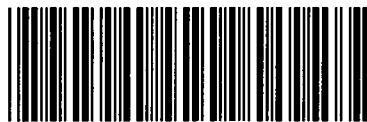


WELDING ALLOYS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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WELDING ALLOYS LIMITED

COMPANY INFORMATION

Directors D C Stekly
F Tosh (appointed 13 February 2018)
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 2018

Business review

Turnover increased by 36% from £1,255k to £1,693k as a result of growth in the Integra side of the business while also taking advantage of the distribution of additional products from other Group subsidiaries. The Fowlmere facility now functions as a sales office, Integra workshop and an office base for certain Group personnel. Losses before tax decreased from £170k to a profit of £865k. Restructuring costs previously incurred in relocating the manufacturing overseas have now been absorbed. This improved result is also attributed to £1,775k of dividend income received, minus £883k old intercompany debt written off as the Company continues to clean up historical balances. After these adjustments, the loss levels are similar to 2017, indicating that the company is approaching break-even.

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 or 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; and
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.

Product Risk

The products we supply are used in critical environments and there is a significant risk of welding fume related litigation. We mitigate these risks through rigorous quality control processes, including proper fume extraction where appropriate, as well as developing new products, using different processes, which do not produce harmful welding fumes (or produce as few fumes as possible).

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: Increased by 36% from £1,255k in 2017 to £1,693k in 2018.

Gross Margin: Increased from 41.6% in 2017 to 46.9% in 2018.

Net profit: Improvement from loss of £170k in 2017 to profit of £865k in 2018.

This report was approved by the board on 9 April 2019 and signed on its behalf.



R W Baker
Director

WELDING ALLOYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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 £865,302 (2017 - loss £169,911).

No dividend was proposed or paid during the year (2017: £nil).

Directors

The directors who served during the year were:

S A Irons (resigned 21 December 2018)
D C Stekly
F Tosh (appointed 13 February 2018)
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 2018**

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 9 April 2019 and signed on its behalf.



R W Baker
Director

WELDING ALLOYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WELDING ALLOYS LIMITED

Opinion

We have audited the financial statements of Welding Alloys Limited (the 'Company') for the year ended 31 December 2018, 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 2018 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 SHAREHOLDERS 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 2, 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 SHAREHOLDERS 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, 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.



David Cox (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

9 April 2019

WELDING ALLOYS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	1,693,331	1,255,461
Cost of sales		(898,989)	(733,482)
Gross profit		794,342	521,979
Administrative expenses		(2,360,359)	(2,034,545)
Other operating income	5	860,036	353,703
Operating loss	6	(705,981)	(1,158,863)
Income from shares in group undertakings		1,775,100	1,182,866
Interest receivable and similar income		-	1
Interest payable and expenses	9	(203,817)	(193,915)
Profit/(loss) before tax		865,302	(169,911)
Tax on profit/(loss)		-	-
Profit/(loss) for the financial year		865,302	(169,911)

There was no other comprehensive income for 2018 (2017: £NIL).

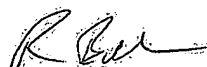
The notes on pages 10 to 23 form part of these financial statements.

WELDING ALLOYS LIMITED
REGISTERED NUMBER: 00793416

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 restated £
Fixed assets			
Tangible assets	10	1,850,139	1,957,298
Investments	11	3,333,427	3,438,000
		<u>5,183,566</u>	<u>5,395,298</u>
Current assets			
Stocks	12	142,035	140,813
Debtors	13	2,559,199	5,168,386
Cash at bank and in hand		689,502	104,519
		<u>3,390,736</u>	<u>5,413,718</u>
Creditors: amounts falling due within one year	14	(7,724,656)	(10,809,619)
Net current liabilities		<u>(4,333,920)</u>	<u>(5,395,901)</u>
Total assets less current liabilities		<u>849,646</u>	<u>(603)</u>
Provisions for liabilities			
Other provisions	15	(87,201)	(102,254)
		<u>(87,201)</u>	<u>(102,254)</u>
Net assets/(liabilities)		<u>762,445</u>	<u>(102,857)</u>
Capital and reserves			
Called up share capital	16	1,250	1,250
Share premium account	17	782,500	782,500
Profit and loss account	17	(21,305)	(886,607)
		<u>762,445</u>	<u>(102,857)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 April 2019.



R W Baker
Director

The notes on pages 10 to 23 form part of these financial statements.

WELDING ALLOYS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017 (as restated)	1,250	782,500	(716,696)	67,054
Loss for the year	-	-	(169,911)	(169,911)
At 1 January 2018	1,250	782,500	(886,607)	(102,857)
Profit for the year	-	-	865,302	865,302
At 31 December 2018	1,250	782,500	(21,305)	762,445

The notes on pages 10 to 23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 Welding Alloys Group Limited 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 Welding Alloys Group Limited as at 31 December 2018 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 parent company has provided confirmation of group support should it be required.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Prior year restatement

A prior year adjustment has been processed to recognise a foreign bank account previously not included in the financial statements. This has resulted in an increased cash balance of £47,723 and an uplift to the profit and loss account brought forward of the same amount.

2.5 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.

2.6 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:

Sale of goods

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

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

2.7 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.

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.9 Interest income

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

2.10 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.

2.11 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.

2.12 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

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.15 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.

2.16 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.

2.17 Cash and cash equivalents

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

2.18 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.

2.19 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.

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 15 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:

	2018 £	2017 £
Sale of goods	1,693,331	1,255,461

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	1,693,331	1,255,461
	<u>1,693,331</u>	<u>1,255,461</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Other operating income

	2018 £	2017 £
Other operating income	843,584	353,703
Profit on disposal of tangible assets	16,452	-
	<u>860,036</u>	<u>353,703</u>

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

6. Operating loss

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

	2018 £	2017 £
Depreciation	62,611	71,790
Exchange differences	(92,276)	281,186
Other operating lease rentals	24,523	42,270
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>14,000</u>	<u>13,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	371,675	664,087
Social security costs	44,436	76,996
Cost of defined contribution scheme	14,010	29,952
	<u>430,121</u>	<u>771,035</u>

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

	2018 No.	2017 No.
Sales, administration and production	<u>23</u>	<u>25</u>

No directors received any remuneration in the year (2017: £nil).

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	4,137	4,591
Loans from group undertakings	199,680	189,324
	<u>203,817</u>	<u>193,915</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2018	2,289,053	779,289	35,022	3,103,364
Disposals	-	(175,907)	-	(175,907)
At 31 December 2018	2,289,053	603,382	35,022	2,927,457
Depreciation				
At 1 January 2018	506,492	609,177	30,397	1,146,066
Charge for the year on owned assets	25,916	35,624	1,071	62,611
Disposals	-	(131,359)	-	(131,359)
At 31 December 2018	532,408	513,442	31,468	1,077,318
Net book value				
At 31 December 2018	1,756,645	89,940	3,554	1,850,139
At 31 December 2017	1,782,561	170,112	4,625	1,957,298

Included within freehold property is land of £980,000 (2017: £980,000) which is not being depreciated.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	3,438,000
At 31 December 2018	<u>3,438,000</u>
Impairment	
Charge for the period	104,573
At 31 December 2018	<u>104,573</u>
Net book value	
At 31 December 2018	<u>3,333,427</u>
At 31 December 2017	<u>3,438,000</u>

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Holding
W A Deutschland GmbH	Werk Wachtendonk, Ostring 52D-47669 Wachtendonk, Germany	100%
Alunox Scheweistechnik GmbH	Giesserallee 37a 47877 Willich, Germany	100%
Corodur Fülldraht GmbH	47877 Willich, Germany	100%
Welding Alloys (Far East) SDN. BHD	No 28 Jalan Riang 21, Taman Gembira, 81200 Johor Bahru, Johor, Malaysia	100%
Welding Alloys Japan Ltd	24-1 Showanuma, Shobu-tyo, Kukishi, Saitama-prefecture, Japan	90%
Welding Alloys South Asia Private Limited	Plot No. 35/D, Phase V, Industrial Devlpmt Park, Cherlapally, Hyderabad 500 051, India	100%
Welding Alloys Hardfaced Plate Private Limited	Plot No. 35/D, Phase V, Industrial Devlpmt Park, Cherlapally, Hyderabad 500 051, India	100%
Welding Alloys Taiwan	No 121, Beiping Road, Fengshan District Kaohsiung City 830, Taiwan	90%
Welding Alloys Thailand Co. Ltd	Lot 39-5, Quang Minh Townlet, Me Linh District, Ha Noi City, Vietnam	90%
Welding Alloys Tubular Product	Plot No. 35/D, Phase V, Industrial Devlpmt Park, Cherlapally, Hyderabad 500 051, India	99.52%
Welding Alloys Vietnam	Lot 39-5, Quang Minh Townlet, Me Linh District, Ha Noi City, Vietnam	90%

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Holding
W.A.S.A. (Pty) Ltd	6 Wolverhampton Street, Apex, Benoni, South Africa	74%
Welding Alloys Hellas Limited	7, I. Dragoumi Str. Piraeus 185 42 Greece	90%
Welding Alloys Kaynak Ve Tel Metal San Tic Limited Sti	Istanbul Tuzla Organize Sanayi Bolgesi, 10 Cad No 2 Tepeoren 34959 Tuzla- Istanbul	100%
Speedmet Alüminyum San. Ve Tic. Ltd Sti	Istanbul Tuzla Organize Sanayi Bolgesi, 10 Cad No 2 Tepeoren 34959 Tuzla- Istanbul	100%
Welding Alloys Russia Limited	Chernyakhovskogo Street 9 Bldg 2 Apt 135, Moscow 125319 Russia	100%
Welding Alloys Polska Sp. z o.o	44-100 Gliwice, ul. A Gaudiego 2 Polska	100%
Welding Alloys Argentina S.A.	Av. Central Acero Argentino Este No 825, Parque Comirsa, San Nicolas, CP 29000 Argentina	95%
Welding Alloys Brazil Limited	Av. Ods Bandeirantes, nr 8.500, Taubaté, São Paulo 12031-020 Brazil	100%
Welding Alloys Panamerica S.A. de C.V.	Libramiento Norte Km 4.6, Centro Industrial Apolo, Iráputo, Gto, CP36547 Mexico	100%
Beijing Welding Alloys China Co. Ltd	8A, Bldg C, Majestic Garden, 6 Meishihaun Zhong Lu, Haidian, Beijing 100029, China	95.56%
Langfang Welding Alloys Co.	8A, Bldg C, Majestic Garden, 6 Meishihaun Zhong Lu, Haidian, Beijing 100029	95.56%

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Holding
Welding Alloys Sweden (Holding) AB	Industrivägen 11, SE 776 70 Vikmanshyttan, Sweden	100%
Aktiebolaget Dalforsan	Industrivägen 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 Chambéry Cedex 9, France	50%
Welding Alloys Indonesia	No 28 Jalan Riang 21, Taman Gembira, 81200 Johor Bahru, Johor, Malaysia	95%

12. Stocks

	2018 £	2017 £
Raw materials and consumables	132,531	75,149
Finished goods and goods for resale	9,504	65,664
	<u>142,035</u>	<u>140,813</u>

Stocks are stated after a provision for impairment of £503,458 (2017: £636,325)

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Debtors

	2018 £	2017 £
Trade debtors	241,963	296,970
Amounts owed by group undertakings	1,622,386	4,115,931
Other debtors	665,426	706,530
Prepayments and accrued income	29,424	48,955
	<u>2,559,199</u>	<u>5,168,386</u>

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	-	168,710
Trade creditors	39,982	245,161
Amounts owed to group undertakings	7,506,398	10,240,336
Corporation tax	-	1,758
Other taxation and social security	90,860	101,298
Pension fund loan payable	1	1
Other creditors	28,239	37,085
Accruals and deferred income	59,176	15,270
	<u>7,724,656</u>	<u>10,809,619</u>

15. Provisions

	Waste disposal £
At 1 January 2018	102,254
Utilised in year	(15,053)
At 31 December 2018	<u>87,201</u>

16. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16. Share capital (continued)

1,250 (2017 - 1,250) Ordinary shares of £1.00 each	1,250	1,250
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17. 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.

18. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	22,032	24,523
Later than 1 year and not later than 5 years	6,611	12,758
	<u>28,643</u>	<u>37,281</u>

19. Controlling party

Welding Alloys Group Limited, a company incorporated in England and Wales, is the immediate parent company. Welding Alloys Group Limited produce consolidated accounts which include Welding Alloys Limited. These accounts are publicly available at Companies House.

Management do not consider there to be an ultimate controlling party.

On 1 January 2019, the group undertook a restructuring exercise. The immediate parent company is unchanged and management still consider there to be no ultimate controlling party.