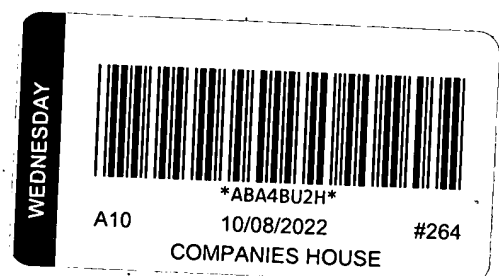


Registered number: 00793416

WELDING ALLOYS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



WELDING ALLOYS LIMITED

COMPANY INFORMATION

Directors

D C Stekly
F Tosh
R W Baker

Registered number

00793416

Registered office

The Way
Fowlmère
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 2021

Business review

The Fowlmere facility continues to function as a sales office, Integra workshop and an office base for certain Group personnel. As a result of the Coronavirus pandemic lockdown being eased and more work coming in for Integra, turnover increased by 10.3% from £1,509k to £1,664k.

However, the overall profitability fell from a closing trading profit before tax of £1,965k in 2020 to a closing trading profit before tax of £1,448k in 2021 (excluding the profit on disposal of fixed asset investments). This result has been driven by a decrease of £1.2m in dividend income received, along with additional steps to clamp down in general expenses which proved to be beneficial.

Net income including profit on disposal of investment is £4,760k. We have profit on sales of joint venture of £110k as well as reduction in shares of one of our subsidiaries, Welding Alloys France Limited, which reduced the holding from 50% to 41.4%, bringing in a further £3,203k profit on sale of investment.

Despite the reduced sales, WA Limited still achieved growth in the consumables market. The reduction in sales has been largely attributed to a number of existing or new Integra projects either being cancelled or postponed during 2021, which are being carried forward into 2022.

GP reduced from 33% in 2020 to 30% in 2021, a large part of this reduction has been attributed to Integra projects being cancelled or postponed. We achieve 40% margin on Integra projects and an average of 27% on consumables.

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 Asia; the Company seeks to mitigate these risks with greater differentiation and focus on innovation. We will also be targeting new market such as Waste to Energy and Recycling using new products developed this year with R&D.

Operational Risk

The Company's main operational risks arise from:

1. The increase in raw material prices 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. Since the completion of Brexit, the Company has experienced a few supply issues that resolved as the situation stabilised.
2. The requirement to co-ordinate effectively with overseas manufacturing plants to ensure 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 reduce harmful welding fumes. We also supply air fed masks for welders who are closest to the fumes.

WELDING ALLOYS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

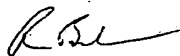
Revenue: Increased by 10.3% from £1,509k in 2020 to £1,664k in 2021.

Gross Profit Margin: Decreased from 33% in 2020 to 30% in 2021.

Net Trading Profit: Decreased from profit of £1,965k in 2020 to profit of £1,448k in 2021.

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

This report was approved by the board on 28 April 2022 and signed on its behalf.



R W Baker
Director

WELDING ALLOYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £4,707,546 (2020 - £1,964,626).

Dividends of £386,295 were paid during the year (2020: £559,120).

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.

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.

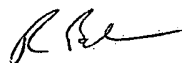
Post balance sheet events

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 28 April 2022 and signed on its behalf.



R W Baker
Director

WELDING ALLOYS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

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 2021, 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

WELDING ALLOYS LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 set out on page 4, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Inspecting correspondence with tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and those with unusual values.
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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.



Jon Dawson (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

28 April 2022

WELDING ALLOYS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2019 £
Turnover	4	1,663,880	1,509,343
Cost of sales		(1,162,567)	(1,015,052)
Gross profit		501,313	494,291
Administrative expenses		(1,829,810)	(2,233,500)
Other operating income	5	1,297,128	1,240,935
Profit on disposal of fixed asset investments		3,312,552	-
Other operating charges		(35,448)	(64,088)
Operating profit/(loss)	6	3,245,735	(562,362)
Income from shares in group undertakings		1,480,032	2,653,229
Interest receivable and similar income	9	92,137	2,457
Interest payable and similar expenses	10	(57,408)	(128,698)
Profit before tax		4,760,496	1,964,626
Tax on profit	11	(52,950)	-
Profit for the financial year		4,707,546	1,964,626

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 11 to 27 form part of these financial statements.

WELDING ALLOYS LIMITED
REGISTERED NUMBER: 00793416

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	1,859,093	1,793,372
Investments	14	3,076,048	3,333,427
		<u>4,935,141</u>	<u>5,126,799</u>
Current assets			
Stocks	15	361,402	266,614
Debtors: amounts falling due within one year	16	3,252,740	2,542,028
Cash at bank and in hand	17	729,018	1,073,435
		<u>4,343,160</u>	<u>3,882,077</u>
Creditors: amounts falling due within one year	18	(2,089,428)	(6,191,503)
Net current assets/(liabilities)		<u>2,253,732</u>	<u>(2,309,426)</u>
Provisions for liabilities			
Deferred tax		(52,950)	-
Other provisions	20	-	(2,701)
		<u>(52,950)</u>	<u>(2,701)</u>
Net assets		<u><u>7,135,923</u></u>	<u><u>2,814,672</u></u>
Capital and reserves			
Called up share capital	21	1,250	1,250
Share premium account	22	782,500	782,500
Profit and loss account	22	6,352,173	2,030,922
		<u><u>7,135,923</u></u>	<u><u>2,814,672</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 April 2022.



R W Baker
 Director

The notes on pages 11 to 27 form part of these financial statements.

WELDING ALLOYS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	1,250	782,500	625,416	1,409,166
Profit for the year	-	-	1,964,626	1,964,626
Dividends: Equity capital	-	-	(559,120)	(559,120)
At 1 January 2021	1,250	782,500	2,030,922	2,814,672
Profit for the year	-	-	4,707,546	4,707,546
Dividends: Equity capital	-	-	(386,295)	(386,295)
At 31 December 2021	1,250	782,500	6,352,173	7,135,923

The notes on pages 11 to 27 form part of these financial statements.

WELDING ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 £4,791k and has net assets of £7,220k. The directors have reviewed sensitised cashflow forecasts and the Company expects to have sufficient working capital to meet its liabilities and ongoing operations for a period of at least 12 months from the date of signing of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 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

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.9 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.

2.10 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.

2.11 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.

2.12 Finance costs

Finance costs are charged to profit or loss 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.

2.13 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.

2.14 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.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.16 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 profit or loss 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.

2.17 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.18 Interest income

Interest income is recognised in profit or loss 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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:

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 based on the ageing profile of the stock. This starts after stock is 1 year old and the amount provided ranges between 25% and 50% depending on the item. Any stock that remains unsold after 2 years is 100% provided for.

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.

Bad debt provision:

Management judgements are required in ascertaining the collectability of debts, both from other group companies and external customers. Provisions are included based on the age of the debt and management's assessment of the ability of the customer to repay. This is performed on a specific basis.

4. Turnover

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

	2021 £	2020 £
Sale of goods	1,663,880	1,509,343
	<u>1,663,880</u>	<u>1,509,343</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	1,663,880	1,509,343
	<u>1,663,880</u>	<u>1,509,343</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Other operating income

	2021 £	2020 £
Group management charges	1,274,008	1,160,172
Rental income	8,400	64,233
Other income	14,720	16,530
	<u>1,297,128</u>	<u>1,240,935</u>

6. Operating loss

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

	2021 £	2020 £
Depreciation	34,523	33,892
Exchange differences	(183,763)	108,549
Other operating lease rentals	<u>33,247</u>	<u>33,247</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>12,500</u>	<u>10,500</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 2021**

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	710,710	588,092
Social security costs	71,919	66,440
Cost of defined contribution scheme	37,421	36,676
	<u>820,050</u>	<u>691,208</u>

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

	2021 No.	2020 No.
Sales, administration and production	<u>19</u>	<u>20</u>

No directors received any remuneration in the year (2020: £Nil).

9. Interest receivable

	2021 £	2020 £
Interest receivable from group companies	92,137	2,457
	<u>92,137</u>	<u>2,457</u>

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	16,758	15,451
Loans from group undertakings	40,650	113,247
	<u>57,408</u>	<u>128,698</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation

	2021 £	2020 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	52,950	-
Total deferred tax	52,950	-
Taxation on profit on ordinary activities	52,950	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	4,760,496	1,964,627
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	904,494	373,279
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	24,051	49,505
Fixed asset differences	-	7,096
Non-taxable income	(281,206)	(440,633)
Deferred tax not recognised	(328,330)	10,753
Other differences leading to an increase (decrease) in the tax charge	(266,059)	-
Total tax charge for the year	52,950	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Dividends

	2021 £	2020 £
Dividends paid to parent company	386,295	559,120
	<u>386,295</u>	<u>559,120</u>

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2021	2,300,154	608,646	35,022	2,943,822
Additions	-	98,788	1,456	100,244
At 31 December 2021	<u>2,300,154</u>	<u>707,434</u>	<u>36,478</u>	<u>3,044,066</u>
Depreciation				
At 1 January 2021	585,215	531,353	33,882	1,150,450
Charge for the year	25,805	7,868	850	34,523
At 31 December 2021	<u>611,020</u>	<u>539,221</u>	<u>34,732</u>	<u>1,184,973</u>
Net book value				
At 31 December 2021	<u>1,689,134</u>	<u>168,213</u>	<u>1,746</u>	<u>1,859,093</u>
At 31 December 2020	<u>1,714,939</u>	<u>77,293</u>	<u>1,140</u>	<u>1,793,372</u>

Included within freehold property is land of £980,000 (2020: £980,000) which is not being depreciated.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	3,333,427
Disposals	(257,379)
	<hr/>
At 31 December 2021	3,076,048
Net book value	
At 31 December 2021	3,076,048
	<hr/>
At 31 December 2020	3,333,427
	<hr/>

In the year, the company disposed fully of its holding in Rabbitsoft Limited and partially disposed of its holding in Welding Alloys France.

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. 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%
Corodür Fulldraht GmbH	47877 Willich, Germany	100%
Welding Alloys (Far East) SDN. BHD	No 28 Jalan Riang 21, Taman Gembira, 81200 Johor Bahru, Johor, Malaysia	75%
Welding Alloys Japan Ltd	24-1 Showanuma, Shobu-tyo, Kukishi, Saitama-prefecture, Japan	90%
Welding Alloys Taiwan	No 121, Beiping Road, Fengshan District Kaohsiung City 830, Taiwan	84.38%
Welding Alloys Thailand Co. Ltd	18 Moo 4 T.Bueloy, A. Nongkae Saraburi 18140 Thailand	89.9%
Welding Alloys Tubular Product	Plot No. 35/D, Phase V, Industrial Devlpmt Park, Cherlapally, Hyderabad 500 051, India	99.5%
Welding Alloys Vietnam	Lot 39-5, Quang Minh Townlet, Me Linh District, Ha Noi City, Vietnam	99.5%
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	96%

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Name	Registered office	Holding
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 2 Polska	100%
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	100%
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	92%
Welding Alloys Peru SAC	Calle Martin de Murua, 150 Of. 509, San Miguel Lima, Peru	99.99%
Welding Alloys South Asia Private Limited	Plot No. 35 / D, Industrial Development Park Phase V, Cherlapally Hyderabad, 500 051 India	74.98%
Welding Alloys IthalatIhr 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 2021**

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

Name	Registered office	Holding
WASA (Pty) Ltd S Africa	6 Wolverhampton Street, Apex, Benoni, 1541 Gauteng, South Africa	74%
Welding Alloys Espana	Pol.Ind.Moli d'en Fonolleda, nave 17, 08186 Llica d'Amunt, Barcelona, Spain	50%
Welding Alloys S L	Pol.Ind.Moli d'en Fonolleda, nave 17, 08186 Llica d'Amunt, Barcelona, Spain	50%
SCL L'Arietaz	257 Che Des Moulins, 73000 Chanbery	50%
Sarl USI-Site	22 Rue des Americains, 68320 Holtzwihr, France	50%
Aktiebolaget Dalforsan	Industrivagen 11, SE 77670	100%%
Welding Alloys USA, Inc	Vikmanshyttan, Sweden 8535 Dixie Hwy, Florenc, KY 41042 USA	100%%
Welding Alloys France SAS	153 Rue Aristide Berges, BP 29402, 73094 Chambery Cedex 9, France	41.4%
Welding Alloys Maroc SARL	Lot 79 Zone industrielle, Has Soualem 26 400	50%

15. Stocks

	2021 £	2020 £
Raw materials and consumables	46,743	44,834
Finished goods and goods for resale	314,659	221,780
	<u>361,402</u>	<u>266,614</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Debtors

	2021 £	2020 £
Trade debtors	349,453	281,074
Amounts owed by group undertakings	2,840,514	2,220,927
Other debtors	10,503	4,253
Prepayments and accrued income	52,270	35,774
	<u>3,252,740</u>	<u>2,542,028</u>

17. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	729,018	1,073,435
Less: bank overdrafts	(289,907)	(362,906)
	<u>439,111</u>	<u>710,529</u>

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	289,907	362,906
Trade creditors	106,399	83,264
Amounts owed to group undertakings	1,536,843	5,604,911
Other taxation and social security	79,301	124,253
Other creditors	15,140	15,234
Accruals and deferred income	61,838	935
	<u>2,089,428</u>	<u>6,191,503</u>

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Deferred taxation

	2021 £
Charged to profit or loss	(52,950)
At end of year	(52,950)

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(55,226)	-
Short term timing differences	2,276	-
	(52,950)	-

20. Provisions

	Waste disposal provision £
At 1 January 2021	2,701
Utilised in year	(2,701)
At 31 December 2021	-

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,250 (2020 - 1,250) Ordinary shares of £1.00 each	1,250	1,250

WELDING ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. 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.

23. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	35,014	39,465
Later than 1 year and not later than 5 years	9,343	33,427
	<u>44,357</u>	<u>72,892</u>

24. Controlling party

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).

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