

Company registration number 5551941 (England and Wales)

W C M EUROPE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

W C M EUROPE LTD

COMPANY INFORMATION

Directors	Mr K N McGee Mr I E Hammond Mrs L T Reading Mr A R M Anderson Mr S Williams	(Appointed 4 August 2022)
Secretary	Mr K N McGee	
Company number	5551941	
Registered office	Innovation House One Juniper West Fenton Way Basildon Essex United Kingdom SS15 6TD	
Auditor	BDO LLP 55 Baker Street London United Kingdom W1U 7EU	

W C M EUROPE LTD

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W C M EUROPE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021. The accounts are prepared under UK GAAP and have continued to apply FRS102 in the current financial year.

Fair review of the business

2021 started with the continued impact of the pandemic through the second lock down and there was of course the small matter of Brexit to deal with. The Company continued to use the Government JRS support to support the business through this difficult time albeit in a dramatically reduced manner than through spring & summer 2020. Spring 2021 bought an increase in activity which continued throughout 2021. Activity continued to increase through the later part of 2021 which culminated in an increase in sales of over 30% on 2020. As a result, the company returned to profit after suffering its first ever loss in 2020.

The company continued with its investment into the infrastructure of the business through further asset purchases totalling £1,135k and continued investment into the personnel of the business. This has impacted favourably on the business's future activity with the Company currently holding its largest ever order book albeit the start of a lot of the new production vehicles mean that 2023 will be the year of significant growth.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company remain largely economic with the ongoing uncertainty concerning the impact of Covid-19 and the subsequent impact in the automotive sector due to the lack of semiconductors and other key materials. The Directors are well aware of the company's associations with the automotive sector, and the fact that it can be impacted upon in times of economic downturn and issues caused by the pandemic. Current economic indicators however suggest that the automotive position the company supplies to continues to improve with noticeable enquiries being received with regard to new vehicle developments and demand for existing vehicle ranges. The Directors believe that the company has been successful at diversifying its risk profile by continue to develop a range of innovative products and processes.

Business Environment

The sector remains competitive and it is acknowledged that the company needs to be pro-active in order to maintain market share. However the Directors have concentrated their efforts in positioning themselves as a tier one supplier of interior decorative trim to the automotive sector and in particular the luxury end of that market. The company's strategy is to remain in high quality, low level production to this sector and look to expand its expertise into other luxury goods.

The company needs to be proactive in terms of the range of products and services offered and the way that it markets itself to potential new customers. Significant investment is going to be made in its marketing operation and the way that it brands itself to this sector.

The company also needs to be aware of its customer profile and how this is evolving in order to make the best use of technological opportunities as they arise. The company will continue to monitor new products as well as utilising what is currently available so that it remains a market leader in its sector.

Research and Development

The company continues to expend substantial time and cost on research and development into new products and processes.

W C M EUROPE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

The financial year saw the following:

- A 30% increase in turnover
- Gross margin 22% in line with 22% in 2020
- Net profit before tax of £251k compared with a loss of £383k in 2020
- Net profit of 1% compared with a 1.98% loss in 2020
- No dividend was paid to its ultimate holding company

In addition to the above financial data, the Directors believe that non-financial data suggests that the company is on track to maintain its desired objectives. In particular, factors such as employee retention and customer enquiries are key indicators of positive trends.

Future developments

The company is optimistic that trading conditions will continue to improve in the higher end of the automotive sector through 2022 as the world returns to some sort of normality and the semiconductor supply issue eases. The company is well placed to exploit the market potential and continue to maintain and expand its business and continue to develop new products and processes and strengthen its relationships with customers and suppliers. Indeed the current order book is the best the company has experienced.

Business development continues to be a key for the company and work is ongoing to expand the company's customer base into new luxury brands in the automotive sector and also to use its expertise in other luxury goods markets.

On behalf of the board

Mr K N McGee
Director

29 September 2022

W C M EUROPE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of design, prototyping, tooling and moulding manufacture.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr K N McGee

Mr I E Hammond

Mrs L T Reading

Mr A R M Anderson

Mr S Williams

(Appointed 4 August 2022)

Post reporting date events

Information relating to events since the end of the year is given in the notes to the financial statements.

Auditor

The directors consider that the company's auditors, BDO should be re-appointed for the coming year.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr K N McGee

Director

29 September 2022

W C M EUROPE LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W C M EUROPE LTD

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of W C M Europe Ltd (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF W C M EUROPE LTD

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF W C M EUROPE LTD

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud is detailed below.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- reviewing minutes of meetings of those charged with governance;
- assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations and
- performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Willis (Senior Statutory Auditor)

For and on behalf of BDO LLP

30 September 2022

Chartered Accountants

Statutory Auditor

BDO LLP is a limited liability partnership registered in England and Wales
(with registered number OC305127).

55 Baker Street
London

United Kingdom
W1U 7EU

W C M EUROPE LTD

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	25,266,608	19,360,438
Cost of sales		(19,664,604)	(15,078,173)
Gross profit		5,602,004	4,282,265
Administrative expenses		(5,260,218)	(5,121,768)
Other operating income		108,016	660,975
Operating profit/(loss)	4	449,802	(178,528)
Interest payable and similar expenses	7	(199,122)	(204,759)
Profit/(loss) before taxation		250,680	(383,287)
Tax on profit/(loss)	8	255,362	-
Profit/(loss) for the financial year		506,042	(383,287)
Retained earnings brought forward		4,381,975	4,765,262
Retained earnings carried forward		4,888,017	4,381,975

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

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BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	9	5,121,041		5,309,009	
Investments	10	955,050		-	
		<u>6,076,091</u>		<u>5,309,009</u>	
Current assets					
Stocks	13	2,505,466		2,797,250	
Debtors	14	7,055,239		6,579,032	
Investments	15	439,004		469,004	
Cash at bank and in hand		194,505		382,630	
		<u>10,194,214</u>		<u>10,227,916</u>	
Creditors: amounts falling due within one year	16	<u>(9,874,807)</u>		<u>(9,585,404)</u>	
Net current assets		<u>319,407</u>		<u>642,512</u>	
Total assets less current liabilities		<u>6,395,498</u>		<u>5,951,521</u>	
Creditors: amounts falling due after more than one year	17	<u>(1,507,381)</u>		<u>(1,569,446)</u>	
Net assets		<u>4,888,117</u>		<u>4,382,075</u>	
Capital and reserves					
Called up share capital	21	100		100	
Profit and loss reserves		4,888,017		4,381,975	
Total equity		<u>4,888,117</u>		<u>4,382,075</u>	

The financial statements were approved by the board of directors and authorised for issue on 29 September 2022 and are signed on its behalf by:

Mr K N McGee
Director

Company Registration No. 5551941

W C M EUROPE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(199,428)		2,260,085
Interest paid			(199,122)		(204,759)
Net cash (outflow)/inflow from operating activities			<u>(398,550)</u>		<u>2,055,326</u>
Investing activities					
Purchase of tangible fixed assets		(242,148)		(155,131)	
Proceeds on disposal of tangible fixed assets		299,934		47,999	
Proceeds on disposal of investments		-		(85,000)	
Net cash generated from/(used in) investing activities			<u>57,786</u>		<u>(192,132)</u>
Financing activities					
Payment of finance leases obligations		(942,243)		(889,717)	
Net cash used in financing activities			<u>(942,243)</u>		<u>(889,717)</u>
Net (decrease)/increase in cash and cash equivalents			<u>(1,283,007)</u>		<u>973,477</u>
Cash and cash equivalents at beginning of year			<u>(2,109,805)</u>		<u>(3,083,282)</u>
Cash and cash equivalents at end of year			<u><u>(3,392,812)</u></u>		<u><u>(2,109,805)</u></u>
Relating to:					
Cash at bank and in hand			194,505		382,630
Bank overdrafts included in creditors payable within one year			<u>(3,587,317)</u>		<u>(2,492,435)</u>

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

W C M Europe Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Innovation House, One Juniper West, Fenton Way, Basildon, Essex, United Kingdom, SS15 6TD.

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.

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 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 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.

1.4 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 machinery	10% on cost
Fixtures, fittings & equipment	20% on cost
Motor vehicles	20% on cost

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 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.

1.7 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.

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

1.8 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.

1.9 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.

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 flows 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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 that 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

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 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.

1.11 Taxation

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

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 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.

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.

1.12 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.

1.13 Retirement benefits

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

1.14 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 balance sheet 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.

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.

W C M EUROPE LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****1 Accounting policies****(Continued)****1.15 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.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.17 Research and development

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

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Allowances for credit losses

The company reviews its aged receivables at each reporting date and at each month-end to assess whether an allowance should be made for recoverability. In determining this allowance, judgement by management is required in the estimation of the amount and timings of future cash flows. Such estimations are based on assumptions of a number of factors, but there will usually be a provision implemented where sufficient evidence exists as to non-recoverability.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Design, prototyping, tooling and moulding manufacture	25,266,608	19,360,438
	<u> </u>	<u> </u>

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue		(Continued)	
	2021	2020	
	£	£	
Turnover analysed by geographical market			
United Kingdom	22,177,579	17,670,796	
Europe	2,822,029	1,615,399	
Rest of the world	267,000	74,243	
	<u>25,266,608</u>	<u>19,360,438</u>	
	<u>2021</u>	<u>2020</u>	
	<u>£</u>	<u>£</u>	
Other revenue			
Grants received	108,016	660,975	
	<u>108,016</u>	<u>660,975</u>	
4 Operating profit/(loss)			
	2021	2020	
	£	£	
Operating profit/(loss) for the year is stated after charging/(crediting):			
Government grants	(108,016)	(660,975)	
Fees payable to the company's auditor for the audit of the company's financial statements	33,600	34,000	
Depreciation of owned tangible fixed assets	549,675	444,579	
Depreciation of tangible fixed assets held under finance leases	513,787	448,759	
Profit on disposal of tangible fixed assets	(9,874)	(12,967)	
Operating lease charges	916,636	940,184	
	<u>916,636</u>	<u>940,184</u>	
5 Employees			
The average monthly number of persons (including directors) employed by the company during the year was:			
	2021	2020	
	Number	Number	
Administrative	51	50	
Productive	133	128	
	<u>184</u>	<u>178</u>	
Total	<u>184</u>	<u>178</u>	

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees **(Continued)**

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	5,789,956	5,438,527
Social security costs	443,701	428,647
Pension costs	137,525	129,307
	<u>6,371,182</u>	<u>5,996,481</u>

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	317,904	296,631
Company pension contributions to defined contribution schemes	21,649	-
	<u>339,553</u>	<u>296,631</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	108,000	106,984
Company pension contributions to defined contribution schemes	8,640	8,559
	<u>116,640</u>	<u>115,543</u>

7 Interest payable and similar expenses

	2021	2020
	£	£
Other finance costs:		
Interest on finance leases and hire purchase contracts	199,122	204,759
	<u>199,122</u>	<u>204,759</u>

8 Taxation

	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	(255,362)	-
	<u>(255,362)</u>	<u>-</u>

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Taxation (Continued)

The actual (credit)/charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit/(loss) before taxation	250,680	(383,287)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	47,629	(72,825)
Tax effect of expenses that are not deductible in determining taxable profit	2,178	1,832
Tax effect of utilisation of tax losses not previously recognised	61,043	97,238
Adjustments in respect of prior years	(255,362)	-
Tax effect of capital allowances	(110,850)	(26,245)
Taxation credit for the year	(255,362)	-

9 Tangible fixed assets

	Plant and machinery £	Fixtures, Motor vehicles fittings & equipment £	£	Total £
Cost				
At 1 January 2021	7,321,597	669,450	1,212,252	9,203,299
Additions	769,118	75,376	291,060	1,135,554
Disposals	(11,321)	-	(398,920)	(410,241)
At 31 December 2021	8,079,394	744,826	1,104,392	9,928,612
Depreciation and impairment				
At 1 January 2021	3,025,420	444,114	424,756	3,894,290
Depreciation charged in the year	800,765	96,346	166,351	1,063,462
Eliminated in respect of disposals	-	-	(150,181)	(150,181)
At 31 December 2021	3,826,185	540,460	440,926	4,807,571
Carrying amount				
At 31 December 2021	4,253,209	204,366	663,466	5,121,041
At 31 December 2020	4,296,177	225,336	787,496	5,309,009

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

9 Tangible fixed assets **(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and machinery	2,923,250	2,847,587
Motor vehicles	595,198	707,310
	<u>3,518,448</u>	<u>3,554,897</u>

10 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	11	955,050	-
		<u>955,050</u>	<u>-</u>

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2021	-
Additions	955,050
	<u>955,050</u>
At 31 December 2021	955,050
Carrying amount	
At 31 December 2021	955,050
	<u>955,050</u>
At 31 December 2020	-
	<u>-</u>

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Kaidex Limited	England and Wales	Ordinary	100.00

12 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	439,004	469,004
	<u>439,004</u>	<u>469,004</u>

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

13 Stocks

	2021	2020
	£	£
Raw materials and consumables	599,350	621,481
Finished goods and goods for resale	1,906,116	2,175,769
	<u>2,505,466</u>	<u>2,797,250</u>

14 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	5,900,461	4,127,365
Corporation tax recoverable	255,362	-
Amounts owed by group undertakings	373,849	1,554,148
Other debtors	-	70,000
Prepayments and accrued income	525,567	827,519
	<u>7,055,239</u>	<u>6,579,032</u>

15 Current asset investments

	2021	2020
	£	£
Unlisted investments	439,004	469,004
	<u>439,004</u>	<u>469,004</u>

Current asset investments represent motor vehicles held for investment purposes and these amounts have been transferred from tangible fixed assets. The investments are valued by reference to the valuations for similar vehicles.

16 Creditors: amounts falling due within one year

		2021	2020
	Notes	£	£
Bank loans and overdrafts	18	3,587,317	2,492,435
Obligations under finance leases	19	834,923	821,695
Trade creditors		3,888,284	4,482,744
Taxation and social security		1,283,394	1,704,052
Other creditors		145,395	1,264
Accruals and deferred income		135,494	83,214
		<u>9,874,807</u>	<u>9,585,404</u>

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**17 Creditors: amounts falling due after more than one year**

	Notes	2021 £	2020 £
Obligations under finance leases	19	1,507,381	1,569,446

18 Loans and overdrafts

	2021 £	2020 £
Bank overdrafts	3,587,317	2,492,435
Payable within one year	3,587,317	2,492,435

The bank overdrafts represents advances received under a debt factoring arrangement. These are secured by fixed and floating charges over the plant and fixtures.

The hire purchase balances are secured on the assets that the hire purchase is financing.

The advance on trade debtors is secured over the relevant trade debts.

19 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	834,923	821,695
In two to five years	1,507,381	1,569,446
	2,342,304	2,391,141

Significant leasing commitments under operating leases primarily relate to leases on rented commercial properties over fixed term lease agreements.

Other leasing commitments relate to ongoing commitments under hire purchase agreements, which are used to finance specific items of plant and equipment and motor vehicles. These are treated as finance leases in the financial statements and the assets are capitalised in accordance with current UK GAAP.

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	137,525	129,307

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

Ordinary shares each carry one voting right and entitle the holder to full rights for distributions and participation in the event of a winding up.

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	375,583	381,000
Between two and five years	300,000	375,583
In over five years	-	300,000
	<u>675,583</u>	<u>1,056,583</u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>339,553</u>	<u>316,509</u>

Key management are deemed to be the board members K McGee, I Hammond, L Reading and A Anderson.

Other information

During the year rent of £42,000 (2020 - £42,000) was paid to K N McGee.

The company rented office premises on a commercial basis at an annual rental of £40,000 (2020 - £40,000) from a pension fund in which the directors have substantial interests.

Fees of £8,600 (2020 - £8,000) were paid to Azets Holdings Limited, a company of which R Anderson, a director of the holding company, is a shareholder.

The company has taken advantage of the exemption under section 33 of FRS102 not to disclose transactions with other group companies.

W C M EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Ultimate controlling party

The ultimate and immediate parent company is WCM Investments Limited, a company incorporated in England and Wales.

The ultimate controlling party is Karl McGee.

25 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit/(loss) for the year after tax	506,042	(383,287)
Adjustments for:		
Taxation credited	(255,362)	-
Finance costs	199,122	204,759
Gain on disposal of tangible fixed assets	(9,874)	(12,967)
Depreciation and impairment of tangible fixed assets	1,063,462	893,338
Movements in working capital:		
Decrease/(increase) in stocks	291,784	(473,956)
(Increase)/decrease in debtors	(1,175,895)	331,483
(Decrease)/increase in creditors	(818,707)	1,700,715
Cash (absorbed by)/generated from operations	<u>(199,428)</u>	<u>2,260,085</u>

26 Analysis of changes in net debt

	1 January 2021 £	Cash flows £	New finance leases £	31 December 2021 £
Cash at bank and in hand	382,630	(188,125)	-	194,505
Bank overdrafts	(2,492,435)	(1,094,882)	-	(3,587,317)
	<u>(2,109,805)</u>	<u>(1,283,007)</u>	<u>-</u>	<u>(3,392,812)</u>
Obligations under finance leases	(2,391,141)	942,243	(893,406)	(2,342,304)
	<u>(4,500,946)</u>	<u>(340,764)</u>	<u>(893,406)</u>	<u>(5,735,116)</u>

