

MECHAN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ENDED 31 DECEMBER 2018
PAGES FOR FILING WITH REGISTRAR



LB GROUP
Number One
Vicarage Lane
Stratford
London
England
E15 4HF



MECHAN LIMITED

COMPANY INFORMATION

Directors	Mr A Mott	
	Mr A Lovambac	
	Mr C Y Lhotellier	
	Mr Z Altaf	
	Mr J H Gourp	(Appointed 5 September 2018)
	Mr M S Berry	(Appointed 5 September 2018)

Company number	00947728
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Registered office	Building 5 Davy Industrial Park Sheffield S9 4EX
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Auditor	LB Group (Stratford) Number One Vicarage Lane Stratford London England E15 4HF
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MECHAN LIMITED

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MECHAN LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	3	28,589	33,905
Current assets			
Stocks		258,719	196,487
Debtors	4	1,132,607	1,168,090
Cash at bank and in hand		1,015,564	363,979
		<u>2,406,890</u>	<u>1,728,556</u>
Creditors: amounts falling due within one year	5	<u>(1,898,325)</u>	<u>(853,365)</u>
Net current assets		508,565	875,191
Total assets less current liabilities		537,154	909,096
Provisions for liabilities		(5,432)	(90,234)
Net assets		<u>531,722</u>	<u>818,862</u>
Capital and reserves			
Called up share capital	6	77,210	77,210
Share premium account		16,551	16,551
Capital redemption reserve		16,434	16,434
Profit and loss reserves		421,527	708,667
Total equity		<u>531,722</u>	<u>818,862</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 21/5/19 and are signed on its behalf by:

.....
Mr A Lovambac
Director

.....
Mr Z Altaf
Director

Company Registration No. 00947728

MECHAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Mechan Limited is a private company limited by shares incorporated in England and Wales. The registered office is Building 5, Davy Industrial Park, Sheffield, S9 4EX.

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 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, 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.

1.2 Reporting period

The prior year financial statements were prepared based on a nine month period to 31 December 2017. This was due to a change in the accounting period. For this reason, comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

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.

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.

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.

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:

Land and buildings Leasehold	10% straight line
Plant and machinery	10-33% straight line
Motor vehicles	25% straight line

MECHAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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 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.

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.

1.6 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.

1.7 Cash and cash equivalents

Cash at bank and in hand 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.

MECHAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.8 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.

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.

1.9 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.

1.10 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.

MECHAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the Year Ended was 22 (2017 - 24).

MECHAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED ENDED 31 DECEMBER 2018

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2018	4,568	142,130	146,698
Additions	-	21,182	21,182
Disposals	-	(43,319)	(43,319)
At 31 December 2018	4,568	119,993	124,561
Depreciation and impairment:			
At 1 January 2018	3,991	108,802	112,793
Depreciation charged in the Year Ended	457	18,752	19,209
Eliminated in respect of disposals	-	(36,030)	(36,030)
At 31 December 2018	4,448	91,524	95,972
Carrying amount			
At 31 December 2018	120	28,469	28,589
At 31 December 2017	577	33,328	33,905

4 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	609,683	568,409
Amounts owed by group undertakings	76,707	106,707
Other debtors	446,217	426,573
	1,132,607	1,101,689
Amounts falling due after more than one year:		
Trade debtors	-	66,401
Total debtors	1,132,607	1,168,090

MECHAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED ENDED 31 DECEMBER 2018

5 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	490,216	488,166
Corporation tax	18,895	(932)
Other taxation and social security	95,492	31,840
Other creditors	1,293,722	334,291
	<u>1,898,325</u>	<u>853,365</u>

6 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
77,210 Ordinary shares of £1 each	77,210	77,210
	<u>77,210</u>	<u>77,210</u>

7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Mark Middleton.

The auditor was LB Group (Stratford).

8 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2018 £	2017 £
	69,774	132,274
	<u>69,774</u>	<u>132,274</u>

9 Related party transactions

MECHAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED ENDED 31 DECEMBER 2018

9 Related party transactions

(Continued)

Included within debtors is a loan owed from Mechan Group Limited, the parent company. The amount outstanding at the year end is £76,706 (2017: £76,706).

Included within debtors is also a loan owed from Compagnie Internationale de Maintenance S.A. of £Nil (2017:30,000).

During the year management charges payable to Compagnie Internationale de Maintenance S.A amounted to £43,637 (2017 - management charges receivable of £3,378).

10 Ultimate controlling party

The company is a wholly owned subsidiary of Mechan Group Limited. Mechan Group Limited is the wholly owned subsidiary of Compagnie Internationale de Maintenance S.A..

As at the year end, the ultimate controlling party is Cockerill Maintenance & Ingenierie S.A., a company registered in Belgium. The company has been the parent company of Compagnie Internationale de Maintenance S.A. since 20 December 2017.