

VWG MECHANICAL LIMITED

UNAUDITED  
FINANCIAL STATEMENTS

29 FEBRUARY 2020

**ArmstrongWatson<sup>®</sup>**  
Accountants, Business & Financial Advisers

**VWG MECHANICAL LIMITED**  
**REGISTERED NUMBER: 08407489**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 29 FEBRUARY 2020**

	Note	29 February 2020 £	31 May 2019 £
<b>Fixed assets</b>			
Tangible assets	5	68,496	90,942
		<u>68,496</u>	<u>90,942</u>
<b>Current assets</b>			
Stocks	6	10,000	10,000
Debtors: amounts falling due within one year	7	642,425	712,824
Cash at bank and in hand	8	39,537	-
		<u>691,962</u>	<u>722,824</u>
Creditors: amounts falling due within one year	9	(466,795)	(565,227)
<b>Net current assets</b>		<u>225,167</u>	<u>157,597</u>
<b>Total assets less current liabilities</b>		<u>293,663</u>	<u>248,539</u>
Creditors: amounts falling due after more than one year	10	(76,720)	(130,838)
<b>Provisions for liabilities</b>			
Deferred tax	13	(15,000)	(15,000)
		<u>(15,000)</u>	<u>(15,000)</u>
<b>Net assets</b>		<u><u>201,943</u></u>	<u><u>102,701</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account		201,843	102,601
		<u><u>201,943</u></u>	<u><u>102,701</u></u>

**VWG MECHANICAL LIMITED**  
**REGISTERED NUMBER: 08407489**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 29 FEBRUARY 2020**

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**C D J Dooling**

Director

Date: 4 June 2020

The notes on pages 3 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

**1. General information**

The company is a private company limited by shares incorporated and domiciled in the United Kingdom. It trades from its registered office address at Wyngarth, Langley Avenue, Bingley, BD16 4ET.

The principal activity of the company is the provision of mechanical engineering services.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The preparation of these financial statements does not include any adjustments that may be required as a consequence of the COVID-19 pandemic outbreak during March 2020. At the date of the signing of the financial statements, the consequences of COVID-19 on the company and the financial statements are subject to a high level of estimation uncertainty and these financial statements therefore do not include any such adjustments.

The following principal accounting policies have been applied:

**2.2 Going concern**

The financial statements have been prepared on the going concern basis which assumes the continuing support of the company's director, shareholders and wider creditors.

The director has considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the director is that, while they acknowledge the significant disruption that the pandemic will bring over the coming weeks and months, the director feels that the company is well placed to negotiate the unique set of conditions currently facing the UK economy.

In reaching their conclusion, the director has considered their cash flow from a period of 12 months from the date of sign off, the various financial support measures that have been announced by the UK government, and the availability of funding.

After consideration of all factors, the director continues to adopt the going concern basis in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

**2.5 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of income and retained earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.6 Borrowing costs**

All borrowing costs are recognised in the Statement of income and retained earnings in the period in which they are incurred.

**2.7 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

**2. Accounting policies (continued)**

**2.8 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.9 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 16.67% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

**2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

**2. Accounting policies (continued)**

**2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.14 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

**2.15 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of these financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, seldom equal to the related actual results.

Management estimate the stage of completion of long term contracts by comparing actual costs incurred to forecasts, relying on their past experience and expertise to ensure those estimates are accurate.

**4. Employees**

The average monthly number of employees, including directors, during the period was 10 (2019 - 13).

**5. Tangible fixed assets**

	<b>Plant and machinery £</b>
<b>Cost or valuation</b>	
At 1 June 2019	124,875
Additions	1,240
Disposals	(15,193)
	<hr/>
At 29 February 2020	110,922
	<hr/>
<b>Depreciation</b>	
At 1 June 2019	33,933
Charge for the period on owned assets	424
Charge for the period on financed assets	13,133
Disposals	(5,064)
	<hr/>
At 29 February 2020	42,426
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<b>Net book value</b>	
At 29 February 2020	<u>68,496</u>
<b>At 31 May 2019</b>	<u>90,942</u>



VWG MECHANICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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5. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	29 February 2020 £	31 May 2019 £
Plant and machinery	66,005	89,267
	<u>66,005</u>	<u>89,267</u>

6. Stocks

	29 February 2020 £	31 May 2019 £
Raw materials	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

7. Debtors

	29 February 2020 £	31 May 2019 £
Trade debtors	329,060	407,824
Other debtors	77,865	-
Amounts recoverable on contracts	235,500	305,000
	<u>642,425</u>	<u>712,824</u>

8. Cash and cash equivalents

	29 February 2020 £	31 May 2019 £
Cash at bank and in hand	39,537	-
Less: bank overdrafts	-	(4,067)
	<u>39,537</u>	<u>(4,067)</u>

VWG MECHANICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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9. Creditors: Amounts falling due within one year

	29 February 2020 £	31 May 2019 £
Bank overdrafts	-	4,067
Other loans	60,574	60,574
Trade creditors	136,185	152,358
Corporation tax	-	10,464
Other taxation and social security	47,940	15,025
Obligations under finance lease and hire purchase contracts	16,861	24,982
Other creditors	194,747	284,569
Accruals and deferred income	10,488	13,188
	<u>466,795</u>	<u>565,227</u>

The following liabilities were secured:

	29 February 2020 £	31 May 2019 £
Bank overdrafts	-	4,067
Obligations under finance lease and hire purchase contracts	16,861	24,982
Other loans	60,574	60,574
	<u>77,435</u>	<u>89,623</u>

VWG MECHANICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 29 FEBRUARY 2020

10. Creditors: Amounts falling due after more than one year

	29 February 2020 £	31 May 2019 £
Other loans	63,348	108,779
Obligations under finance leases and hire purchase contracts	13,372	22,059
	<u>76,720</u>	<u>130,838</u>

The following liabilities were secured:

	29 February 2020 £	31 May 2019 £
Other loans	63,348	108,779
Obligations under finance leases and hire purchase contracts	13,372	22,059
	<u>76,720</u>	<u>130,838</u>

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11. Loans

Analysis of the maturity of loans is given below:

	29 February 2020 £	31 May 2019 £
<b>Amounts falling due within one year</b>		
Other loans	60,574	60,574
	<u>60,574</u>	<u>60,574</u>
<b>Amounts falling due 1-2 years</b>		
Other loans	24,481	54,013
	<u>24,481</u>	<u>54,013</u>
<b>Amounts falling due 2-5 years</b>		
Other loans	38,867	54,767
	<u>38,867</u>	<u>54,767</u>
	<u>123,922</u>	<u>169,354</u>

12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	29 February 2020 £	31 May 2019 £
Within one year	16,861	24,982
Between 1-5 years	13,372	22,059
	<u>30,233</u>	<u>47,041</u>

VWG MECHANICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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13. Deferred taxation

	2020 £	2019 £
At beginning of year	15,000	15,000
<b>At end of year</b>	<b>15,000</b>	<b>15,000</b>

The provision for deferred taxation is made up as follows:

	29 February 2020 £	31 May 2019 £
Accelerated capital allowances	15,000	15,000
	<b>15,000</b>	<b>15,000</b>

14. Share capital

	29 February 2020 £	31 May 2019 £
<b>Allotted, called up and fully paid</b>		
85 (2019 - 85) Ordinary 'A' shares of £1.00 each	85	85
5 (2019 - 5) Ordinary 'B' shares of £1.00 each	5	5
5 (2019 - 5) Ordinary 'C' shares of £1.00 each	5	5
5 (2019 - 5) Ordinary 'D' shares of £1.00 each	5	5
	<b>100</b>	<b>100</b>

15. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £17,644 (2019 - £22,614).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

**16. Related party transactions**

Included in creditors, amounts falling due within one year, is an amount of £35,560 (2019 - £97,239) due to P C & M Dooling, the parents of C D J Dooling. The loan is interest free and repayable on demand.

Included in debtors, amounts falling due within one year, is an amount of £17,065 (2019 creditor - £11,944) due from C D J Dooling. The loan is interest free and payable on demand.

Included in creditors, amounts falling due within one year, is an amount of £44,187 (2019 - £60,386) due to S Lunn, sister of C D J Dooling. The loan is interest free and repayable on demand.

Included in creditors, amounts falling due within one year, are other family loans amounting to £105,000 (2019 - £105,000). The loans are interest free and repayable on demand.

**17. Controlling party**

The company was under the control of C D J Dooling throughout the period.

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