligations under finance lease and hire purchase contracts | 19,935           | 15,796           | -         | -         |
| Corporation tax   | 46,185           | 21,274           | -         | -         |
| Other taxes and social security                             | 80,272           | 89,683           | -         | -         |
| Other creditors   | 1,015,424        | 1,069,739        | -         | -         |
| Accruals and deferred income                                | 540,764          | 588,866          | -         | -         |
|   | <u>4,216,613</u> | <u>4,101,838</u> | <u>-</u>  | <u>-</u>  |

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the group/company:

#### Group

|                           | 2015<br>£      | 2014<br>£      |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | 598,672        | 512,733        |
| Hire purchase             | 19,935         | 15,796         |
|                           | <u>618,607</u> | <u>528,529</u> |

The bank overdraft is secured by a first legal mortgage over the freehold property of North Lakes Childrens Services Limited known as Kirby Moor School in Brampton, Rayrigg Showrooms, Rayrigg Road, Bowness-on-Windermere, Rayrigg Motors, White Lund, Morecambe and the investment properties held by R Smith (Windermere) Limited known as St Martins Parade.

There are also unscheduled mortgage debentures incorporating a fixed and floating charge over all current and future assets of all group companies.

# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... continued

### 16 Creditors: Amounts falling due after more than one year

|  | Group            |                  | Company   |           |
|--|------------------|------------------|-----------|-----------|
|  | 2015<br>£        | 2014<br>£        | 2015<br>£ | 2014<br>£ |
| Bank loans and overdrafts                                      | 303,911          | 472,666          | -         | -         |
| Obligations under finance lease<br>and hire purchase contracts | 18,650           | 1,607            | -         | -         |
| Other creditors  | 1,020,931        | 1,021,330        | -         | -         |
|  | <u>1,343,492</u> | <u>1,495,603</u> | <u>-</u>  | <u>-</u>  |

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the group/company:

#### Group

|                           | 2015<br>£      | 2014<br>£      |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | 303,911        | 472,666        |
| Hire purchase             | 18,650         | 1,607          |
|                           | <u>322,561</u> | <u>474,273</u> |

|  | Group         |               | Company   |           |
|--|---------------|---------------|-----------|-----------|
|  | 2015<br>£     | 2014<br>£     | 2015<br>£ | 2014<br>£ |
| After more than five years by<br>instalments | <u>27,219</u> | <u>49,739</u> | <u>-</u>  | <u>-</u>  |

#### Obligations under finance leases and HP contracts

#### Amounts repayable:

|                               | Group         |               | Company   |           |
|-------------------------------|---------------|---------------|-----------|-----------|
|                               | 2015<br>£     | 2014<br>£     | 2015<br>£ | 2014<br>£ |
| In one year or less on demand | 19,935        | 15,796        | -         | -         |
| Between one and two years     | 14,501        | 1,607         | -         | -         |
| Between two and five years    | 4,149         | -             | -         | -         |
|                               | <u>38,585</u> | <u>17,403</u> | <u>-</u>  | <u>-</u>  |

# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... continued

### 17 Share capital

#### Allotted, called up and fully paid shares

|                                | 2015          |               | 2014          |               |
|--------------------------------|---------------|---------------|---------------|---------------|
|                                | No.           | £             | No.           | £             |
| Ordinary shares of £1 each     | 12,000        | 12,000        | 12,000        | 12,000        |
| 'A' Ordinary shares of £1 each | 375           | 375           | 375           | 375           |
| 'B' Ordinary shares of £1 each | 375           | 375           | 375           | 375           |
| 'C' Ordinary shares of £1 each | 375           | 375           | 375           | 375           |
| 'D' Ordinary shares of £1 each | 375           | 375           | 375           | 375           |
| 'E' Ordinary shares of £1 each | 375           | 375           | 375           | 375           |
| 'F' Ordinary shares of £1 each | 375           | 375           | 375           | 375           |
| 'G' Ordinary shares of £1 each | 375           | 375           | 375           | 375           |
| 'H' Ordinary shares of £1 each | 375           | 375           | 375           | 375           |
|                                | <u>15,000</u> | <u>15,000</u> | <u>15,000</u> | <u>15,000</u> |

### 18 Dividends

|                                    | 2015<br>£      | 2014<br>£      |
|------------------------------------|----------------|----------------|
| <b>Dividends paid</b>              |                |                |
| Current year interim dividend paid | <u>106,488</u> | <u>106,488</u> |

### 19 Reserves

#### Group

|                     | Revaluation<br>reserve<br>£ | Other<br>reserves<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>£       |
|---------------------|-----------------------------|------------------------|------------------------------------|------------------|
| At 1 February 2014  | 729,469                     | 36,267                 | 547,594                            | 1,313,330        |
| Profit for the year | -                           | -                      | 172,418                            | 172,418          |
| Dividends           | -                           | -                      | (106,488)                          | (106,488)        |
| At 31 January 2015  | <u>729,469</u>              | <u>36,267</u>          | <u>613,524</u>                     | <u>1,379,260</u> |

# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... *continued*

### Company

|                     | Profit and<br>loss<br>account<br>£ | Total<br>£    |
|---------------------|------------------------------------|---------------|
| At 1 February 2014  | 42,111                             | 42,111        |
| Profit for the year | 106,488                            | 106,488       |
| Dividends           | (106,488)                          | (106,488)     |
| At 31 January 2015  | <u>42,111</u>                      | <u>42,111</u> |

### 20 Reconciliation of movement in shareholders' funds

#### Group

|   | 2015<br>£        | 2014<br>£        |
|---|------------------|------------------|
| Profit attributable to the members of the group | 172,418          | 140,823          |
| Dividends                                       | (106,488)        | (106,488)        |
| Net addition to shareholders' funds             | 65,930           | 34,335           |
| Shareholders' funds at 1 February               | <u>1,328,330</u> | <u>1,293,995</u> |
| Shareholders' funds at 31 January               | <u>1,394,260</u> | <u>1,328,330</u> |

#### Company

|   | 2015<br>£     | 2014<br>£     |
|---|---------------|---------------|
| Profit attributable to the members of the company | 106,488       | 106,488       |
| Dividends   | (106,488)     | (106,488)     |
| Net addition/(reduction) to shareholders' funds   | -             | -             |
| Shareholders' funds at 1 February                 | <u>57,111</u> | <u>57,111</u> |
| Shareholders' funds at 31 January                 | <u>57,111</u> | <u>57,111</u> |



# R N Smith Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 January 2015

..... continued

### 21 Analysis of net debt

|  | At 1 February<br>2014<br>£ | Cash flow<br>£  | At 31 January<br>2015<br>£ |
|--|----------------------------|-----------------|----------------------------|
| Cash at bank and in hand                   | 6,458                      | (2,960)         | 3,498                      |
| Bank overdraft                             | (243,765)                  | (95,121)        | (338,886)                  |
|  | <u>(237,307)</u>           | <u>(98,081)</u> | <u>(335,388)</u>           |
| Debt due within one year                   | (268,968)                  | 9,182           | (259,786)                  |
| Debt due after more than one year          | (472,666)                  | 168,755         | (303,911)                  |
| Finance leases and hire purchase contracts | (17,403)                   | (21,182)        | (38,585)                   |
| Net debt                                   | <u>(996,344)</u>           | <u>58,674</u>   | <u>(937,670)</u>           |

### 22 Related party transactions

Details of the related party transactions with subsidiary undertakings are included in the notes to the financial statements of the individual companies.

#### Other related party transactions

During the year the company made the following related party transactions:

##### R N Smith

(Director of a group company)

During the year the company paid dividends of £14,436 to the director. At the balance sheet date the amount due to R N Smith was £nil (2014 - £nil).

##### R G Smith

(Director)

During the year the company paid dividends of £5,832 to the director. At the balance sheet date the amount due to R G Smith was £nil (2014 - £nil).

##### D N Smith

(Director)

During the year the company paid dividends of £61,908 to the director. At the balance sheet date the amount due to D N Smith was £nil (2014 - £nil).

##### C P Smith

(Director of a group company)

During the year the company paid dividends of £24,312 to the director. At the balance sheet date the amount due to C P Smith was £nil (2014 - £nil).

##### R N Smith Settlement

(Trust of which D N Smith and R G Smith are directors and members)

Loans are due from this related party. At the balance sheet date the amount due from R N Smith Settlement was £44,430 (2014 - £44,430).

### 23 Control

The company is controlled by The R N Smith Settlement of which D N Smith and R G Smith are trustees and members.