

WALLWORK HEAT TREATMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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COMPANIES HOUSE

WALLWORK HEAT TREATMENT LIMITED



COMPANY INFORMATION

Directors

R P Carpenter
S P Collins
H A Wallwork
I C Griffin
S J Wallwork

Secretary

C Chettoe

Company number

640305

Registered office

Lodge Bank Works
Lord Street
Bury
BL9 0RE

Auditors

AJP Corporate Accountants Ltd
Unit 9, Brenton Business Complex
Bury
Lancs
BL9 7BE

Business address

Lodge Bank Works
Lord Street
Bury
BL9 0RE

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WALLWORK HEAT TREATMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

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

Principal activities and review of the business

The principal activity of the company continued to be that of heat treatment specialists

The year ending 31 March 2013 saw a slight increase in trading but increased costs of staff and depreciation resulted in reduced margins. The Aerospace, oil, gas, and energy markets also showed good growth.

The Directors believe that there is a low level of risk and uncertainty associated with the business, it operates in a stable, mature market mainly within the U K and the Directors have consistently adopted conservative policies.

Risks that have been identified are as follows:

Uncertainty of energy price and availability driven by the green agenda and lack of competition.

Alteration to regulation or legislation such as environmental or health and safety that would take the production facilities out of compliance.

Lack of availability of skilled personnel to facilitate expansion.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect some growth in the foreseeable future.

Sales did not increase over the year and margins deteriorated, so that gross profit fell by 7%. Overheads were well controlled, but operating profit was down over the year by 41%. The financial position of the company remained strong with cash reserves rising by 160%.

Results and dividends

The results for the year are set out on page 5.

An interim ordinary dividend was paid amounting to - The directors do not recommend payment of a final dividend.

Future developments

We continue to invest heavily in additional processes and also in energy saving equipment. Oil and gas as well as aerospace will continue to be important markets over the next 12 months.

We have increased our staff development programme to ensure we have suitably qualified staff with a below average age demographic to aid longer term stability.

WALLWORK HEAT TREATMENT LIMITED**DIRECTORS' REPORT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2013**

Directors

The following directors have held office since 1 April 2012

R C Burslem	(Resigned 10 April 2013)
M R Allen	(Resigned 30 November 2013)
R P Carpenter	
S P Collins	
H A Wallwork	
I C Griffin	
S J Wallwork	

Auditors

The auditors, AJP Corporate Accountants Ltd, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

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 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.

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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board



R P Carpenter

Director

3 December 2013

WALLWORK HEAT TREATMENT LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WALLWORK HEAT TREATMENT LIMITED

We have audited the financial statements of Wallwork Heat Treatment Limited for the year ended 31 March 2013 set out on pages 5 to 14. 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 set out on pages 1 - 2, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 March 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

WALLWORK HEAT TREATMENT LIMITED**INDEPENDENT AUDITORS' REPORT (CONTINUED)****TO THE MEMBERS OF WALLWORK HEAT TREATMENT 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



Andrew Pearce FCA (Senior Statutory Auditor)
for and on behalf of AJP Corporate Accountants Ltd

3 December 2013

Chartered Accountants
Statutory Auditor

Unit 9, Brenton Business Complex
Bury
Lancs
BL9 7BE

WALLWORK HEAT TREATMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £	2012 £
Turnover	2	7,622,262	7,608,771
Cost of sales		(4,423,008)	(4,198,263)
Gross profit		3,199,254	3,410,508
Distribution costs		(658,885)	(667,495)
Administrative expenses		(2,236,626)	(2,227,360)
Operating profit	3	303,743	515,653
Other interest receivable and similar income	4	14,405	6,095
Profit on ordinary activities before taxation		318,148	521,748
Tax on profit on ordinary activities	5	(78,529)	(112,900)
Profit for the year	14	239,619	408,848

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

There are no recognised gains and losses other than those passing through the profit and loss account

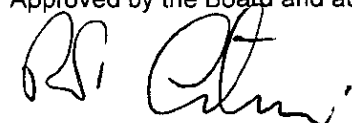
WALLWORK HEAT TREATMENT LIMITED

BALANCE SHEET

AS AT 31 MARCH 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	7		1,558,802		1,538,506
Current assets					
Stocks	8	169,034		169,675	
Debtors	9	1,791,011		1,812,022	
Cash at bank and in hand		1,357,219		523,428	
		<u>3,317,264</u>		<u>2,505,125</u>	
Creditors, amounts falling due within one year	10	<u>(3,133,143)</u>		<u>(2,539,547)</u>	
Net current assets/(liabilities)			<u>184,121</u>		<u>(34,422)</u>
Total assets less current liabilities			<u>1,742,923</u>		<u>1,504,084</u>
Provisions for liabilities	11		<u>(104,390)</u>		<u>(105,170)</u>
			<u>1,638,533</u>		<u>1,398,914</u>
Capital and reserves					
Called up share capital	13		2,629		2,629
Profit and loss account	14		1,635,904		1,396,285
Shareholders' funds	15		<u>1,638,533</u>		<u>1,398,914</u>

Approved by the Board and authorised for issue on 3 December 2013



R P Carpenter
Director

Company Registration No. 640305

WALLWORK HEAT TREATMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

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 less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	20% of net book value
Computer equipment	20% of net book value
Fixtures and fittings	20% of net book value
Motor vehicles	20% of net book value

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5 Stock

Stock is valued at the lower of cost and net realisable value

1.6 Revenue recognition

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed

Income that is contingent on events outside the control of the company is recognised when the contingent event occurs

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

2 Turnover

In the opinion of the directors it would be seriously prejudicial to disclose turnover by different classes or markets

WALLWORK HEAT TREATMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

3	Operating profit	2013	2012
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	281,289	198,978
	Loss on disposal of tangible assets	923	3,655
	Operating lease rentals		
	- Plant and machinery	41,538	38,459
	- Other assets	531,389	528,101
	Auditors' remuneration (including expenses and benefits in kind)	5,000	5,000
	and after crediting		
	Profit on disposal of tangible assets	-	(8,681)
		<u> </u>	<u> </u>
4	Investment income	2013	2012
		£	£
	Bank interest	14,405	6,095
		<u> </u>	<u> </u>
		14,405	6,095
		<u> </u>	<u> </u>

WALLWORK HEAT TREATMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

5	Taxation	2013	2012
		£	£
	Domestic current year tax		
	U K corporation tax	79,309	116,546
	Total current tax	79,309	116,546
	Deferred tax		
	Deferred tax charge/credit current year	(780)	(3,646)
		78,529	112,900
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	318,148	521,748
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24 00% (2012 - 26 00%)	76,356	135,654
	Effects of		
	Non deductible expense	246	391
	Depreciation add back	67,838	50,427
	Capital allowances	(64,703)	(69,928)
	Group tax losses	2,572	4,502
	Marginal relief	(3,000)	(4,500)
		2,953	(19,108)
	Current tax charge for the year	79,309	116,546
6	Dividends	2013	2012
		£	£
	Ordinary interim paid	-	500,000

WALLWORK HEAT TREATMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

7 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2012	5,660,059	313,985	417,359	6,391,403
Additions	152,321	81,125	73,157	306,603
Disposals	-	-	(12,700)	(12,700)
At 31 March 2013	5,812,380	395,110	477,816	6,685,306
Depreciation				
At 1 April 2012	4,373,777	213,778	265,342	4,852,897
On disposals	-	-	(8,127)	(8,127)
Charge for the year	226,157	25,970	29,607	281,734
At 31 March 2013	4,599,934	239,748	286,822	5,126,504
Net book value				
At 31 March 2013	1,212,446	155,362	190,994	1,558,802
At 31 March 2012	1,286,282	100,207	152,017	1,538,506

8 Stocks

	2013 £	2012 £
Raw materials and consumables	169,034	169,675

9 Debtors

	2013 £	2012 £
Trade debtors	1,543,728	1,627,036
Other debtors	4,053	3,201
Prepayments and accrued income	243,230	181,785
	1,791,011	1,812,022

WALLWORK HEAT TREATMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

10 Creditors' amounts falling due within one year	2013 £	2012 £
Trade creditors	329,291	400,383
Amounts owed to parent and fellow subsidiary undertakings	2,216,883	1,462,243
Corporation tax	15,000	14,914
Other taxes and social security costs	314,216	314,473
Accruals and deferred income	257,753	347,534
	<u>3,133,143</u>	<u>2,539,547</u>

11 Provisions for liabilities	Deferred tax liability £
Balance at 1 April 2012	105,170
Profit and loss account	(780)
Balance at 31 March 2013	<u>104,390</u>

The deferred tax liability is made up as follows

	2013 £	2012 £
Accelerated capital allowances	<u>104,390</u>	<u>105,170</u>

12 Pension and other post-retirement benefit commitments

Defined contribution

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.

	2013 £	2012 £
Contributions payable by the company for the year	<u>344,707</u>	<u>320,691</u>

WALLWORK HEAT TREATMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

13 Share capital	2013 £	2012 £
Allotted, called up and fully paid		
2,629 Ordinary shares of £1 each	2,629	2,629

14 Statement of movements on profit and loss account

Profit and loss account £

Balance at 1 April 2012	1,396,285
Profit for the year	239,619
Balance at 31 March 2013	1,635,904

15 Reconciliation of movements in shareholders' funds	2013 £	2012 £
Profit for the financial year	239,619	408,848
Dividends	-	(500,000)
Net addition to/(depletion in) shareholders' funds	239,619	(91,152)
Opening shareholders' funds	1,398,914	1,490,066
Closing shareholders' funds	1,638,533	1,398,914

16 Financial commitments

At 31 March 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2014

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Operating leases which expire				
Within one year	-	-	9,217	2,556
Between two and five years	-	-	24,109	31,435
In over five years	218,500	218,500	351,390	351,742
	218,500	218,500	384,716	385,733

WALLWORK HEAT TREATMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

17 Capital commitments	2013 £	2012 £
At 31 March 2013 the company had capital commitments as follows		
Contracted for but not provided in the financial statements	108,359	-

18 Directors' remuneration	2013 £	2012 £
Remuneration for qualifying services	689,194	721,601
Company pension contributions to defined contribution schemes	235,958	235,480
	925,152	957,081

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2012 - 7)

The number of directors who exercised share options during the year was 1 (2012 - 1)

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

Remuneration for qualifying services	109,752	114,646
Company pension contributions to defined contribution schemes	50,000	51,700

The highest paid director has exercised share options during the year

The highest paid director was granted options under an Enterprise Management Incentive scheme to subscribe for 82 shares in the ultimate parent company, WHT Holdings Ltd. The options were granted on 15 November 2011 and allowed the grantee to acquire the shares at a cost of £1 each. The market value of the shares at the date of grant was agreed with HMRC at £1,000 per share. On 23 May 2012 options over 32 shares were exercised. The market value of the shares at this date was estimated to be £1,300 per share.

WALLWORK HEAT TREATMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2013 Number	2012 Number
Management	7	7
Administration	20	20
Production	74	74
	<u>101</u>	<u>101</u>

Employment costs

	2013 £	2012 £
Wages and salaries	3,237,880	3,159,094
Social security costs	348,836	312,756
Other pension costs	344,707	320,691
	<u>3,931,423</u>	<u>3,792,541</u>

20 Control

The ultimate controlling party are trusts for the benefit of the Wallwork family, the ultimate controlling party of the parent company, WHT Holdings Limited

21 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group

The company rents property from its pension fund on an arms length basis. The annual rent payable is £38,500 (2011 £38,500)