

Company registration number 00143164 (England and Wales)

Victoria Drop Forgings Co. Limited
Unaudited financial statements
For the year ended 31 October 2022

Victoria Drop Forgings Co. Limited

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Victoria Drop Forgings Co. Limited

Statement of financial position

As at 31 October 2022

		2022	2021
	Notes	£	£
Fixed assets			
Tangible assets	4	507,742	517,040
Current assets			
Stocks		888,841	595,520
Debtors	5	1,075,101	1,148,535
Cash at bank and in hand		16,265	24,502
		<u>1,980,207</u>	<u>1,368,557</u>
Creditors: amounts falling due within one year	6	<u>(854,325)</u>	<u>(843,654)</u>
Net current assets		<u>1,125,882</u>	<u>1,024,903</u>
Total assets less current liabilities		<u>1,633,624</u>	<u>1,541,943</u>
Creditors: amounts falling due after more than one year	7	(36,181)	(47,177)
Provisions for liabilities		<u>(50,000)</u>	<u>(40,500)</u>
Net assets		<u><u>1,547,443</u></u>	<u><u>1,454,266</u></u>
Capital and reserves			
Called up share capital	9	2,800	2,800
Revaluation reserve	10	270,696	270,696
Capital redemption reserve		2,200	2,200
Profit and loss reserves		<u>1,271,747</u>	<u>1,178,570</u>
Total equity		<u><u>1,547,443</u></u>	<u><u>1,454,266</u></u>

The director of the company has elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 October 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

Victoria Drop Forgings Co. Limited

Statement of financial position (continued)

As at 31 October 2022

The financial statements were approved and signed by the director and authorised for issue on 13 September 2023

Mr G L Howles

Director

Company Registration No. 00143164

Victoria Drop Forgings Co. Limited

Notes to the financial statements

For the year ended 31 October 2022

1 Accounting policies

Company information

Victoria Drop Forgings Co. Limited is a private company limited by shares incorporated in England and Wales. The registered office is Wednesfield Road, Willenhall, West Midlands, WV13 1AG.

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. The principal accounting policies adopted are set out below.

1.2 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The company recognises revenue from the sale of goods when all the following conditions are satisfied:

- (a) the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 Tangible fixed assets

Freehold Property, which is stated at its valuation in 2013, is not depreciated as it is the Company's policy to maintain its property in good repair and the life and residual value are such that depreciation would not be material. The directors perform annual impairment reviews to ensure that the recoverable amount is not less than the carrying value.

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Victoria Drop Forgings Co. Limited

Notes to the financial statements (continued)

For the year ended 31 October 2022

1 Accounting policies

(Continued)

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:

Freehold land and buildings	not provided
Plant and equipment	10% to 33.33% on cost
Fixtures and fittings	15% on reducing balance
Computers	33.33% on reducing balance

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.

1.4 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.

1.5 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 cost and replacement 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.

Victoria Drop Forgings Co. Limited

Notes to the financial statements (continued)

For the year ended 31 October 2022

1 Accounting policies

(Continued)

1.6 Cash and cash equivalents

Cash and cash equivalents 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.

1.7 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 statement of financial position 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.

1.8 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.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Victoria Drop Forgings Co. Limited

Notes to the financial statements (continued)

For the year ended 31 October 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

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 income statement, 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.

1.10 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.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Victoria Drop Forgings Co. Limited

Notes to the financial statements (continued)

For the year ended 31 October 2022

1 Accounting policies

(Continued)

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Foreign exchange

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 transaction. Exchange differences are taken into account in arriving at the operating result.

1.15 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

1.16 Hire Purchase and leasing commitments

Assets obtained under hire purchase contracts or finance lease are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	22	21

Victoria Drop Forgings Co. Limited

Notes to the financial statements (continued)

For the year ended 31 October 2022

4 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost or valuation					
At 1 November 2021	300,000	899,066	54,890	41,376	1,295,332
Additions	-	12,384	-	8,053	20,437
At 31 October 2022	300,000	911,450	54,890	49,429	1,315,769
Depreciation and impairment					
At 1 November 2021	-	691,279	46,823	40,190	778,292
Depreciation charged in the year	-	26,337	1,212	2,186	29,735
At 31 October 2022	-	717,616	48,035	42,376	808,027
Carrying amount					
At 31 October 2022	300,000	193,834	6,855	7,053	507,742
At 31 October 2021	300,000	207,787	8,067	1,186	517,040

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	Freehold Property	
	2022	2021
	£	£
Cost	29,304	29,304
5 Debtors		
Amounts falling due within one year:	2022	2021
	£	£
Trade debtors	284,371	270,312
Other debtors	24,237	111,730
	308,608	382,042

Victoria Drop Forgings Co. Limited

Notes to the financial statements (continued)

For the year ended 31 October 2022

5 Debtors (Continued)

	2022 £	2021 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	766,493	766,493
Total debtors	1,075,101	1,148,535

6 Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans	46,583	79,818
Trade creditors	271,493	263,253
Corporation tax	-	3,166
Other taxation and social security	263,725	268,520
Other creditors	272,524	228,897
	854,325	843,654

7 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Bank loans and overdrafts	31,963	38,509
Other creditors	4,218	8,668
	36,181	47,177

8 Secured debts

2022 2021

£ £

Bank loans 41,046 71,137

Hire purchase contracts 8,558 22,372

Invoice financing 235,344 154,613

Victoria Drop Forgings Co. Limited

Notes to the financial statements (continued)

For the year ended 31 October 2022

9 Called up share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
of £1 each	2,800	2,800	2,800	2,800
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 Revaluation reserve

	2022	2021
	£	£
At the beginning and end of the year	270,696	270,696
	<u> </u>	<u> </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.