

Unaudited Financial Statements
for the Year Ended 30 June 2020
for
REECE CYCLES LIMITED

Contents of the Financial Statements
for the year ended 30 June 2020

| | Page |
|-----------------------------------|------|
| Company Information | 1 |
| Statement of Financial Position | 2 |
| Notes to the Financial Statements | 3 |

REECE CYCLES LIMITED

Company Information
for the year ended 30 June 2020

| | |
|---------------------------|---|
| Directors: | C S Yeh W J Yeh |
| Secretary: | C S Yeh |
| Registered office: | 100 Alcester Street Birmingham West Midlands B12 0QB |
| Registered number: | 03906016 (England and Wales) |
| Accountants: | Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE |
| Bankers: | NatWest Bank plc Birmingham New Street Bede House 11 Western Boulevard Leicester Leicestershire LE2 7EJ |

Statement of Financial Position
30 June 2020

| | Notes | £ | 2020 £ | £ | 2019 £ |
|--|-------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Intangible assets | 4 | | 23,768 | | 47,537 |
| Tangible assets | 5 | | <u>554,829</u> | | <u>582,776</u> |
| | | | 578,597 | | 630,313 |
| Current assets | | | | | |
| Stocks | | 1,223,683 | | 2,262,282 | |
| Debtors | 6 | 483,863 | | 686,189 | |
| Cash at bank and in hand | | <u>2,272,434</u> | | <u>285,243</u> | |
| | | 3,979,980 | | 3,233,714 | |
| Creditors | | | | | |
| Amounts falling due within one year | 7 | <u>760,968</u> | | <u>477,160</u> | |
| Net current assets | | | 3,219,012 | | 2,756,554 |
| Total assets less current liabilities | | | 3,797,609 | | 3,386,867 |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 1,000,000 | | 1,000,000 |
| Share premium | | | 123,470 | | 123,470 |
| Retained earnings | | | <u>2,674,139</u> | | <u>2,263,397</u> |
| Shareholders' funds | | | 3,797,609 | | 3,386,867 |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 14 April 2021 and were signed on its behalf by:

C S Yeh - Director

Notes to the Financial Statements
for the year ended 30 June 2020

1. **Statutory information**

Reece Cycles Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|---------------------|-------------------------|
| Freehold Property | 25 years straight line |
| Fixtures & Fittings | 3-5 years straight line |
| Motor Vehicles | 3 years straight line |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Notes to the Financial Statements - continued
for the year ended 30 June 2020

2. **Accounting policies - continued**

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Operating lease and hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Significant judgements and estimates

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Obsolete stock provision

Stock is valued on an average cost basis. A provision for slow moving and obsolete items is made based on stock that has been held for 120 days or more.

3. **Employees and directors**

The average number of employees during the year was 22 (2019 - 23).

4. **Intangible fixed assets**

| | Computer software £ |
|-----------------------|------------------------------------|
| Cost | |
| At 1 July 2019 | |
| and 30 June 2020 | 71,305 |
| Amortisation | |
| At 1 July 2019 | 23,768 |
| Amortisation for year | 23,769 |
| At 30 June 2020 | 47,537 |
| Net book value | |
| At 30 June 2020 | 23,768 |
| At 30 June 2019 | 47,537 |

Notes to the Financial Statements - continued
for the year ended 30 June 2020

5. **Tangible fixed assets**

| | Freehold property £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|------------------------|---------------------------|----------------------------------|------------------------|-------------|
| Cost | | | | |
| At 1 July 2019 | 952,968 | 360,781 | 124,852 | 1,438,601 |
| Additions | 1,400 | 10,450 | 30,604 | 42,454 |
| Disposals | - | - | (37,012) | (37,012) |
| At 30 June 2020 | 954,368 | 371,231 | 118,444 | 1,444,043 |
| Depreciation | | | | |
| At 1 July 2019 | 419,214 | 347,044 | 89,567 | 855,825 |
| Charge for year | 24,968 | 9,507 | 35,926 | 70,401 |
| Eliminated on disposal | - | - | (37,012) | (37,012) |
| At 30 June 2020 | 444,182 | 356,551 | 88,481 | 889,214 |
| Net book value | | | | |
| At 30 June 2020 | 510,186 | 14,680 | 29,963 | 554,829 |
| At 30 June 2019 | 533,754 | 13,737 | 35,285 | 582,776 |

6. **Debtors: amounts falling due within one year**

| | 2020 £ | 2019 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 277,310 | 622,857 |
| Other debtors | 167,471 | 24,167 |
| Prepayments and accrued income | 39,082 | 39,165 |
| | <u>483,863</u> | <u>686,189</u> |

7. **Creditors: amounts falling due within one year**

| | 2020 £ | 2019 £ |
|---------------------------------|----------------|----------------|
| Trade creditors | 256,352 | 383,053 |
| Corporation tax | 104,087 | (13,030) |
| Social security and other taxes | 24,636 | 19,611 |
| VAT | 338,347 | 49,130 |
| Other creditors | 146 | 146 |
| Directors' loan accounts | 30,000 | 30,000 |
| Accruals and deferred income | 7,400 | 8,250 |
| | <u>760,968</u> | <u>477,160</u> |

8. **Called up share capital**

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2020 £ | 2019 £ |
|-----------|----------|-------------------|------------------|------------------|
| 1,000,000 | Ordinary | 1 | <u>1,000,000</u> | <u>1,000,000</u> |

Notes to the Financial Statements - continued
for the year ended 30 June 2020

9. **Related party disclosures**

The directors operate a directors loan account. At the year end the balance due to the directors was £30,000 (2019: £30,000).

Key management personnel compensation totalled £95,448 for the year (2019: £98,800).

10. **Post balance sheet events**

On 12 September 2020, the company's entire issued share capital was acquired by a newly incorporated parent company, Y2K Holdings Limited, in a share-for-share exchange with the existing shareholders. Consequently, there has been no change in the ultimate ownership of the company.

11. **Ultimate controlling party**

The ultimate controlling party is W J Yeh.

12. **Contingencies**

Under the terms of the factoring agreement a debenture has been entered into by the company to indemnify any losses, liabilities, costs and expenses.

No further liabilities regarding the early termination of the contract are applicable.

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.