REEL (UK) Limited

Registered number: 03355913

Annual report

For the year ended 31 December 2021

REEL (UK) LIMITED
REGISTERED NUMBER: 03355913

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	5		4,601		7,570
			4,601		7,570
Current assets					
Stocks	6	116,633		130,272	
Debtors: amounts falling due within one year	7	1,942,060		711,676	
Cash at bank and in hand		48,867		1,028,219	
		2,107,560		1,870,167	
Creditors: amounts falling due within one year		(588,558)		(669,932)	
Net current assets			1,519,002		1,200,235
Total assets less current liabilities			1,523,603		1,207,805
Provisions for liabilities					
Other provisions	8	(53,780)		(19,942)	
			(53,780)		(19,942)
Net assets			1,469,823		1,187,863
Capital and reserves					
Called up share capital	9		1,800,000		1,800,000
Profit and loss account			(330,177)		(612,137)
Total equity			1,469,823		1,187,863

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

C Schmuck
Director

Date: 7 November 2022

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021**

The notes on pages 3 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Reel (UK) Limited ('the company') is a private company limited by shares, incorporated in England and Wales. The address of its registered office is Platts Road, Amblecote, Stourbridge, DY8 4YR, United Kingdom.

The principal activity of the company during the year was the manufacturing, installation and maintenance of heavy lifting and industrial equipment.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements are prepared on a going concern basis. The company remains assured of the financial support provided by the ultimate parent company. The directors have received confirmation that the ultimate parent company will continue to support the company and provide it with adequate funds when necessary to enable it to meet its debts as they fall due in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Goodwill is amortised over its estimated useful life of five years, as this is the period management expects to benefit from assets previously acquired in a business combination.

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases:.

Depreciation is provided on the following basis:

Plant and machinery	-	25%	straight line
Office equipment	-	15%	reducing balance
Leasehold improvements	-	50%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and retained earnings.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of income and retained earnings.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Government grants

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays. Of the offered schemes, the company used the furlough scheme. The income from the furlough scheme has been recognised within 'Other operating income'. The income is recognised when the company has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received.

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the statement of income and retained earnings within 'administrative expenses'.

2.13 Finance costs

Finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 Provisions for liabilities

A provision for onerous contracts is made when the expected costs to complete a project exceed the contract price of the project. A contract is considered to be onerous at the point that Management identifies that the contract will be loss-making, and at this point, the expected loss is recognised in the statement of income and retained earnings immediately.

2. Accounting policies (continued)

2.16 Taxation

Tax is recognised in the statement of income and retained earnings except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

3.1 Critical judgements in applying the company's accounting policies

The directors do not consider themselves to have made any critical judgements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a

significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the

next financial year are discussed below.

(i) Recoverability of debtors

The company establishes a provision for debts that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the debts, past experience of recoverability, and the credit profile of individual or groups of customers.

(ii) Revenue recognition - stage of completion

The stage of completion of long-term contracts is determined with reference to cumulative costs incurred, and the total estimated costs to complete a project. Costs to complete are estimated with reference to past experience in similar projects and project specifics.

4. Employees

The average monthly number of employees, including the directors, during the year was 22 (2020: 26).

5. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Office equipment	Total
	£	£	£	£
Cost				
At 1 January 2021	27,293	24,448	66,024	117,765
Additions	-	2,908	-	2,908
At 31 December 2021	27,293	27,356	66,024	120,673
Depreciation				
At 1 January 2021	27,293	20,693	62,209	110,195
Charge for the year	-	2,775	3,102	5,877
At 31 December 2021	27,293	23,468	65,311	116,072
Net book value				
At 31 December 2021	-	3,888	713	4,601
At 31 December 2020	-	3,755	3,815	7,570

6. Stocks

	2021	2020
	£	£
Raw materials	116,633	130,272

Stock is stated after provisions of £29,766 (2020: £26,792).

7. Debtors

	2021 £	2020 £
Trade debtors	1,001,948	631,232
Amounts owed by group undertakings	800,000	7
Other debtors	450	21,050
Prepayments and accrued income	139,662	59,387
	1,942,060	711,676

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

8. Provisions

	Onerous contracts £
At 1 January 2021	19,942
Charged to profit or loss	33,838
At 31 December 2021	53,780

The provision above is in relation to onerous contracts, will be settled over time.

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,800,000 (2020: 1,800,000) ordinary shares of £1 each	1,800,000	1,800,000

The company has one class of ordinary shares; each share carries one voting right per share but no right

to fixed income.

10. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. As at the reporting date, no amounts are due to the fund (2020: £nil).

11. Post balance sheet events

There have been no significant events affecting the company since the year end.

12. Controlling party

REEL SAS is the immediate parent company incorporated in France. The ultimate controlling party is Groupe REEL SAS which is incorporated in France.

The smallest group in which the financial statements of Reel (UK) Limited are consolidated is that headed by Groupe REEL SAS. Copies of the financial statements of Groupe REEL SAS can be obtained from 69 Rue De La Chaux, 69450, St-Cyr-Ayr-Mont-D'or France.

13. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 14 November 2022 by Elisabeth Maxwell (senior statutory auditor) on behalf of Mazars LLP.