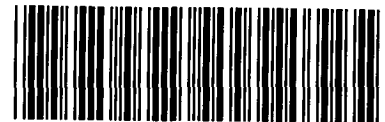


THE LEEDS WELDING COMPANY LIMITED  
FINANCIAL STATEMENTS  
31 DECEMBER 2013

REGISTRAR

**ArmstrongWatson<sup>®</sup>**  
Accountants & Financial Advisers

THURSDAY



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COMPANIES HOUSE

**THE LEEDS WELDING COMPANY LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

T P Archer  
S T Addison (resigned 31 December 2013)  
P Sharpe  
R G Eaglen  
G S Almond

**COMPANY SECRETARY**

T P Archer

**REGISTERED NUMBER**

00388598

**REGISTERED OFFICE**

Westland Square  
Dewsbury Road  
Leeds

**INDEPENDENT AUDITORS**

Armstrong Watson Audit Limited  
Chartered Accountants & Statutory Auditors  
Central House  
47 St Paul's Street  
Leeds  
West Yorkshire  
LS1 2TE

**BANKERS**

Lloyds TSB Plc  
6 - 7 Park Row  
Leeds  
LS1 1NX

# **THE LEEDS WELDING COMPANY LIMITED**

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# **THE LEEDS WELDING COMPANY LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

### **INTRODUCTION**

The directors present their strategic report for The Leeds Welding Company Ltd for the year ended 31 December 2013.

### **BUSINESS REVIEW**

The company continued its principle activities throughout the current year.

The balance sheet shows that the company's net assets at the year end had increased from £865,508 to £895,828. The company generated cash from operations of £39,938 and invested £75,979 in fixed assets. The company took out additional borrowings of £9,725 in relation to the purchase of a vehicle.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Management continually monitor the key risks facing the Company together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principle risks and uncertainties facing the Company are as follows:

#### **Economic downturn**

The Company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties. Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining.

#### **Competitor pressure**

The markets in which the Company operates are considered to be relatively competitive and therefore competitor pressure could result in losing sales to key competitors. The Company manages this risk by providing quality service and products whilst maintaining strong relationships with its key customers.

#### **Energy Prices**

There is a risk of global energy prices increasing. This risk has been mitigated by entering into fixed energy contracts together with the purchase of energy efficient machinery.

#### **Reliance on key suppliers**

The Company's purchasing activities could expose it to over reliance on certain suppliers and inflationary pricing pressure. The Company manages this risk by ensuring there is enough breadth in its supplier base, constantly reviewing prices and seeking to find alternative suppliers where necessary.

#### **Loss of key personnel**

This could present operational difficulties for the Company. However, Management have ensured that key personnel are appropriately remunerated to reflect good performance together with ensuring there is a robust company structure in place.

#### **Old Equipment/Technology**

The risk being the reliance upon old technology or equipment. In order to mitigate this potential risk, the Company ensures all equipment is maintained and that there is continuous investment in the latest equipment/technology.

THE LEEDS WELDING COMPANY LIMITED

STRATEGIC REPORT (continued)

FINANCIAL KEY PERFORMANCE INDICATORS

We consider that our key performance indicators are turnover, gross margin, profit before taxation and shareholders funds.

The performance of the company was as follows:

	2013 £	2012 £	2011 £
Turnover	8,520,173	7,916,429	8,169,062
Gross Margin	2,720,316	2,508,655	2,335,811
Gross Margin (%)	31.9%	31.7%	28.6%
Profit before taxation	599,803	348,856	354,030
Profit before taxation (%)	7.0%	4.4%	4.3%
Equity Shareholder's Funds	895,828	865,508	852,509

This report was approved by the board on

4/6/14

and signed on its behalf.

T P Archer  
Director



# **THE LEEDS WELDING COMPANY LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' 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 judgments 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.

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.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £465,599 (2012 - £268,883).

Particulars of dividends paid are detailed in note 19 to the financial statements.

### **DIRECTORS**

The directors who served during the year were:

T P Archer  
S T Addison (resigned 31 December 2013)  
P Sharpe  
R G Eaglen  
G S Almond

### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**THE LEEDS WELDING COMPANY LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**


**AUDITORS**

On 1st April 2014 Armstrong Watson transferred its audit business to Armstrong Watson Audit Limited. On 31 March 2014 Armstrong Watson resigned as the Company's auditors and Armstrong Watson Audit Limited was subsequently appointed to fill the vacancy arising.

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 4/6/14 and signed on its behalf.

T P Archer  
Director



## **THE LEEDS WELDING COMPANY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE LEEDS WELDING COMPANY LIMITED**

We have audited the financial statements of The Leeds Welding Company Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion 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.



**THE LEEDS WELDING COMPANY LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE LEEDS WELDING COMPANY LIMITED**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Matthew Osbourne (Senior statutory auditor)

for and on behalf of

**Armstrong Watson Audit Limited**

Chartered Accountants & Statutory Auditors

Leeds

Date: 17 June 2014

**THE LEEDS WELDING COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	As restated 2012 £
<b>TURNOVER</b>	1,2	<b>8,520,173</b>	<b>7,916,429</b>
Cost of sales		<b>(5,799,857)</b>	<b>(5,409,774)</b>
<b>GROSS PROFIT</b>		<b>2,720,316</b>	<b>2,506,655</b>
Administrative expenses		<b>(2,114,317)</b>	<b>(2,151,164)</b>
<b>OPERATING PROFIT</b>	3	<b>605,999</b>	<b>355,491</b>
Interest receivable and similar income		<b>2,095</b>	
Interest payable and similar charges	7	<b>(8,191)</b>	<b>(6,635)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>599,903</b>	<b>348,856</b>
Tax on profit on ordinary activities	8	<b>(134,304)</b>	<b>(79,973)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	17	<b>465,599</b>	<b>268,883</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.

**THE LEEDS WELDING COMPANY LIMITED**  
**REGISTERED NUMBER: 00388598**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£	2013 £	2012 £
<b>FIXED ASSETS</b>				
Tangible assets	9		484,483	553,229
Investments	10		-	2,000
			<u>484,483</u>	<u>555,229</u>
<b>CURRENT ASSETS</b>				
Stocks	11	431,019	366,956	
Debtors	12	1,842,268	2,019,084	
Cash at bank		687,087	647,149	
		<u>2,960,374</u>	<u>3,033,189</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(2,449,127)</u>	<u>(2,568,179)</u>	
<b>NET CURRENT ASSETS</b>			<u>511,247</u>	<u>465,010</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>995,730</u>	<u>1,020,239</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	(52,649)	(52,649)	(103,726)
<b>PROVISIONS FOR LIABILITIES</b>				
Deferred tax	15	(47,253)	(47,253)	(51,005)
<b>NET ASSETS</b>			<u>895,828</u>	<u>865,508</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		1,040	1,040
Capital redemption reserve	17		41,040	41,040
Other reserves	17		18,625	13,904
Profit and loss account	17		835,123	809,524
<b>SHAREHOLDERS' FUNDS</b>	18		<u>895,828</u>	<u>865,508</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
4/6/14

T P Archer  
Director



The notes on pages 10 to 20 form part of these financial statements.

**THE LEEDS WELDING COMPANY LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
Net cash flow from operating activities	20	733,007	806,331
Returns on investments and servicing of finance	21	(6,096)	(6,635)
Taxation		(89,594)	(98,365)
Capital expenditure and financial investment	21	(68,278)	(42,424)
Equity dividends paid		(440,000)	(250,000)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>129,039</b>	<b>408,907</b>
Financing	21	(89,101)	(60,165)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>39,938</b>	<b>348,742</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>2013 £</b>	<b>2012 £</b>
Increase in cash in the year	39,938	348,742
Cash outflow from decrease in debt and lease financing	93,822	-
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>133,760</b>	<b>348,742</b>
Net funds at 1 January 2013	443,355	94,613
<b>NET FUNDS AT 31 DECEMBER 2013</b>	<b>577,115</b>	<b>443,355</b>

The notes on pages 10 to 20 form part of these financial statements.

# THE LEEDS WELDING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 1. ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised when goods are dispatched.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term Leasehold Property	-	12.5% on cost
Plant and machinery	-	12.5% on cost
Motor vehicles	-	25% on cost
Office equipment	-	25% on cost

#### 1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

#### 1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

#### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

# THE LEEDS WELDING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 1. ACCOUNTING POLICIES (continued)

#### 1.8 Deferred taxation

- Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

- Deferred tax assets and liabilities are not discounted.

#### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

### 2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

### 3. OPERATING PROFIT

The operating profit is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	109,454	128,685
- held under finance leases	26,655	15,515
Auditors' remuneration	7,450	7,450
Auditors' remuneration - non-audit	5,100	3,550
Operating lease rentals:		
- other operating leases	179,250	171,048

# THE LEEDS WELDING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2013 £	2012 £
Wages and salaries	2,478,292	2,315,571
Social security costs	258,601	251,424
Other pension costs	22,281	20,372
	<u>2,759,174</u>	<u>2,587,367</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
Selling and Distribution	9	9
Administration	16	16
Production	49	42
	<u>74</u>	<u>67</u>

### 5. DIRECTORS' REMUNERATION

	2013 £	2012 £
Remuneration	<u>726,398</u>	<u>792,644</u>
Company pension contributions to defined contribution pension schemes	<u>21,681</u>	<u>19,772</u>

During the year retirement benefits were accruing to 5 directors (2012 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £233,827 (2012 - £335,502).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,500 (2012 - £226).

### 6. SHARE BASED PAYMENTS

(a) The only share based payments that existed during the period were options over ordinary shares.

The options were granted on 20 January 2010.

The options are only exercisable on a sale, change of control or admission of the company.

Each option has a contractual life of 10 years from grant.

(b) Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

# THE LEEDS WELDING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 WAEP No	2013 WAEP £	2012 WAEP No	2012 WAEP £
Outstanding at the beginning of the year	260	385	260	385
Granted During the Year	-	-	-	-
Outstanding at the end of the year	<u>260</u>	<u>385</u>	<u>260</u>	<u>385</u>

(c) No options were exercised during the period

(d) Share options outstanding at the end of the year had an exercise price of £385

The weighted average remaining contractual life of the options outstanding at the end of the period was 9.05 years.

The weighted average fair value of the share options granted during the period at their date of grant is £90.79 per share.

The option pricing model used to estimate the options' fair value is the Black Scholes model. Relevant inputs to the model include:

	2013	2012
Weighted Average Share value at grant	335	335
Weighted Average Exercise price	385	385
Expected volatility Standard deviation of	28.6440%	28.6440%
Weighted Average Option life	5.00 years	5.00 years
Expected dividends	8%	8%
Weighted Average Risk free interest rate	3.83%	3.83%

In establishing the option life, it is assumed that the options will be exercised on 20 January 2015.

### Determination of Expected Volatility

There is no historical data with regard to the volatility of the price of shares in The Leeds Welding Company Limited.

Therefore, a model has been prepared to estimate the share price on a earnings basis from the accounts dating back to 31 December 2007. These ought to represent the best guide to movements in share price.

These have therefore been used as an indication of volatility, with the changes in price assumed to take place on a linear basis between each actual valuation date.

### Determination of Expected Dividends

Where employees are not entitled to dividends or dividend equivalents during the vesting period (or before exercise), expected dividends should be taken into account in arriving at the fair value for the options.

As the company has paid dividends in the past, the historical data was used to calculate the expected dividends based on a weighted average system.

No other features were incorporated into the measurement of fair value.



**THE LEEDS WELDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**7. INTEREST PAYABLE**

	2013 £	2012 £
On bank loans and overdrafts	2,199	2,019
On finance leases and hire purchase contracts	5,992	4,616
	<u>8,191</u>	<u>6,635</u>

**8. TAXATION**

	2013 £	2012 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	138,056	89,594
<b>Deferred tax</b> (see note 15)		
Origination and reversal of timing differences	(3,752)	(9,621)
<b>Tax on profit on ordinary activities</b>	<u>134,304</u>	<u>79,973</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 21.56%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>599,903</u>	<u>348,856</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 21.56%)	139,457	75,213
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,301	3,132
Capital allowances for year in excess of depreciation	2,637	11,249
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(233)	-
Marginal relief	(7,106)	-
<b>Current tax charge for the year</b> (see note above)	<u>138,056</u>	<u>89,594</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**THE LEEDS WELDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**9. TANGIBLE FIXED ASSETS**

	<b>Leasehold Property £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2013	125,466	1,695,930	111,420	72,363	2,005,179
Additions	2,800	37,081	10,345	25,753	75,979
Disposals	-	-	(2,980)	(464)	(3,444)
At 31 December 2013	<u>128,266</u>	<u>1,733,011</u>	<u>118,785</u>	<u>97,652</u>	<u>2,077,714</u>
<b>Depreciation</b>					
At 1 January 2013	80,104	1,265,731	62,467	43,648	1,451,950
Charge for the year	12,049	106,577	8,359	15,112	142,097
On disposals	-	-	(536)	(280)	(816)
At 31 December 2013	<u>92,153</u>	<u>1,372,308</u>	<u>70,290</u>	<u>58,480</u>	<u>1,593,231</u>
<b>Net book value</b>					
At 31 December 2013	<u>36,113</u>	<u>360,703</u>	<u>48,495</u>	<u>39,172</u>	<u>484,483</u>
At 31 December 2012	<u>45,362</u>	<u>430,199</u>	<u>48,953</u>	<u>28,715</u>	<u>553,229</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2013 £</b>	<b>2012 £</b>
Plant and machinery	132,877	197,741
Motor vehicles	22,737	20,064
Furniture, fittings and equipment	-	8,335
	<u>155,614</u>	<u>226,140</u>

**10. FIXED ASSET INVESTMENTS**

	<b>Other fixed asset investments £</b>
<b>Cost or valuation</b>	
At 1 January 2013	2,000
Disposals	(2,000)
At 31 December 2013	<u>-</u>
<b>Net book value</b>	
At 31 December 2013	<u>-</u>
At 31 December 2012	<u>2,000</u>

**THE LEEDS WELDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**11. STOCKS**

	2013 £	2012 £
Raw materials	<u>431,019</u>	<u>366,956</u>

**12. DEBTORS**

	2013 £	2012 £
Trade debtors	1,713,551	1,868,055
Prepayments and accrued income	128,717	151,029
	<u>1,842,268</u>	<u>2,019,084</u>

**13. CREDITORS:**

**Amounts falling due within one year**

	2013 £	2012 £
Net obligations under finance leases and hire purchase contracts	57,323	100,068
Trade creditors	1,207,144	1,293,959
Corporation tax	138,056	89,594
Other taxation and social security	273,706	230,657
Other creditors	390,000	250,000
Accruals and deferred income	382,898	603,901
	<u>2,449,127</u>	<u>2,568,179</u>

Other creditors includes an amount due to T P Archer (Director) of £262,000 (2012: £58,000 ), £108,000 (2012: £107,000) to G Archer, £10,000 (2012: £42,500) to J Archer and £10,000 (2012: £42,500) to H Archer.

Amounts payable under hire purchase agreements are secured on the assets to which they relate.

**14. CREDITORS:**

**Amounts falling due after more than one year**

	2013 £	2012 £
Net obligations under finance leases and hire purchase contracts	<u>52,649</u>	<u>103,726</u>

**THE LEEDS WELDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**14. CREDITORS:**

**Amounts falling due after more than one year (continued)**

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Between one and five years	<b>52,649</b>	<b>103,726</b>
	<u><u>52,649</u></u>	<u><u>103,726</u></u>

Amounts payable under hire purchase agreements are secured on the assets to which they relate.

**15. DEFERRED TAXATION**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>51,005</b>	<b>60,626</b>
Released during year (P&L)	<b>(3,752)</b>	<b>(9,621)</b>
	<u><u>47,253</u></u>	<u><u>51,005</u></u>
At end of year	<b>47,253</b>	<b>51,005</b>

The provision for deferred taxation is made up as follows:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>47,253</b>	<b>51,005</b>
	<u><u>47,253</u></u>	<u><u>51,005</u></u>

**16. SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
780 Ordinary "A" shares of £1 each	<b>780</b>	<b>780</b>
258 Ordinary "B" shares of £1 each	<b>258</b>	<b>258</b>
1 Ordinary "C" share of £1	<b>1</b>	<b>1</b>
1 Ordinary "D" share of £1	<b>1</b>	<b>1</b>
	<u><u>1,040</u></u>	<u><u>1,040</u></u>

**THE LEEDS WELDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**17. RESERVES**

	Capital redempt'n reserve £	Share option reserve £	Profit and loss account £
At 1 January 2013	41,040	13,904	809,524
Profit for the financial year	-	-	465,599
Dividends: Equity capital	-	-	(440,000)
Share option reserve movement	-	4,721	-
At 31 December 2013	<u>41,040</u>	<u>18,625</u>	<u>835,123</u>

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2013 £	2012 £
Opening shareholders' funds	865,508	841,904
Profit for the financial year	465,599	268,883
Dividends (Note 19)	(440,000)	(250,000)
Share option Reserve	4,721	4,721
Closing shareholders' funds	<u>895,828</u>	<u>865,508</u>

**19. DIVIDENDS**

	2013 £	2012 £
Dividends paid on equity capital	<u>440,000</u>	<u>250,000</u>

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Operating profit	605,999	355,491
Depreciation of tangible fixed assets	142,097	144,308
Profit on disposal of tangible fixed assets	(3,073)	(2,348)
(Increase)/decrease in stocks	(64,063)	27,645
Decrease/(increase) in debtors	126,814	(187,204)
(Decrease)/increase in creditors	(74,767)	468,439
Net cash inflow from operating activities	<u>733,007</u>	<u>806,331</u>

**THE LEEDS WELDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,095	-
Interest paid	(2,199)	(2,019)
Hire purchase interest	(5,992)	(4,616)
	<hr/>	<hr/>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(6,096)</b>	<b>(6,635)</b>
	<hr/>	<hr/>
	2013 £	2012 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(75,979)	(44,923)
Sale of tangible fixed assets	5,701	2,499
Sale of unlisted and other investments	2,000	-
	<hr/>	<hr/>
<b>Net cash outflow from capital expenditure</b>	<b>(68,278)</b>	<b>(42,424)</b>
	<hr/>	<hr/>
	2013 £	2012 £
<b>Financing</b>		
Repayment of finance leases	(93,822)	-
Share option reserve	4,721	4,721
Repayment of finance lease	-	(64,886)
	<hr/>	<hr/>
<b>Net cash outflow from financing</b>	<b>(89,101)</b>	<b>(60,165)</b>
	<hr/>	<hr/>

**22. ANALYSIS OF CHANGES IN NET FUNDS**

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	647,149	39,938	-	687,087
<b>Debt:</b>				
Debts due within one year	(100,068)	93,822	(51,077)	(57,323)
Debts falling due after more than one year	(103,726)	-	51,077	(52,649)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net funds</b>	<b>443,355</b>	<b>133,760</b>	<b>-</b>	<b>577,115</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# THE LEEDS WELDING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 23. 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. The pension cost charge represents contributions payable by the company to the fund and amounted to £22,281 (2012 - £20,372). Contributions totalling £171 (2012 - £199) were payable to the fund at the balance sheet date and are included in creditors

### 24. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013	2012
	£	£
Expiry date:		
After more than 5 years	179,250	171,048

### 25. RELATED PARTY TRANSACTIONS

During the year rent of £171,000 (2012: £171,048) was paid to the T P Archer Pension Fund Scheme, and dividends of £312,000 (2012: £58,000) were paid to T P Archer, £108,000 (2012: £107,000) to G Archer, £10,000 (2012: £42,500) to J Archer and £10,000 (2012: £42,500) to H Archer.

### 26. CONTROLLING PARTY

The company was under the control of T P Archer throughout the current and previous year. T P Archer is the managing director and majority shareholder.

### 27. RESTATEMENT OF COMPARATIVES

The comparative figures have been restated to reclassify some overheads and £38,175 was moved from administrative expenses to cost of sales. This restatement has been made to show the correct position and has had no impact on the profit reported in either the comparative period or current period.