

Watson Gym Equipment Ltd

Annual Report and Financial Statements
for the Year Ended 30 June 2022

Watson Gym Equipment Ltd

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Watson Gym Equipment Ltd
(Registration number: 06132239)
Balance Sheet as at 30 June 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>4</u>	6,192	9,534
Tangible assets	<u>5</u>	<u>2,886,917</u>	<u>2,944,554</u>
		<u>2,893,109</u>	<u>2,954,088</u>
Current assets			
Stocks	<u>6</u>	621,687	199,415
Debtors	<u>7</u>	3,803,850	3,657,757
Cash at bank and in hand		<u>537,845</u>	<u>833,426</u>
		4,963,382	4,690,598
Creditors: Amounts falling due within one year	<u>8</u>	<u>(3,359,945)</u>	<u>(3,296,522)</u>
Net current assets		<u>1,603,437</u>	<u>1,394,076</u>
Total assets less current liabilities		4,496,546	4,348,164
Creditors: Amounts falling due after more than one year	<u>8</u>	(812,818)	(1,597,549)
Provisions for liabilities		<u>(630,645)</u>	<u>(389,595)</u>
Net assets		<u><u>3,053,083</u></u>	<u><u>2,361,020</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>3,052,983</u>	<u>2,360,920</u>
Total equity		<u><u>3,053,083</u></u>	<u><u>2,361,020</u></u>

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 and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 7 March 2023 and signed on its behalf by:

Simon Watson
Director

Watson Gym Equipment Ltd

Notes to the Financial Statements for the Year Ended 30 June 2022

1 General information

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

The address of its registered office is:

V1 Imperial Way
Commerce Park
Frome
BA11 2FD
England

These financial statements were authorised for issue by the Board on 7 March 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).

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.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 17 March 2023 was Ian Lloyd, who signed for and on behalf of Milsted Langdon LLP.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods 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.

Government grants

Government grants are recognised using the accrual model. Where the costs have already been incurred then the grant is credited to the profit and loss account.

Watson Gym Equipment Ltd

Notes to the Financial Statements for the Year Ended 30 June 2022

Tax

The tax expense for the period comprises current and deferred 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.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

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
Freehold property	10% on cost
Office equipment	20% on cost
Plant and equipment	10% on reducing balance

Intangible assets

Intangible assets are stated in the Balance Sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

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

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Website costs	20% on cost

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.

Watson Gym Equipment Ltd

Notes to the Financial Statements for the Year Ended 30 June 2022

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 stocks 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.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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

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 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.

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Notes to the Financial Statements for the Year Ended 30 June 2022

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.

Financial instruments

Classification

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors, loans from banks and other third parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 62 (2021 - 53).

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Notes to the Financial Statements for the Year Ended 30 June 2022

4 Intangible assets

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 July 2021	46,516	46,516
At 30 June 2022	46,516	46,516
Amortisation		
At 1 July 2021	36,982	36,982
Amortisation charge	3,342	3,342
At 30 June 2022	40,324	40,324
Carrying amount		
At 30 June 2022	6,192	6,192
At 30 June 2021	9,534	9,534

5 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 July 2021	236,893	3,467,287	56,907	3,761,087
Revaluations	(4,569)	-	-	(4,569)
Additions	63,802	204,635	48,778	317,215
Disposals	(72,305)	-	-	(72,305)
At 30 June 2022	223,821	3,671,922	105,685	4,001,428
Depreciation				
At 1 July 2021	118,169	670,723	27,641	816,533
Charge for the year	4,281	291,493	18,384	314,158
Eliminated on disposal	(16,180)	-	-	(16,180)
At 30 June 2022	106,270	962,216	46,025	1,114,511
Carrying amount				
At 30 June 2022	117,551	2,709,706	59,660	2,886,917
At 30 June 2021	118,724	2,796,564	29,266	2,944,554

Included within the net book value of land and buildings above is £117,551 (2021 - £118,724) in respect of freehold land and buildings.

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Notes to the Financial Statements for the Year Ended 30 June 2022

6 Stocks

	2022 £	2021 £
Raw materials and consumables	366,920	188,817
Work in progress	254,767	10,598
	<u>621,687</u>	<u>199,415</u>

7 Debtors

Current	Note	2022 £	2021 £
Trade debtors		162,726	96,363
Amounts owed by related parties	<u>11</u>	3,402,647	3,293,402
Prepayments		120,161	162,149
Other debtors		118,316	105,843
		<u>3,803,850</u>	<u>3,657,757</u>

8 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	<u>9</u>	445,666	500,728
Trade creditors		1,064,702	1,094,185
Social security and other taxes		101,369	39,212
Other creditors		323,367	94,257
Accruals		64,317	139,520
Corporation tax liability		57,061	86,660
Deferred income		1,303,463	1,341,960
		<u>3,359,945</u>	<u>3,296,522</u>
Due after one year			
Loans and borrowings	<u>9</u>	812,818	1,309,551
Other non-current financial liabilities		-	287,998
		<u>812,818</u>	<u>1,597,549</u>

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Notes to the Financial Statements for the Year Ended 30 June 2022

9 Loans and borrowings

	2022 £	2021 £
Non-current loans and borrowings		
Bank borrowings	-	73,111
Hire purchase contracts	812,818	1,236,440
	<u>812,818</u>	<u>1,309,551</u>

	2022 £	2021 £
Current loans and borrowings		
Bank borrowings	17,293	14,596
Bank overdrafts	8,096	11,149
Hire purchase contracts	420,277	474,983
	<u>445,666</u>	<u>500,728</u>

Bank borrowings

Bank borrowing is denominated in sterling with a nominal interest rate of 2.84% - 3.34% above Bank of England base rate%, and the final instalment is due on 15 July 2022. The carrying amount at year end is £17,293 (2021 - £87,707).

All monies due to Barclays Bank are secured against the freehold property and a debenture dating from 2 August 2016.

All monies due to Barclays Security Trustee Limited relate to a fixed and floating debenture charge dated 16 September 2019. The floating charge covers all property and undertakings of the company.

10 Dividends

	2022 £	2021 £
Interim dividend of £Nil (2021 - £2,400.00) per ordinary share	240,000	240,000
	<u>240,000</u>	<u>240,000</u>

11 Related party transactions

Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	<u>7,000</u>	<u>7,000</u>

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Notes to the Financial Statements for the Year Ended 30 June 2022

12 Parent and ultimate parent undertaking

The company's immediate parent is Watson Gym Holdings Limited, incorporated in England and Wales.

The parent of the largest group in which these financial statements are consolidated is Watson Gym Holdings Limited, incorporated in England and Wales.

The address of Watson Gym Holdings Limited is:

V1 Imperial Way
Commerce Park
Frome
Somerset
BA11 2FD

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