

**Company Registration No. 00352738 (England and Wales)**

**SMITH & OUZMAN LIMITED**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER  
2019**

## **SMITH & OUZMAN LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	P R Ouzman S L Hancock M R Avery
<b>Secretary</b>	P R Ouzman
<b>Company number</b>	00352738
<b>Registered office</b>	45 Brampton Road Eastbourne East Sussex BN22 9AH
<b>Auditor</b>	Price & Company 30-32 Gildredge Road Eastbourne East Sussex BN21 4SH
<b>Business address</b>	45 Brampton Road Eastbourne East Sussex BN22 9AH
<b>Bankers</b>	Lloyds Bank plc 104 Terminus Road Eastbourne East Sussex BN21 3AH

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# SMITH & OUZMAN LIMITED

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# SMITH & OUZMAN LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present the strategic report for the year ended 31 December 2019.

### Fair review of the business

The results for the company show a pre-tax profit of £50,316 (2018: pre-tax loss of £582,339) for the year, and sales of £4.3 million (2018: £4.3 million).

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to increased competition from both national and international competitors, worsening economic conditions at home and abroad.

The external competitive environment is expected to remain competitive with difficult trading conditions for the forthcoming year.

### Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using only a few simple KPIs is necessary for an understanding of the development, performance or position of the business.

The company's directors consider the following KPIs to be of significance:

	<b>31 December</b>	<b>31 December</b>	
Gross profit (%)	28.08	12.02	Gross profit percentage is gross profit expressed as a percentage of income. The increase in gross profit percentage is due to a change in the sales mix.
Return on investment (%)	0.96	0.00	This reflects the overall profitability of the assets used in the business. Return on investment is in line with our expectations.

On behalf of the board

P R Ouzman  
**Director**  
20 November 2020

**SMITH & OUZMAN LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their annual report and financial statements for the year ended 31 December 2019.

**Principal activities**

The principal activity of the company continued to be that of commercial and security printing.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P R Ouzman

P J Ellis

(Resigned 1 December 2019)

S L Hancock

M R Avery

**Results and dividends**

The results for the year are set out on page 7.

The directors recommend no payment of a final dividend.

**Auditor**

Price & Company were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed was passed at the Annual General Meeting.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

P R Ouzman

**Director**

20 November 2020

## **SMITH & OUZMAN LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and 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.

## **SMITH & OUZMAN LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITH & OUZMAN LIMITED**

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#### **Opinion**

We have audited the financial statements of Smith & Ouzman Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors' with respect to going concern are described in the relevant sections of this report.

## **SMITH & OUZMAN LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SMITH & OUZMAN LIMITED**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **Responsibilities of directors**

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

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

## **SMITH & OUZMAN LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SMITH & OUZMAN LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:  
<http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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.

**Mr Michael Neilan BSc FCA CTA (Senior Statutory Auditor)**

**for and on behalf of Price & Company**

20 November 2020

**Chartered Accountants  
Statutory Auditor**

30-32 Gildredge Road  
Eastbourne  
East Sussex  
BN21 4SH

**SMITH & OUZMAN LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	<b>Notes</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Turnover</b>	<b>3</b>	4,264,915	4,253,612
Cost of sales		(3,067,182)	(3,742,361)
		<u>1,197,733</u>	<u>511,251</u>
<b>Gross profit</b>			
Distribution costs		(405,248)	(344,069)
Administrative expenses		(819,231)	(900,317)
Other operating income		76,220	144,329
		<u>49,474</u>	<u>(588,806)</u>
<b>Operating profit/(loss)</b>	<b>4</b>		
Interest receivable and similar income	<b>7</b>	842	7,207
Interest payable and similar expenses	<b>8</b>	-	(740)
		<u>50,316</u>	<u>(582,339)</u>
<b>Profit/(loss) before taxation</b>			
Tax on profit/(loss)	<b>9</b>	24,520	(7,560)
		<u>74,836</u>	<u>(589,899)</u>
<b>Profit/(loss) for the financial year</b>		<u><u>74,836</u></u>	<u><u>(589,899)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**SMITH & OUZMAN LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Profit/(loss) for the year</b>	74,836	(589,899)
<b>Other comprehensive income</b>		
Revaluation of tangible fixed assets	-	2,160,792
<b>Total comprehensive income for the year</b>	<u>74,836</u>	<u>1,570,893</u>

**SMITH & OUZMAN LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2019**

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	<b>Notes</b>	<b>2019</b>		<b>2018</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	<b>11</b>	3,823,027		4,020,798	
Investments	<b>12</b>		7		7
		<u>3,823,034</u>		<u>4,020,805</u>	
<b>Current assets</b>					
Stocks	<b>14</b>	625,672		843,847	
Debtors	<b>15</b>	2,058,657		2,299,849	
Cash at bank and in hand		389,652		142,421	
		<u>3,073,981</u>		<u>3,286,117</u>	
<b>Creditors: amounts falling due within one year</b>	<b>16</b>	<u>(856,024)</u>		<u>(1,304,247)</u>	
<b>Net current assets</b>		<u>2,217,957</u>		<u>1,981,870</u>	
<b>Total assets less current liabilities</b>		<u>6,040,991</u>		<u>6,002,675</u>	
<b>Creditors: amounts falling due after more than one year</b>	<b>17</b>	(717,239)		(729,239)	
<b>Provisions for liabilities</b>	<b>19</b>	<u>(42,622)</u>		<u>(67,142)</u>	
<b>Net assets</b>		<u><u>5,281,130</u></u>		<u><u>5,206,294</u></u>	

**SMITH & OUZMAN LIMITED**

**BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2019**

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	Notes	2019		2018	
		£	£	£	£
<b>Capital and reserves</b>					
Called up share capital	<b>21</b>	574,004		574,004	
Revaluation reserve	<b>22</b>	2,342,441		2,342,441	
Capital redemption reserve	<b>23</b>	5,634		5,634	
Profit and loss reserves	<b>24</b>	2,359,051		2,284,215	
		<u>          </u>		<u>          </u>	
<b>Total equity</b>		5,281,130		5,206,294	
		<u>          </u>		<u>          </u>	

The financial statements were approved by the board of directors and authorised for issue on 20 November 2020 and are signed on its behalf by:

P R Ouzman  
**Director**

**Company Registration No. 00352738**

**SMITH & OUZMAN LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2018</b>		574,004	220,574	5,634	2,895,243	3,695,455
<b>Year ended 31 December 2018:</b>						
Loss for the year		-	-	-	(589,899)	(589,899)
Other comprehensive income:						
Revaluation of tangible fixed assets		-2,160,792		-	-2,160,792	
Total comprehensive income for the year		-2,160,792		-	(589,899)	1,570,893
Dividends	<b>10</b>	-	-	-	(60,054)	(60,054)
Transfers		-	(38,925)	-	38,925	-
<b>Balance at 31 December 2018</b>		574,004	2,342,441	5,634	2,284,215	5,206,294
<b>Year ended 31 December 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	74,836	74,836
<b>Balance at 31 December 2019</b>		574,004	2,342,441	5,634	2,359,051	5,281,130

**SMITH & OUZMAN LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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		2019		2018	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	26		239,676		(809,675)
Interest paid			-		(740)
Income taxes paid			-		(97,540)
			<hr/>		<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>			239,676		(907,955)
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(161,979)	
Proceeds on disposal of tangible fixed assets		6,713		10,225	
Interest received		842		7,207	
		<hr/>		<hr/>	
<b>Net cash generated from/(used in) investing activities</b>			7,555		(144,547)
<b>Financing activities</b>					
Payment of finance leases		-		(10,998)	
Dividends paid		-		(60,054)	
		<hr/>		<hr/>	
<b>Net cash used in financing activities</b>			-		(71,052)
<b>Net increase/(decrease) in cash and cash equivalents</b>			247,231		(1,123,554)
Cash and cash equivalents at beginning of year			142,421		1,265,975
			<hr/>		<hr/>
<b>Cash and cash equivalents at end of year</b>			389,652		142,421
			<hr/> <hr/>		<hr/> <hr/>

# **SMITH & OUZMAN LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

Smith & Ouzman Limited is a company limited by shares incorporated in England and Wales. The registered office is 45 Brampton Road, Eastbourne, East Sussex, BN22 9AH.

#### **1.1 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.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 405(2) of the Companies Act 2006 which states that a subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view, and on that basis have decided not to include the results of its subsidiaries. The financial statements present information about the company as an individual entity and not about its group.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **SMITH & OUZMAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Accounting policies (Continued)**

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 are recoverable.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

#### **1.4 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.

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:

Freehold land and buildings	- Land nil, buildings straight line over 50 years
Leasehold land and buildings	- Straight line over 50 years
Plant and machinery	- 15% on reducing balance
Fixtures, fittings and equipment	- 15% on reducing balance
Motor vehicles	- 25% on 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.

#### **1.5 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## **SMITH & OUZMAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Accounting policies (Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **1.7 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.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **1.8 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

## **SMITH & OUZMAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Accounting policies (Continued)**

##### **1.9 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 in the company's balance sheet 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

## SMITH & OUZMAN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies (Continued)

##### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### 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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

## **SMITH & OUZMAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Accounting policies (Continued)**

##### **1.10 Equity instruments**

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

##### **1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

###### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### **Deferred tax**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

##### **1.12 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.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# SMITH & OUZMAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies (Continued)

#### 1.14 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>		
Sales	4,264,915	4,253,612
	=====	=====
<b>Other significant revenue</b>		
Interest income	842	7,207
Rental income	76,220	81,055
	=====	=====

**SMITH & OUZMAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**3 Turnover and other revenue (Continued)**

**Turnover analysed by geographical market**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
U.K.	2,309,274	1,896,934
Overseas	1,955,641	2,356,678
	<u>4,264,915</u>	<u>4,253,612</u>
	<u><u>4,264,915</u></u>	<u><u>4,253,612</u></u>

**4 Operating profit/(loss)**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	41,259	49,468
Fees payable to the company's auditor for the audit of the company's financial statements	22,050	16,750
Depreciation of owned tangible fixed assets	199,124	180,157
(Profit)/loss on disposal of tangible fixed assets	(8,066)	3,633
Cost of stocks recognised as an expense	986,521	1,563,040

**5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
	57	60
	<u>57</u>	<u>60</u>

**SMITH & OUZMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019****5 Employees (Continued)**

Their aggregate remuneration comprised:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,724,464	1,709,045
Social security costs	173,149	164,195
Pension costs	109,903	129,920
	<u>2,007,516</u>	<u>2,003,160</u>
Redundancy payments made or committed	-	-

**6 Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	306,643	184,662
Company pension contributions to defined contribution schemes	23,666	30,506
	<u>330,309</u>	<u>215,168</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 2).

**7 Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	842	7,207
	<u>842</u>	<u>7,207</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	842	7,207
	<u>842</u>	<u>7,207</u>

**SMITH & OUZMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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<b>8 Interest payable and similar expenses</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	-	740
	<u>          </u>	<u>          </u>
<b>9 Taxation</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(12,685)
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(24,520)	20,245
	<u>          </u>	<u>          </u>
Total tax (credit)/charge	(24,520)	7,560
	<u>          </u>	<u>          </u>

**SMITH & OUZMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019****9 Taxation (Continued)**

The actual (credit)/charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit/(loss) before taxation	50,316	(582,339)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	9,560	(110,644)
Tax effect of expenses that are not deductible in determining taxable profit	-	1,463
Tax effect of income not taxable in determining taxable profit	(1,532)	-
Tax effect of utilisation of tax losses not previously recognised	(45,862)	12,523
Unutilised tax losses carried forward	-	62,428
Adjustments in respect of prior years	-	(12,685)
Permanent capital allowances in excess of depreciation	(24,520)	20,245
Depreciation add back	37,834	34,230
Taxation (credit)/charge for the year	(24,520)	7,560

**10 Dividends**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Final paid	-	60,054

**SMITH & OUZMAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**11 Tangible fixed assets**

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2019	1,150,000	2,090,000	5,306,709	458,335	107,751	9,112,795
Disposals	-	-	-	-	(46,070)	(46,070)
At 31 December 2019	1,150,000	2,090,000	5,306,709	458,335	61,681	9,066,725
<b>Depreciation and impairment</b>						
At 1 January 2019	-	-	4,612,417	384,514	95,066	5,091,997
Depreciation charged in the year	20,204	41,800	94,194	39,417	3,509	199,124
Eliminated in respect of disposals	-	-	-	-	(47,423)	(47,423)
At 31 December 2019	20,204	41,800	4,706,611	423,931	51,152	5,243,698
<b>Carrying amount</b>						
At 31 December 2019	1,129,796	2,048,200	600,098	34,404	10,529	3,823,027
At 31 December 2018	1,150,000	2,090,000	694,292	73,821	12,685	4,020,798

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	2,043,273	2,043,273
Accumulated depreciation	(1,004,930)	(964,065)
Carrying value	1,038,343	1,079,208

Freehold land and buildings have been pledged to secure borrowings of the company.

**SMITH & OUZMAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12 Fixed asset investments**

	Notes	2019 £	2018 £
Investments in subsidiaries	13	7	7
		<u>7</u>	<u>7</u>

**Movements in fixed asset investments**

	Shares in group undertakin g£
<b>Cost or valuation</b>	
At 1 January 2019 & 31 December 2019	7
	<u>7</u>
<b>Carrying amount</b>	
At 31 December 2019	7
	<u>7</u>
At 31 December 2018	7
	<u>7</u>

**13 Subsidiaries**

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of sharehold ing	% Held	
			Direct	Indirect
Smith & Ouzman Printers (Namibia) (Pty) Limited	Printers	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) Capital and Reserves	
	£	£
Smith & Ouzman Printers (Namibia) (Pty) Limited	(2,779)	(12,058)

The investments in subsidiaries are all stated at cost.

**SMITH & OUZMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019****14 Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	527,190	604,769
Work in progress	98,482	239,078
	<u>625,672</u>	<u>843,847</u>

**15 Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	1,804,784	1,993,448
Gross amounts owed by contract customers	13,542	27,841
Corporation tax recoverable	12,685	12,685
Amounts owed by group undertakings	13,055	13,055
Other debtors	184,951	194,170
Prepayments and accrued income	29,640	58,650
	<u>2,058,657</u>	<u>2,299,849</u>

**16 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	618,578	1,098,729
Taxation and social security	112,611	101,371
Other creditors	124,835	104,147
	<u>856,024</u>	<u>1,304,247</u>

**17 Creditors: amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other creditors	717,239	729,239
	<u>717,239</u>	<u>729,239</u>

**SMITH & OUZMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019****18 Provisions for liabilities**

	<b>Notes</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Deferred tax liabilities	<b>19</b>	42,622	67,142
		<u>          </u>	<u>          </u>

**19 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities</b> <b>2019</b> <b>£</b>	<b>Liabilities</b> <b>2018</b> <b>£</b>
<b>Balances:</b>		
Accelerated capital allowances	42,622	67,142
	<u>          </u>	<u>          </u>

Deferred tax is not recognised in respect of tax losses of £937,739 as it is not probable that they will be recovered in the foreseeable future against the reversal of deferred tax liabilities or future taxable profits.

**20 Retirement benefit schemes**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	109,903	129,920
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**SMITH & OUZMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019****21 Share capital**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Authorised</b>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u>          </u>	<u>          </u>
<b>Issued and fully paid</b>		
574,000 Ordinary shares of £1 each	574,000	574,000
4 Ordinary 'B' shares of £1 each	4	4
	<u>          </u>	<u>          </u>
	<u>574,004</u>	<u>574,004</u>

The company has two classes of ordinary shares. Ordinary shares have full voting rights, rights to dividends and rights to participate in a distribution of capital on winding up.

The ordinary 'B' shares do not carry voting rights.

**22 Revaluation reserve**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At the beginning of the year	2,342,441	220,574
Revaluation surplus arising in the year	-	2,160,792
Transfer to retained earnings	-	(38,925)
	<u>          </u>	<u>          </u>
At the end of the year	<u>2,342,441</u>	<u>2,342,441</u>

**23 Capital redemption reserve**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At beginning and end of year	<u>5,634</u>	<u>5,634</u>

**SMITH & OUZMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019****24 Profit and loss reserves**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At the beginning of the year	2,284,215	2,895,243
Profit/(loss) for the year	74,836	(589,899)
Dividends	-	(60,054)
Transfer from revaluation reserve	-	38,925
	<u>2,359,051</u>	<u>2,284,215</u>

**25 Related party transactions****Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	338,257	237,189
	<u>338,257</u>	<u>237,189</u>

**Transactions with related parties**

During the year the company entered into the following transactions with related parties:

	<b>Management fees</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other related parties	-	63,274
	<u>-</u>	<u>63,274</u>

**SMITH & OUZMAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**25 Related party transactions (Continued)**

The following amounts were outstanding at the reporting end date:

	<b>2019 Balance £</b>
<b>Amounts owed by related parties</b>	
Entities over which the entity has control, joint control or significant influence	13,055
Other related parties	174,410
	<u>187,465</u>
	<u><u>187,465</u></u>
	<b>2018 Balance £</b>
<b>Amounts owed in previous period</b>	
Entities over which the entity has control, joint control or significant influence	13,055
Other related parties	193,920
	<u>206,975</u>
	<u><u>206,975</u></u>

**SMITH & OUZMAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**26 Cash generated from operations**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the year after tax	74,836	(589,899)
<b>Adjustments for:</b>		
Taxation (credited)/charged	(24,520)	7,560
Finance costs	-	740
Investment income	(842)	(7,207)
(Gain)/loss on disposal of tangible fixed assets	(8,066)	3,633
Depreciation and impairment of tangible fixed assets	199,124	180,157
<b>Movements in working capital:</b>		
Decrease in stocks	218,175	89,037
Decrease/(increase) in debtors	241,192	(238,743)
(Decrease) in creditors	(460,223)	(254,953)
	<u>                    </u>	<u>                    </u>
<b>Cash generated from/(absorbed by) operations</b>	<b>239,676</b>	<b>(809,675)</b>
	<u>                    </u>	<u>                    </u>

**27 Analysis of changes in net funds**

	<b>1 January Cash flows</b>		<b>31</b>
	<b>2019</b>	<b>2019</b>	<b>December</b>
	<b>£</b>	<b>£</b>	<b>2019</b>
Cash at bank and in hand	142,421	247,231	389,652
	<u>                    </u>	<u>                    </u>	<u>                    </u>

