

**LEN SMITH & SON BUILDING CONTRACTORS
LIMITED**

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2018**

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LEN SMITH & SON BUILDING CONTRACTORS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 28 FEBRUARY 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	3		151,250		166,250
Tangible assets	4		49,583		58,332
			<u>200,833</u>		<u>224,582</u>
Current assets					
Stocks		52,181		31,206	
Debtors	5	7,403		21,517	
Cash at bank and in hand		31		31	
		<u>59,615</u>		<u>52,754</u>	
Creditors: amounts falling due within one year	6	(172,484)		(162,570)	
Net current liabilities			<u>(112,869)</u>		<u>(109,816)</u>
Total assets less current liabilities			87,964		114,766
Creditors: amounts falling due after more than one year	7		(4,337)		(34,216)
Provisions for liabilities	8		(6,857)		(8,000)
Net assets			<u>76,770</u>		<u>72,550</u>
Capital and reserves					
Called up share capital			3		3
Profit and loss reserves			76,767		72,547
Total equity			<u>76,770</u>		<u>72,550</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 28 February 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

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

LEN SMITH & SON BUILDING CONTRACTORS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 28 FEBRUARY 2018

The financial statements were approved by the board of directors and authorised for issue on 22/11/2018 and are signed on its behalf by:



L Smith
Director

LEN SMITH & SON BUILDING CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2018

1 Accounting policies

Company information

Len Smith & Son Building Contractors Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is East House, Meadow Lane, Beadnell, Northumberland, NE67 5AJ.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

Notwithstanding the net liabilities of the company, the financial statements have been drawn up on the going concern basis which assumes the continued financial support of the company's bankers and directors.

If the going concern basis proved to be invalid, the financial statements would have to be prepared on a break up basis in which the balance sheet would be restated to include all assets at their estimated realisable values and all liabilities would become current and would have to be increased to include those liabilities contingent on the cessation of trade.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

Tangible fixed assets

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

LEN SMITH & SON BUILDING CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

LEN SMITH & SON BUILDING CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

LEN SMITH & SON BUILDING CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

1 Accounting policies (Continued)

Employee benefits

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 13 (2017 - 13).

3 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 March 2017 and 28 February 2018	300,000
Amortisation and impairment	
At 1 March 2017	133,750
Amortisation charged for the year	15,000
At 28 February 2018	148,750
Carrying amount	
At 28 February 2018	151,250
At 28 February 2017	166,250

LEN SMITH & SON BUILDING CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

4 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 March 2017 and 28 February 2018	71,198	66,719	137,917
Depreciation and impairment			
At 1 March 2017	50,613	28,972	79,585
Depreciation charged in the year	3,087	5,662	8,749
At 28 February 2018	53,700	34,634	88,334
Carrying amount			
At 28 February 2018	17,498	32,085	49,583
At 28 February 2017	20,585	37,747	58,332

5 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	6,758	20,334
Other debtors	645	1,183
	7,403	21,517

6 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	54,668	60,910
Trade creditors	79,768	49,018
Corporation tax	13,455	4,534
Other taxation and social security	11,131	30,807
Other creditors	13,462	17,301
	172,484	162,570

Included within other creditors is £6,146 (2017: £10,102) that is secured over the assets it relates to.

7 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other creditors	4,337	34,216

LEN SMITH & SON BUILDING CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

**7 Creditors: amounts falling due after more than one year
(Continued)**

Included within other creditors is £nil (2017: £6,674) that is secured over the assets it relates to.

8 Provisions for liabilities

	2018 £	2017 £
Deferred tax liabilities	6,857	8,000

9 Related party transactions

Transactions with related parties

The following amounts were outstanding at the reporting end date:

	2018 £	2017 £
Amounts due to related parties		
Directors	4,337	27,547

Dividends totalling £30,500 (2017 - £15,000) were paid in the year in respect of shares held by the company's directors.