

Merit Engineering Limited

Unaudited Filleted Financial Statements
for the Year Ended 31 March 2023

Fergusons and Peters
4 High Street
Pontardawe
Swansea
West Glamorgan
SA8 4IU

Merit Engineering Limited

Contents

Company Information	<u>1</u>
Balance Sheet	<u>2</u>
Notes to the Unaudited Financial Statements	<u>3 to 9</u>

Merit Engineering Limited

Company Information

Directors Mr. Kevin John Alford
Mrs G Alford

Company secretary Mrs G Alford

Registered office 4 High Street
Pontardawe
Swansea
West Glamorgan
SA8 4HU

Accountants Fergusons and Peters
4 High Street
Pontardawe
Swansea
West Glamorgan
SA8 4HU

Merit Engineering Limited
(Registration number: 02701668)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	<u>4</u>	42,257	55,672
Current assets			
Stocks	<u>5</u>	104,113	100,427
Debtors	<u>6</u>	189,560	184,102
Cash at bank and in hand		584,061	555,247
		<u>877,734</u>	<u>839,776</u>
Creditors: Amounts falling due within one year	<u>7</u>	(154,019)	(129,744)
Net current assets		<u>723,715</u>	<u>710,032</u>
Total assets less current liabilities		765,972	765,704
Creditors: Amounts falling due after more than one year	<u>7</u>	(38,409)	(48,268)
Net assets		<u><u>727,563</u></u>	<u><u>717,436</u></u>
Capital and reserves			
Called up share capital	<u>8</u>	2	2
Retained earnings		<u>727,561</u>	<u>717,434</u>
Shareholders' funds		<u><u>727,563</u></u>	<u><u>717,436</u></u>

For the financial year ending 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. As permitted by section 444 (5A) of the Companies Act 2006, the directors have not delivered to the registrar a copy of the Profit and Loss Account.

Approved and authorised by the Board on 17 October 2023 and signed on its behalf by:

.....
Mr. Kevin John Alford
Director

Merit Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

4 High Street
Pontardawe
Swansea
West Glamorgan
SA8 4HU

These financial statements were authorised for issue by the Board on 17 October 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime). The financial statements have been prepared under the historical cost convention and in accordance with FRS 105 'The Financial Reporting Standard applicable to the Micro-entities Regime'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Merit Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Vehicles, plant and machinery	25% reducing balance method

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Merit Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 12 (2022 - 16).

Merit Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

4 Tangible assets

	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation				
At 1 April 2022	15,502	49,525	119,131	184,158
Additions	-	-	522	522
At 31 March 2023	15,502	49,525	119,653	184,680
Depreciation				
At 1 April 2022	14,963	32,526	80,997	128,486
Charge for the year	136	4,249	9,552	13,937
At 31 March 2023	15,099	36,775	90,549	142,423
Carrying amount				
At 31 March 2023	403	12,750	29,104	42,257
At 31 March 2022	539	16,999	38,134	55,672

5 Stocks

	2023 £	2022 £
Work in progress	98,188	95,557
Other inventories	5,925	4,870
	<u>104,113</u>	<u>100,427</u>

6 Debtors

	2023 £	2022 £
Current		
Trade debtors	166,386	168,238
Prepayments	20,500	-
Other debtors	2,674	15,864
	<u>189,560</u>	<u>184,102</u>

7 Creditors

Creditors: amounts falling due within one year

Merit Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	9	9,606	17,342
Trade creditors		81,992	91,066
Taxation and social security		53,429	18,486
Other creditors		8,992	2,850
		<u>154,019</u>	<u>129,744</u>

Creditors: amounts falling due after more than one year

	Note	2023 £	2022 £
Due after one year			
Loans and borrowings	9	<u>38,409</u>	<u>48,268</u>

8 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary Shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

9 Loans and borrowings

	2023 £	2022 £
Non-current loans and borrowings		
Other borrowings	<u>38,409</u>	<u>48,268</u>

10 Dividends

Interim dividends paid

	2023 £	2022 £
Interim dividend of 1.00 per each Ordinary Share	<u>53,500</u>	<u>12,000</u>

11 Related party transactions

Merit Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

Transactions with directors

	Other payments made to company by director		
	At 1 April 2022	£	At 31 March 2023
2023			
Mr. Kevin John Alford			
Directors loan interest free	(90)	14	(76)

	Other payments made to company by director		
	At 1 April 2021	Advances to director	At 31 March 2022
2022			
Mr. Kevin John Alford			
Directors loan interest free	(36)	12,000	(12,054)
			(90)

Merit Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	44,582	42,120
Contributions paid to money purchase schemes	6,000	50,000
	<u>50,582</u>	<u>92,120</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.