

Registered number: 00793416

WELDING ALLOYS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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WELDING ALLOYS LIMITED

COMPANY INFORMATION

Directors	D C Stekly F Tosh R W Baker
Registered number	00793416
Registered office	The Way Fowlmere Royston Hertfordshire SG8 7QS
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

WELDING ALLOYS LIMITED

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WELDING ALLOYS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

Turnover decreased by 7.7% from £1,693k to £1,564k as a result of nervousness in the market relating to Brexit which stunted sales growth. The Fowlmere facility functions as a sales office, Integra workshop and an office base for certain Group personnel. Losses before tax increased from £865k to a profit of £1,320k. This improved result is mainly attributed to: a write off of £660k of bad debts in the prior year; a £300k increase in other operating income from management fees; and a clamp down on general expenses during 2019. The Company is now showing an upward trend in the business and expects to see the same growth in the year to come.

Principal risks and uncertainties

Market Risk

Although we have key target markets, the Company mitigates these risks by not being overly dependent on either one key customer, single market or industry sector. Global competitors are becoming more prevalent and are driving down prices. There are additional risks with very cheap competitive products manufactured in low-cost countries such as the Far East; the Company seeks to mitigate these risks with greater differentiation and focus on innovation.

Operational Risk

The Company's main operational risks arise from:

1. The increase in raw material prices in situations where the costs cannot be passed on to the customer due to market conditions. The Company seeks to mitigate the increase in costs by a combination of continuous manufacturing improvement initiatives and sourcing raw materials from around the world. The result of the Brexit negotiations remain an ongoing risk, however this is mitigated as the Company purchases most of its goods from its own factories.
2. The requirement to co-ordinate effectively with overseas manufacturing plants to ensure that the products arrive in the UK with a cost base that allows the Company to compete effectively in the domestic market. The Company seeks to mitigate these risks with greater communication about market conditions and occasionally profit-sharing arrangements with the manufacturer.
3. Where possible the Company has taken steps in providing laptops for key employees to work from home should they be required to work from home as a result of national quarantine measures being implemented due to the Coronavirus pandemic. Where factories have had to close, the Company is still able to supply customers from other global subsidiaries.

Product Risk

The products the Company supplies are used in critical environments and there is a significant risk of welding fume related litigation. The Company mitigates these risks through rigorous quality control processes, including proper fume extraction where appropriate, as well as developing new products, using different processes, which reduce harmful welding fumes. The Company also supplies airfed masks for welders who are closest to the fumes.

WELDING ALLOYS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Financial key performance indicators

The following key performance indicators are measured and reviewed on a regular basis and enable the business to set and communicate its performance targets and monitor its performance against these targets.

Revenue: decreased by 7.6% from £1,693k in 2018 to £1,564k in 2019.


Gross Margin: Increased from 46.9% in 2018 to 48.4% in 2019.

Net profit: Improvement from profit of £865k in 2018 to profit of £1,320k in 2019.

This report was approved by the board on

and signed on its behalf.

R W Baker
Director



1 July 2020

WELDING ALLOYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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 £1,319,981 (2018 - £865,302).

Dividends of £673,260 were paid during the year (2018: £nil).

Directors

The directors who served during the year were:

D C Stekly
F Tosh
R W Baker

Future developments

The Fowlmere facility has ceased manufacturing and all production activity (except for service work) is now carried out in the overseas locations. Welding Alloys Limited will continue to serve as an intermediary holding company and its employees will remain involved in group functions.

WELDING ALLOYS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

Post balance sheet events

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


Auditors

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.

R W Baker
Director



1 July 2020

WELDING ALLOYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELDING ALLOYS LIMITED

Opinion

We have audited the financial statements of Welding Alloys Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

WELDING ALLOYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELDING ALLOYS LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

WELDING ALLOYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELDING ALLOYS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Jon Dawson (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG
Date: 1 July 2020

WELDING ALLOYS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	1,564,264	1,693,331
Cost of sales		(807,590)	(898,989)
Gross profit		756,674	794,342
Administrative expenses		(2,073,170)	(2,360,359)
Other operating income	5	1,156,015	860,036
Operating loss	6	(160,481)	(705,981)
Income from shares in group undertakings		1,658,805	1,775,100
Interest receivable and similar income		1,078	-
Interest payable and expenses	9	(179,421)	(203,817)
Profit before tax		1,319,981	865,302
Tax on profit	10	-	-
Profit for the financial year		1,319,981	865,302

There was no other comprehensive income for 2019 (2018:£NIL).

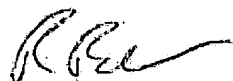
The notes on pages 11 to 26 form part of these financial statements.

WELDING ALLOYS LIMITED
REGISTERED NUMBER: 00793416

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible fixed assets	12	1,822,000	1,850,139
Investments	13	3,333,427	3,333,427
		<u>5,155,427</u>	<u>5,183,566</u>
Current assets			
Stocks	14	220,659	142,035
Debtors	15	3,458,209	2,559,199
Cash at bank and in hand		649,703	689,502
		<u>4,328,571</u>	<u>3,390,736</u>
Creditors: amounts falling due within one year	16	(8,072,131)	(7,724,656)
Net current liabilities		<u>(3,743,560)</u>	<u>(4,333,920)</u>
Total assets less current liabilities		<u>1,411,867</u>	<u>849,646</u>
Provisions for liabilities			
Other provisions		(2,701)	(87,201)
		<u>(2,701)</u>	<u>(87,201)</u>
Net assets		<u><u>1,409,166</u></u>	<u><u>762,445</u></u>
Capital and reserves			
Called up share capital	18	1,250	1,250
Share premium account	19	782,500	782,500
Profit and loss account	19	625,416	(21,305)
		<u>1,409,166</u>	<u>762,445</u>

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



1st July 2020

R W Baker
Director

The notes on pages 11 to 26 form part of these financial statements.

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WELDING ALLOYS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	1,250	782,500	(886,607)	(102,857)
Profit for the year	-	-	865,302	865,302
At 1 January 2019	1,250	782,500	(21,305)	762,445
Profit for the year	-	-	1,319,981	1,319,981
Dividends	-	-	(673,260)	(673,260)
At 31 December 2019	1,250	782,500	625,416	1,409,166

The notes on pages 11 to 26 form part of these financial statements.

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Welding Alloys Limited is a private company (registered number: 00793416) limited by shares and incorporated in England and Wales. The registered office can be found on the company information page.

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 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 judgment in applying the Company's accounting policies (see note 3).

The company was, at the end of the year, a fully owned subsidiary of Ultra Alloys Holdings Pte Ltd and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. The financial statements only refer to the Company.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ultra Alloys Holdings Pte Limited as at 31 December 2019 and these financial statements may be obtained from the registered office which is detailed on the Company Information page.

2.3 Going concern

The directors believe that the company is a going concern given the role that the company has in the group's future objectives. The company made a profit before tax of £1,320k and has net assets of £1,409k.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational 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.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

Revenue 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 revenue 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.

2.6 Other Income

Other operating income is recognised in respect of amounts recovered from group entities for management charges and is recognised upon the raising of an invoice.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 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.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.14 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.15 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.

2.16 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.

2.17 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.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The directors consider the following items to be areas subject to estimation and judgement:

Waste disposal provision:

The waste disposal provision relates to the disposal of hazardous materials that are used in the production process. The provision is established at the time of the acquisition of such substances. The amount and timing of any waste disposal payments are uncertain. See note 16 for the carrying amount of the waste disposal provision.

Depreciation:

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Historically no changes have been required.

Stock valuation:

At the reporting date, the company evaluates the need for a stock provision. The company has a policy of providing against specific stocklines at the year-end.

Impairment of investments:

Management review investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A review for indicators of impairment is performed annually.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of goods	1,564,264	1,693,331

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	1,564,264	1,693,331
	<u>1,564,264</u>	<u>1,693,331</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Other operating income

	2019 £	2018 £
Other operating income	1,156,015	843,584
Profit on disposal of tangible assets	-	16,452
	<u>1,156,015</u>	<u>860,036</u>

Other operating income relates to management fees charged to other group companies.

6. Operating Profit

The operating loss is stated after charging/(crediting):

	2019 £	2018 £
Depreciation	39,241	62,611
Exchange differences	(242,159)	(92,276)
Other operating lease rentals	<u>25,764</u>	<u>24,523</u>

7. Auditors' remuneration**Fees payable to the Company's auditor**

Audit-related assurance services	9,500	14,000
Taxation compliance services	<u>3,000</u>	<u>2,750</u>
	<u>12,500</u>	<u>16,750</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	528,003	371,675
Social security costs	59,347	44,436
Cost of defined contribution scheme	26,079	14,010
	<u>613,429</u>	<u>430,121</u>

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

	2019 No.	2018 No.
Sales, administration and production	<u>23</u>	<u>23</u>

No directors received any remuneration in the year (2018: £nil).

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	7,372	4,137
Loans from group undertakings	172,049	199,680
	<u>179,421</u>	<u>203,817</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Taxation**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	1,319,981	865,302
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	250,796	164,407
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	63,095	200,487
Unused tax losses	-	(27,625)
Non-taxable income	(315,173)	(337,269)
Unrelieved tax losses carried forward	1,282	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

A reduction to the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. On 11 March 2020, the budget announced that the reduction to UK corporation tax would not be taking place and as such, the current rate of corporation tax in the UK (19%) which is expected to remain for the foreseeable future.

11. Dividends

	2019 £	2018 £
Dividends paid to parent company	673,260	-
	673,260	-

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2019	2,289,053	603,382	35,022	2,927,457
Additions	11,101	-	-	11,101
At 31 December 2019	2,300,154	603,382	35,022	2,938,558
Depreciation				
At 1 January 2019	532,408	513,442	31,468	1,077,318
Charge	26,404	11,629	1,208	39,241
At 31 December 2019	558,812	525,071	32,676	1,116,559
Net book value				
At 31 December 2019	1,741,342	78,311	2,346	1,821,999
At 31 December 2018	1,756,645	89,940	3,554	1,850,139

Included within freehold property is land of £980,000 (2018: £980,000) which is not being depreciated.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	3,438,000
At 31 December 2019	<u>3,438,000</u>
Impairment	
At 1 January 2019	104,573
At 31 December 2019	<u>104,573</u>
Net book value	
At 31 December 2019	<u>3,333,427</u>
At 31 December 2018	<u>3,333,427</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Holding
Welding Alloys Deutschland GmbH	Werk Wachtendon, Ostring 52D-47669 Wachtendonk, Germany	100%
Alunox Scheweistechnik GmbH	Giesslerallee 37a 47877 Willich, Germany	100%
Corodur Fuldraht GmbH	47877 Willich, Germany	100%
Welding Alloys Japan Ltd	24-1 Showanuma, Shobu-tyo, Kukishi, Saitama-prefecture, Japan	67.49%
Welding Alloys Taiwan	No 121, Beiping Road, Fengshan DistrictKaohsiung City 830, Taiwan	63.28%
Welding Alloys Thailand Co. Ltd	Lot 39-5, Quang Minh Townlet, Me Linh District, Ha Noi City, Vietnam	67.42%
Welding Alloys Tubular Product	Plot No. 35/D, Phase V, Industrial Devlpmt Park, Cherlapally, Hyderabad 500 051, India	74.61%
Welding Alloys Vietnam	Lot 39-5, Quang Minh Townlet, Me Linh District, Ha Noi City, Vietnam	67.42%
Welding Alloys Hellas Limited	7, I. Dragoumi Str.Piraeus 185 42 Greece	90%
Welding Alloys Kaynak Ve Tel Metal San Tic	Istanbul Tuzla Organize Sanayi Bolgesi, 10 Cad No 2 Tepeoren 34959 Tuzla- Istanbul	99%
Speedmet Aluminyum San. Ve Tic. Ltd Sti	Istanbul Tuzla Organize Sanayi Bolgesi, 10 Cad No 2 Tepeoren 34959 Tuzla- Istanbul	100%
Welding Alloys Russia Limited	Chernyahovskogo Street 9 Bldg 2 Apt 135, Moscow 125319 Russia	100%
Welding Alloys Polska Sp. zo.o	44-100 Gliwice, ul. A Gaudiego 2Polska	100%

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

Name	Registered office	Holding
Welding Alloys Argentina S.A.	Av. Central Acero Argentino Este No 825, Parque Comirsa, San Nicolas, CP 29000 Argentina	99.99%
Welding Alloys Brazil Limited	Av. Ods Bandeirantes, nr 8.500, Taubate, Sao Paulo 12031-020 Brazil	95%
Welding Alloys Panamerica S.A. de C.V.	Libramiento Norte Km 4.6, Centro Industrial Apolo, Iraputo, Gto, CP36547 Mexico	99.99%
Beijing Welding Alloys China Co. Ltd	8A, Bldg C, Majestic Garden, 6 Meisihaun Zhong Lu, Haidian, Beijing 100029, China	96%
Welding Alloys Peru SAC	Calle Martin de Murúa 150 Of. 509, San MiguelLima, Perú	99.99%
Welding Alloys South Asia Private Limited	Plot No. 35 / D, Industrial Development ParkPhase V, Cherlapally Hyderabad, 500 051 India	74.98%
PT Welding Alloys - Indonesia	Lot 39-5, Quang Minh Townlet, Me Linh District, Ha Noi City, Vietnam	74.99%
Welding Alloys Ithalat Ihr Ve Paz Ltd Sti	Istanbul Tuzla Organize Sanayi Bolgesi, 10 Cad No 2 Tepeoren 34959 Tuzla- Istanbul	100%
Kram Properties (Zambia) Ltd.	32 Burnland Crescent, Elrick, Westhill, Aberdeenshire	74%
Produr SAS	257 Che Des Moulins 73000 Chanbery	50%
Kramwear (Zambia) Limited	Plot Sub D, F30077, Baluba, Zambia	74%
Kram Engineering (Pty) Ltd - S. Africa	6 Wolverhampton Street, Apex, Benoni, 1541 Gauteng South Africa	74%

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

Name	Registered office	Holding
WASA (Pty) Ltd S. Africa	6 Wolverhampton Street Apex, Benoni, 1501 Gauteng South Africa	74%
Welding Alloys Espana	Pol.Ind.Molí d'en Fonolleda, nave 17 08186 Lliçà d'Amunt, Barcelona Spain	50%
Welding Alloys S L	Pol.Ind.Molí d'en Fonolleda, nave 17 08186 Lliçà d'Amunt, Barcelona Spain	50%
SCL L'Arietaz	257 Che Des Moulins 73000 Chanbery	%
Sarl USI-Slto	22 Rue des Americains 68320 Holtzwihr France	50%
Langfang Welding Alloys Co.	8A, Bldg C, Majestic Garden, 6 Meisihaun Zhong Lu, Haidian, Beijing 100029	95%
Aktiebolaget Dalforsan	Industrivagen 11, SE 776 70 Vikmanshyttan, Sweden	100%
Welding Alloys USA, Inc	8535 Dixie Hwy, Florenc, KY 41042 USA	100%
Welding Alloys France SAS	153 Rue Aristide Berges, BP 29402, 73094 Chambery Cedex 9, France	50%
Welding Alloys (Far East) Sdn. Bhd.	No. 28, Jalan Riang 21, Taman Gembira Johor Bahru 81200 Johor, Malaysia	74.99%

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Stocks

	2019 £	2018 £
Raw materials and consumables	41,147	132,531
Finished goods and goods for resale	179,512	9,504
	<u>220,659</u>	<u>142,035</u>

15. Debtors

	2019 £	2018 £
Trade debtors	252,594	241,963
Amounts owed by group undertakings	3,136,932	1,622,386
Other debtors	21,709	665,426
Prepayments and accrued income	46,974	29,424
	<u>3,458,209</u>	<u>2,559,199</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	249,206	-
Trade creditors	44,111	39,982
Amounts owed to group undertakings	7,021,230	7,506,398
Other taxation and social security	21,538	90,860
Other creditors	699,338	28,240
Accruals and deferred income	36,708	59,176
	<u>8,072,131</u>	<u>7,724,656</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Provisions

	Waste disposal provision £
At 1 January 2019	87,201
Utilised in year	(84,499)
At 31 December 2019	2,702

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,250 (2018 - 1,250) Ordinary shares of £1.00 each	1,250	1,250

19. Reserves**Share premium account**

The share premium account includes equity raised via the issue of shares in excess of their nominal value.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

20. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	28,364	22,032
Later than 1 year and not later than 5 years	45,459	6,611
	73,823	28,643

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Post balance sheet events

The worldwide outbreak of the COVID-19 virus represents a significant event since the end of the financial period. In light of the impact of the virus upon consumer demand, the Company has reviewed its cash flow forecasts and considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact on operations 12 months from the date of signing this report.

COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the Statement of Financial Position as at 31 December 2019. The Company is unable to quantify any impact on the Statement of Financial Position at the date of signing the financial statements.

The COVID-19 pandemic in the first quarter of 2020 has severely impacted markets and day-to-day working. Already many manufacturers are grappling with disruptions to their businesses due to the COVID-19 outbreak, with many anticipating financial and operational consequences. Welding Alloys Ltd has invoked its business continuity processes, including remote working, to ensure the safety of its staff and to enable the Company to operate with minimal disruption.

The directors continue to monitor the capital and liquidity of the Company and remain confident in the long-term success of the business.

22. Controlling party

On 1 January 2019, the group undertook a restructuring exercise. Ultra Alloys Holdings Pte Ltd, a company incorporated in Singapore, is the immediate parent company. Ultra Alloys Holdings Pte Ltd produce consolidated accounts which include Welding Alloys Limited. These accounts are publicly available at 8 Wilkie Road, #06-03, Wilkie Edge, Singapore (228095).

The directors do not consider there to be one single ultimate controlling party.