

Company registration number 04226017 (England and Wales)

FORGECO LTD
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

FORGECO LTD

COMPANY INFORMATION

Directors Mr Davinder Bhasin
Mr R S Dale

Secretary Mr Rikki Dale

Company number 04226017

Registered office Swarn House
Meadow Lane
Coseley
Bilston
West Midlands
United Kingdom
WV14 9NQ

Accountants BK Plus Limited
29 Waterloo Road
Wolverhampton
WV1 4DJ

FORGECO LTD

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FORGECO LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2023

The directors present their annual report and financial statements for the year ended 30 April 2023.

Principal activities

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Davinder Bhasin

Mr R S Dale

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

Mr Rikki Dale

Secretary

30 April 2024

FORGECO LTD

REPORT TO THE DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY ACCOUNTS OF FORGECO LTD

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Forgeco Ltd for the year ended 30 April 2023 which comprise the profit and loss account, the balance sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at <https://www.accaglobal.com/gb/en/member/standards/rules-and-standards/rulebook.html>.

This report is made solely to the board of directors of Forgeco Ltd, as a body, in accordance with the terms of our engagement letter dated 5 March 2024. Our work has been undertaken solely to prepare for your approval the financial statements of Forgeco Ltd and state those matters that we have agreed to state to the board of directors of Forgeco Ltd, as a body, in this report in accordance with the requirements of the Association of Chartered Certified Accountants as detailed at https://www.accaglobal.com/content/dam/ACCA_Global/Technical/fact/technical-factsheet-163.pdf. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Forgeco Ltd and its board of directors as a body for our work or for this report.

It is your duty to ensure that Forgeco Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Forgeco Ltd. You consider that Forgeco Ltd is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Forgeco Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

BK Plus Limited

30 April 2024

Chartered Certified Accountants Accountants

29 Waterloo Road
Wolverhampton
WV1 4DJ

FORGECO LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2023

	2023 £	2022 £
Turnover	2,843,732	4,700,107
Cost of sales	(2,108,067)	(3,391,368)
	<hr/>	<hr/>
Gross profit	735,665	1,308,739
Distribution costs	(322,515)	(799,641)
Administrative expenses	(403,215)	(385,869)
Other operating income	-	11,411
	<hr/>	<hr/>
Operating profit	9,935	134,640
Interest payable and similar expenses	(30,105)	(9,677)
	<hr/>	<hr/>
(Loss)/profit before taxation	(20,170)	124,963
Tax on (loss)/profit	2,346	(24,441)
	<hr/>	<hr/>
(Loss)/profit for the financial year	<u>(17,824)</u>	<u>100,522</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

FORGECO LTD

BALANCE SHEET

AS AT 30 APRIL 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	4		5		5
Current assets					
Stocks		1,138,509		1,317,815	
Debtors	5	1,151,763		2,204,292	
Cash at bank and in hand		387,938		200,423	
		<u>2,678,210</u>		<u>3,722,530</u>	
Creditors: amounts falling due within one year	6	<u>(440,371)</u>		<u>(1,367,006)</u>	
Net current assets			2,237,839		2,355,524
Total assets less current liabilities			2,237,844		2,355,529
Creditors: amounts falling due after more than one year	7		<u>(225,139)</u>		<u>(325,000)</u>
Net assets			<u>2,012,705</u>		<u>2,030,529</u>
Capital and reserves					
Called up share capital			80,002		80,002
Profit and loss reserves			<u>1,932,703</u>		<u>1,950,527</u>
Total equity			<u>2,012,705</u>		<u>2,030,529</u>

For the financial year ended 30 April 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their 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 in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30 April 2024 and are signed on its behalf by:

Mr R S Dale
Director

Company registration number 04226017 (England and Wales)

FORGECO LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

Company information

Forgeco Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Swarn House, Meadow Lane, Coseley, Bilston, West Midlands, United Kingdom, WV14 9NQ.

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 and to include investment properties and certain financial instruments at fair value]. 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 Tangible fixed assets

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

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:

Plant and equipment	25% straight line
Computers	25% straight line
Motor vehicles	25% straight line

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.

FORGECO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

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.

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 balance sheet 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.

FORGECO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

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.

Current tax

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

FORGECO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

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 profit and loss account, 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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are 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.

FORGECO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

3 Employees

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

	2023 Number	2022 Number
Total	6	6

4 Tangible fixed assets

	Plant and equipment £	Computers £	Motor vehicles £	Total £
Cost				
At 1 May 2022	8,055	4,471	69,615	82,141
Disposals	-	-	(33,865)	(33,865)
At 30 April 2023	8,055	4,471	35,750	48,276
Depreciation and impairment				
At 1 May 2022	8,054	4,468	69,614	82,136
Eliminated in respect of disposals	-	-	(33,865)	(33,865)
At 30 April 2023	8,054	4,468	35,749	48,271
Carrying amount				
At 30 April 2023	1	3	1	5
At 30 April 2022	1	3	1	5

5 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	813,030	1,260,763
Other debtors	338,733	943,529
	1,151,763	2,204,292

FORGECO LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

6 Creditors: amounts falling due within one year

	2023 £	2022 £
Bank loans	100,000	100,000
Trade creditors	38,174	188,180
Corporation tax	63,324	108,323
Other taxation and social security	159,517	204,580
Other creditors	79,356	765,923
	<u>440,371</u>	<u>1,367,006</u>

Other creditors includes amounts advanced under an invoice discounting agreement. These advances are secured on the company's assets.

7 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Bank loans and overdrafts	<u>225,139</u>	<u>325,000</u>

FORGECO LTD

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2023

	2023 £	2023 £	2022 £	2022 £
Turnover				
Sales of goods		2,843,732		4,700,107
Cost of sales				
Opening stock of finished goods	1,283,651		365,792	
Raw materials purchases	1,962,925		4,309,227	
Closing stock of finished goods	(1,138,509)		(1,283,651)	
Total cost of sales		(2,108,067)		(3,391,368)
Gross profit	25.87%	735,665	27.84%	1,308,739
Other operating income				
Government grants receivable and released		-		11,411
Distribution costs				
Transport	322,300		794,523	
Container rent	215		5,118	
		(322,515)		(799,641)
Administrative expenses				
Wages and salaries	148,871		137,666	
Social security costs	7,571		6,652	
Staff pension costs defined contribution	2,282		2,417	
Management charge	60,000		110,000	
Rent, rates and water	60,000		10,000	
Power, light and heat	-		23,671	
Premises insurance	4,725		6,546	
Motor running expenses	13,581		10,004	
Travel and subsistence	9,161		2,412	
Legal and professional fees	15,750		14,626	
Accountancy	3,205		3,045	
Charitable donations	237		-	
Bank charges	486		4,468	
Factoring charges	47,335		35,866	
Bad and doubtful debts	8,980		-	
Insurances (not premises)	17		-	
Printing and stationery	1,653		1,118	
Advertising	3,183		10,054	
Telecommunications	1,200		1,200	
Entertaining	2,264		1,672	
Sundry expenses	965		120	
Depreciation	-		5,208	
Profit or loss on sale of tangible assets (non exceptional)	(1,000)		-	
Profit or loss on foreign exchange	12,749		(876)	
		(403,215)		(385,869)

FORGECO LTD

DETAILED PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

	2023 £	2023 £	2022 £	2022 £
Operating profit		9,935		134,640
Interest payable and similar expenses				
Bank interest on loans and overdrafts	20,079		9,677	
Interest payable - not financial liabilities	10,026		-	
		(30,105)		(9,677)
(Loss)/profit before taxation	0.71%	(20,170)	2.66%	124,963