

REGISTERED NUMBER: 01697708 (England and Wales)

**Unaudited Financial Statements
for the Year Ended 28 February 2017
for
GK General Engineering Limited**

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for the Year Ended 28 February 2017**

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GK General Engineering Limited

**Company Information
for the Year Ended 28 February 2017**

DIRECTOR:	Miss J Clowes
SECRETARY:	Miss J Clowes
REGISTERED OFFICE:	Blenheim Road Airfield Industrial Estate Ashbourne Derbyshire DE6 1HA
REGISTERED NUMBER:	01697708 (England and Wales)
ACCOUNTANTS:	Mabe Allen LLP Chartered Accountants 50 Osmaston Road Derby DE1 2HU
BANKERS:	National Westminster Bank Plc 58 St Peter's Street Derby Derbyshire DE1 1XL

GK General Engineering Limited (Registered number: 01697708)**Balance Sheet
28 February 2017**

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Tangible assets	4		425,303		441,569
CURRENT ASSETS					
Stocks	5	10,000		10,000	
Debtors	6	138,305		365,790	
Cash at bank		<u>377,865</u>		<u>243,502</u>	
		526,170		619,292	
CREDITORS					
Amounts falling due within one year	7	<u>222,974</u>		<u>359,592</u>	
NET CURRENT ASSETS			<u>303,196</u>		<u>259,700</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			728,499		701,269
PROVISIONS FOR LIABILITIES			<u>39,557</u>		<u>45,928</u>
NET ASSETS			<u>688,942</u>		<u>655,341</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Revaluation reserve	8		307,676		307,676
Retained earnings			<u>381,166</u>		<u>347,565</u>
SHAREHOLDERS' FUNDS			<u>688,942</u>		<u>655,341</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28 February 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 28 February 2017 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges her responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and 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.
- (b)

Balance Sheet - continued
28 February 2017

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

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

The financial statements were approved by the director on 14 November 2017 and were signed by:

Miss J Clowes - Director

**Notes to the Financial Statements
for the Year Ended 28 February 2017**

1. STATUTORY INFORMATION

GK General Engineering 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.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

These financial statements for the year ended 28 February 2017 are the first financial statements of the company prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 March 2015. In the transition to FRS102 from old UK GAAP the company has made measurement and recognition adjustments. An explanation of how the transition to FRS102 has affected the financial position and financial performance of the company is provided in note 10.

Judgements and key sources of estimation uncertainty

The preparation of the financial statement requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:-

Revaluation of land and buildings

The company carries its land and buildings at fair value with changes in fair value being recognised in comprehensive income. The current valuation used the most recent valuation report prepared by independent valuation specialists to determine fair value at 28 February 2017. The valuer used a valuation technique which took account of the estimate of fair maintainable turnover and the marketability of the property. The determined fair value of the property is most sensitive to the estimated yield as well as the long term vacancy rate.

Turnover

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

**Notes to the Financial Statements - continued
for the Year Ended 28 February 2017**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided
Plant and machinery	- 15% on reducing balance
Fixtures & fittings, office equipment	- 33% on cost and 10% on reducing balance
Motor vehicles	- 25% on cost

The Directors consider it inappropriate to provide depreciation on freehold land and buildings as it is their practice to maintain the properties in a continual state of sound repair such that their useful lives are so long and residual values so high that depreciation is felt to be insignificant. The financial statements comply with accounting standards and applicable legislation, subject to this departure which management has concluded is required to ensure the financial statements present a true and fair view.

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

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.

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 if 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 from 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.

Stocks

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

**Notes to the Financial Statements - continued
for the Year Ended 28 February 2017**

2. ACCOUNTING POLICIES - continued

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 provision 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 transactions costs 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 the market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flow discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party this is able to sell the asset in its entirety to an unrelated third party.

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, 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 constitute a financing transaction, where the debt instrument is measured at the present value of the future receipts 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.

**Notes to the Financial Statements - continued
for the Year Ended 28 February 2017**

2. ACCOUNTING POLICIES - continued

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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 balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

Hire purchase and leasing commitments

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors. Rentals payable under operating leases are charged to the Profit and Loss Account as incurred.

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.

Cash and cash equivalents

Cash and cash equivalents 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.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 10 (2016 - 10) .

Notes to the Financial Statements - continued
for the Year Ended 28 February 2017

4. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures & fittings, office equipment £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 March 2016 and 28 February 2017	<u>400,000</u>	<u>78,733</u>	<u>13,717</u>	<u>58,927</u>	<u>551,377</u>
DEPRECIATION					
At 1 March 2016	-	72,363	12,754	24,691	109,808
Charge for year	-	<u>956</u>	<u>579</u>	<u>14,731</u>	<u>16,266</u>
At 28 February 2017	-	<u>73,319</u>	<u>13,333</u>	<u>39,422</u>	<u>126,074</u>
NET BOOK VALUE					
At 28 February 2017	<u>400,000</u>	<u>5,414</u>	<u>384</u>	<u>19,505</u>	<u>425,303</u>
At 29 February 2016	<u>400,000</u>	<u>6,370</u>	<u>963</u>	<u>34,236</u>	<u>441,569</u>

Cost or valuation at 28 February 2017 is represented by:

	Freehold property £	Plant and machinery £	Fixtures & fittings, office equipment £	Motor vehicles £	Totals £
Valuation in 2000	62,676	-	-	-	62,676
Valuation in 2015	245,000	-	-	-	245,000
Cost	<u>92,324</u>	<u>78,733</u>	<u>13,717</u>	<u>58,927</u>	<u>243,701</u>
	<u>400,000</u>	<u>78,733</u>	<u>13,717</u>	<u>58,927</u>	<u>551,377</u>

If Land and property had not been revalued it would have been included at the following historical cost:

	2017 £	2016 £
Cost	<u>92,324</u>	<u>92,324</u>

Land and property was valued on an open market basis on 2 August 2014 by Fidler Taylor .

The directors have not provided depreciation on the freehold property in the current year which is a departure from the requirements of the Financial Reporting Standard 102. Given the continued current use of the property and its position on an industrial estate the directors believe this isolated instance of non-adherence to the provisions of the Financial Reporting Standard 102 does not impact on the true and fair view of the financial statements.

**Notes to the Financial Statements - continued
for the Year Ended 28 February 2017**

5. STOCKS

	2017	2016
	£	£
Stocks	<u>10,000</u>	<u>10,000</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	130,159	357,697
Prepayments	<u>8,146</u>	<u>8,093</u>
	<u>138,305</u>	<u>365,790</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	49,108	103,154
Corporation tax	15,500	44,400
Social security and other taxes	32,611	62,034
Other creditors	-	27,750
Directors' current accounts	120,576	116,852
Accruals	<u>5,179</u>	<u>5,402</u>
	<u>222,974</u>	<u>359,592</u>

8. RESERVES

	Revaluation reserve £
At 1 March 2016 and 28 February 2017	<u>307,676</u>

**Notes to the Financial Statements - continued
for the Year Ended 28 February 2017**

9. FIRST YEAR ADOPTION

As stated in note 1, these are the company's first financial statements prepared in accordance with Section 1A "Small Entities" of FRS102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 28 February 2017 and the comparative information presented in these financial statements for the year ended 29 February 2016.

In preparing its FRS102 financial statements, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS102 has affected the company's position and financial performance is set out below:

Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

Prior to the adoption of FRS102, Tax deferred or accelerated was accounted for in respect of all material timing differences except on the revaluation of freehold property unless, by the balance sheet date, the reporting entity had entered into a binding agreement to sell the revalued assets and recognised the gains and losses expected to arise on sale.

FRS102 requires tax deferred or accelerated to be accounted for in respect of all material timing differences.

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.