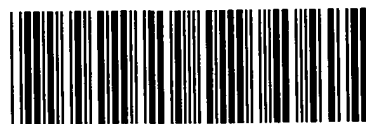


THE LEEDS WELDING COMPANY LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2014

REGISTRAR

ArmstrongWatson[®]
Accountants & Financial Advisers

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COMPANIES HOUSE

THE LEEDS WELDING COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

T P Archer
L R Noyland (appointed 1 December 2014)
P Sharpe (resigned 31 January 2015)
R G Eaglen
G S Almond

COMPANY SECRETARY

T P Archer

REGISTERED NUMBER

00388598

REGISTERED OFFICE

Westland Square
Dewsbury Road
Leeds
LS11 5SS

INDEPENDENT AUDITOR

Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Third Floor
10 South Parade
Leeds
LS1 5QS

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 2014

INTRODUCTION

The directors present their strategic report for The Leeds Welding Company Ltd for the year ended 31 December 2014.

BUSINESS REVIEW

The company continued its principal activities throughout the current year.

The balance sheet shows that the company's net assets at the year end had increased from £895,828 to £1,042,623. The company utilised cash from operations of £215,953 and invested £784,963 in fixed assets. The company took out additional borrowings of £501,994 in relation to the purchase of equipment.

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 principal 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.

FUTURE DEVELOPMENTS

After the year end the company demerged the trade and assets of the Invicta Forks & Attachments business. This will enable both The Leeds Welding Company Limited and Invicta Forks & Attachments Limited to grow as separate legal entities with separate management teams and enter into new markets which it would not have had the capacity to pursue prior to this demerger.

THE LEEDS WELDING COMPANY LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

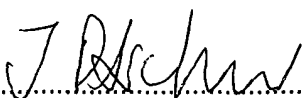
FINANCIAL KEY PERFORMANCE INDICATORS

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:

	2014 £	2013 £	2012 £	2011 £
Turnover	10,121,853	8,520,173	7,916,429	8,169,062
Gross Margin	3,149,530	2,720,316	2,506,655	2,335,811
Gross Margin (%)	31.1%	31.9%	31.7%	28.6%
Profit before taxation	1,258,081	599,903	348,856	354,030
Profit before taxation (%)	12.4%	7.0%	4.4%	4.3%
Equity Shareholder's Funds	1,042,623	895,828	865,508	852,509

This report was approved by the board and signed on its behalf.


.....
T P Archer
Director

Date: 11/7/15

THE LEEDS WELDING COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, 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 £992,074 (2013 - £465,599).

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
L R Noyland (appointed 1 December 2014)
P Sharpe (resigned 31 January 2015)
R G Eaglen
G S Almond

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.


THE LEEDS WELDING COMPANY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

AUDITORS

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
T P Archer
Director

Date: 11/7/15

THE LEEDS WELDING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEEDS WELDING COMPANY LIMITED

I have audited the financial statements of The Leeds Welding Company Limited for the year ended 31 December 2014, 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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. My 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 me 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.

OPINION ON FINANCIAL STATEMENTS

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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 my 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 AUDITOR'S REPORT TO THE MEMBERS OF THE LEEDS WELDING COMPANY LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by me; 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
- I have not received all the information and explanations I require for my audit.

Matthew Osbourne

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants & Statutory Auditors

Leeds

Date: 21/7/15

THE LEEDS WELDING COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	10,121,853	8,520,173
Cost of sales		<u>(6,972,323)</u>	<u>(5,799,857)</u>
GROSS PROFIT		3,149,530	2,720,316
Administrative expenses		<u>(1,884,504)</u>	<u>(2,114,317)</u>
Other operating income	3	<u>5,912</u>	<u>-</u>
OPERATING PROFIT	4	1,270,938	605,999
Interest receivable and similar income		6	2,095
Interest payable and similar charges	8	<u>(12,863)</u>	<u>(8,191)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,258,081	599,903
Tax on profit on ordinary activities	9	<u>(266,007)</u>	<u>(134,304)</u>
PROFIT FOR THE FINANCIAL YEAR	17	<u>992,074</u>	<u>465,599</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 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 2014

	Note	£	2014 £	2013 £
FIXED ASSETS				
Tangible assets	10		1,090,992	484,483
CURRENT ASSETS				
Stocks	11	504,872		431,019
Debtors	12	2,726,076		1,842,268
Cash at bank		471,134		687,087
		<u>3,702,082</u>		<u>2,960,374</u>
CREDITORS: amounts falling due within one year	13	(3,179,860)		(2,449,127)
NET CURRENT ASSETS			<u>522,222</u>	<u>511,247</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,613,214</u>	<u>995,730</u>
CREDITORS: amounts falling due after more than one year	14	(445,689)		(52,649)
PROVISIONS FOR LIABILITIES				
Deferred tax	15	(124,902)		(47,253)
NET ASSETS			<u><u>1,042,623</u></u>	<u><u>895,828</u></u>
CAPITAL AND RESERVES				
Called up share capital	16		1,040	1,040
Capital redemption reserve	17		41,040	41,040
Other reserves	17		23,346	18,625
Profit and loss account	17		977,197	835,123
SHAREHOLDERS' FUNDS	18		<u><u>1,042,623</u></u>	<u><u>895,828</u></u>

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



T P Archer
Director

Date: 11/7/15

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 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	20	1,027,294	733,007
Returns on investments and servicing of finance	21	(12,857)	(6,096)
Taxation		(138,055)	(89,594)
Capital expenditure and financial investment	21	(749,050)	(68,278)
Equity dividends paid		(850,000)	(440,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(722,668)	129,039
Financing	21	506,715	(89,101)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(215,953)	39,938

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(215,953)	39,938
Cash inflow from increase in debt and lease financing	(501,994)	-
MOVEMENT IN NET DEBT IN THE YEAR	(717,947)	39,938
Net funds at 1 January 2014	577,115	537,177
NET (DEBT)/FUNDS AT 31 DECEMBER 2014	(140,832)	577,115

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 2014

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:

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 2014

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 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

1.10 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. OTHER OPERATING INCOME

	2014 £	2013 £
Government grants receivable	5,912	-

4. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	104,734	109,454
- held under finance leases	63,845	26,655
Auditor's remuneration	7,500	7,450
Auditor's remuneration - non-audit	8,778	5,100
Operating lease rentals:		
- other operating leases	206,915	179,250

THE LEEDS WELDING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

5. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	2,424,820	2,478,292
Social security costs	245,877	258,601
Other pension costs	16,268	22,281
	<u>2,686,965</u>	<u>2,759,174</u>

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

	2014 No.	2013 No.
Selling and Distribution	10	9
Administration	18	16
Production	55	49
	<u>83</u>	<u>74</u>

6. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>431,999</u>	<u>726,546</u>
Company pension contributions to defined contribution pension schemes	<u>15,868</u>	<u>21,681</u>

During the year retirement benefits were accruing to 5 directors (2013 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £205,000 (2013 - £233,827).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,982 (2013 - £7,500).

7. 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 2014

	2014 WAEP No	2014 WAEP £	2013 WAEP No	2013 WAEP £
Outstanding at the beginning of the year	260	385	260	385
Granted During the Year	-	-	-	-
Outstanding at the end of the year	260	385	260	385

(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:

	2014	2013
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 initial option life, it was assumed that the options would be exercised on 20 January 2015. The options were actually exercised on 21 April 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.

These assumptions gave rise to an expense charge of £4,721 (2013 £4,721) during the year to 31 December 2014.

THE LEEDS WELDING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	22	-
On other loans	2,134	2,199
On finance leases and hire purchase contracts	10,707	5,992
	<u>12,863</u>	<u>8,191</u>

9. TAXATION

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	188,358	138,056
Deferred tax (see note 15)		
Origination and reversal of timing differences	77,649	(3,752)
Tax on profit on ordinary activities	<u>266,007</u>	<u>134,304</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2013 - higher than) the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>1,258,081</u>	<u>599,903</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	270,487	139,477
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,180	3,262
Capital allowances for year in excess of depreciation	(77,607)	3,119
Other timing differences leading to a decrease in taxation	(60)	(22)
Book profit on chargeable assets	(6,407)	(714)
Changes in provisions leading to an increase in the tax charge	53	40
Marginal relief	(2,288)	(7,106)
Current tax charge for the year (see note above)	<u>188,358</u>	<u>138,056</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 2014

10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant and machinery £	Motor vehicles £	Office equipment £
Cost				
At 1 January 2014	128,266	1,733,011	118,785	97,652
Additions	40,438	639,988	96,931	7,606
Disposals	(458)	(327,000)	-	(1,112)
At 31 December 2014	168,246	2,045,999	215,716	104,146
Depreciation				
At 1 January 2014	92,153	1,372,308	70,290	58,480
Charge for the year	12,650	134,019	12,903	18,680
On disposals	(338)	(327,000)	-	(1,030)
At 31 December 2014	104,465	1,179,327	83,193	76,130
Net book value				
At 31 December 2014	63,781	866,672	132,523	28,016
At 31 December 2013	36,113	360,703	48,495	39,172
				Total £
Cost				
At 1 January 2014				2,077,714
Additions				784,963
Disposals				(328,570)
At 31 December 2014				2,534,107
Depreciation				
At 1 January 2014				1,593,231
Charge for the year				178,252
On disposals				(328,368)
At 31 December 2014				1,443,115
Net book value				
At 31 December 2014				1,090,992
At 31 December 2013				484,483

THE LEEDS WELDING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. TANGIBLE FIXED ASSETS (continued)

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

	2014 £	2013 £
Plant and machinery	696,252	132,877
Motor vehicles	97,793	22,737
	<u>794,045</u>	<u>155,614</u>

11. STOCKS

	2014 £	2013 £
Raw materials	<u>504,872</u>	<u>431,019</u>

12. DEBTORS

	2014 £	2013 £
Trade debtors	2,555,400	1,713,551
Prepayments and accrued income	170,676	128,717
	<u>2,726,076</u>	<u>1,842,268</u>

**13. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Net obligations under finance leases and hire purchase contracts	166,277	57,323
Trade creditors	1,584,667	1,207,144
Corporation tax	188,358	138,056
Other taxation and social security	280,457	273,706
Other creditors	670,084	390,000
Accruals and deferred income	290,017	382,898
	<u>3,179,860</u>	<u>2,449,127</u>

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

THE LEEDS WELDING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

14. CREDITORS:
Amounts falling due after more than one year

	2014	2013
	£	£
Net obligations under finance leases and hire purchase contracts	445,689	52,649

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

	2014	2013
	£	£
Between one and five years	445,689	52,649

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

15. DEFERRED TAXATION

	2014	2013
	£	£
At beginning of year	47,253	51,005
Charge for/(released during) year (P&L)	77,649	(3,752)
At end of year	124,902	47,253

The provision for deferred taxation is made up as follows:

	2014	2013
	£	£
Accelerated capital allowances	124,902	47,253

16. SHARE CAPITAL

	2014	2013
	£	£
Allotted, called up and fully paid		
780 Ordinary "A" shares of £1 each	780	780
258 Ordinary "B" shares of £1 each	258	258
1 Ordinary "C" share of £1	1	1
1 Ordinary "D" share of £1	1	1
	1,040	1,040

THE LEEDS WELDING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

17. RESERVES

	Capital redempt'n reserve £	Share option reserve £	Profit and loss account £
At 1 January 2014	41,040	18,625	835,123
Profit for the financial year	-	-	992,074
Dividends: Equity capital	-	-	(850,000)
Share option reserve movement	-	4,721	-
At 31 December 2014	<u>41,040</u>	<u>23,346</u>	<u>977,197</u>

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	895,828	865,508
Profit for the financial year	992,074	465,599
Dividends (Note 19)	(850,000)	(440,000)
Share option Reserve	4,721	4,721
Closing shareholders' funds	<u>1,042,623</u>	<u>895,828</u>

19. DIVIDENDS

	2014 £	2013 £
Dividends paid on equity capital	<u>850,000</u>	<u>440,000</u>

Dividends of £85,000 were declared after the year end.

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	1,270,938	605,999
Depreciation of tangible fixed assets	178,252	142,097
Profit on disposal of tangible fixed assets	(29,799)	(3,073)
Government grants	(5,912)	-
Increase in stocks	(73,852)	(64,063)
(Increase)/decrease in debtors	(254,945)	176,814
Decrease in creditors	(57,388)	(124,767)
Net cash inflow from operating activities	<u>1,027,294</u>	<u>733,007</u>

THE LEEDS WELDING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	6	2,095
Interest paid	(2,156)	-
Hire purchase interest	(10,707)	(2,199)
Income from investments	-	(5,992)
Net cash outflow from returns on investments and servicing of finance	(12,857)	(6,096)
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(784,963)	(75,979)
Sale of tangible fixed assets	30,001	5,701
Sale of unlisted and other investments	-	2,000
Government grants received	5,912	-
Net cash outflow from capital expenditure	(749,050)	(68,278)
	2014 £	2013 £
Financing		
New finance leases	501,994	-
Share option reserve	4,721	4,721
Repayment of finance lease	-	(93,822)
Net cash inflow/(outflow) from financing	506,715	(89,101)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	687,087	(215,953)	-	471,134
Debt:				
Debts due within one year	(57,323)	(501,994)	393,040	(166,277)
Debts falling due after more than one year	(52,649)	-	(393,040)	(445,689)
Net funds	577,115	(717,947)	-	(140,832)

THE LEEDS WELDING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

23. PENSION COMMITMENTS

The company operates a defined contribution 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 £16,268 (2013 - £22,281). Contributions totalling £418 (2013 - £171) were payable to the fund at the balance sheet date and are included in creditors.

24. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£	£
Expiry date:		
After more than 5 years	219,000	179,250

25. RELATED PARTY TRANSACTIONS

During the year rent of £179,000 (2013: £171,000) was paid to the T P Archer Pension Fund Scheme, of which T P Archer is a beneficiary.

Dividends of £850,000 were paid to directors and their connected parties.

Other creditors includes an amount of £670,084 due to T P Archer and his connected parties.

26. POST BALANCE SHEET EVENTS

On 1 February 2015, the company disposed of trade and assets relating to the Invicta Forks and Attachments business by way of an exempt distribution to Invicta Forks & Attachments Limited. The shareholders of The Leeds Welding Company Limited received consideration in the form of ordinary shares in Invicta Forks & Attachments Limited.

27. CONTROLLING PARTY

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