

Company registration number 01684362 (England and Wales)

WHOLESALE WELDING SUPPLIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

WHOLESALE WELDING SUPPLIES LIMITED

COMPANY INFORMATION

Directors	Mr A Dickinson Mr R Moore Mr P Rowlands	(Appointed 28 February 2021)
Company number	01684362	
Registered office	Peters House Orbital Centre Icknield Way Letchworth Garden City Herts SG6 1ET	
Auditor	UHY Hacker Young (East) Ltd PO Box 501 The Nexus Building Broadway Letchworth Garden City Herts SG6 9BL	

WHOLESALE WELDING SUPPLIES LIMITED

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WHOLESALE WELDING SUPPLIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

2021 was a challenging year, with COVID-19 pandemic and Brexit impacting sales. In 2021 we faced many supply chain and material shortage challenges due to post pandemic global demand. The new directors have worked hard to mitigate these challenges and believe we have robust processes in place to reduce these impacts to our business in the future.

Principal risks and uncertainties

As with many businesses of its size, the business environment that the company operates in continues to present risks and uncertainties. The key risk is considered to be financial with movements in foreign exchange rates and also any changes in confidence within the wider economy in general, particularly so in the wake of COVID-19, cost inflation and energy prices.

Future Developments

Supported by Indutrade AB; our heritage, significant stockholding, diverse product and service offering & technical competence provides an excellent platform for growth. The new Directors are confident that the business is now in a much stronger position to allow us to focus on trading and that we will trade profitably in the future, which has been budgeted accordingly.

Key performance indicators

- Net Sales
- Order intake
- Gross Margin
- EBITA
- Operating working capital

On behalf of the board

Mr R Moore

Director

23 December 2022

WHOLESALE WELDING SUPPLIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the company continued to be that of the wholesale of welding supplies.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms K Burkitt	(Resigned 23 February 2022)
Mr A Dickinson	
Mr J Burrage	(Resigned 31 December 2021)
Mr L Darton	(Resigned 23 February 2022)
Mr R Moore	(Appointed 28 February 2021)
Mr P Rowlands	
Mr R J Case	(Resigned 23 July 2021)
Ms A Zlotkowska	(Appointed 23 February 2022 and resigned 13 May 2022)

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr R Moore
Director

23 December 2022

WHOLESALE WELDING SUPPLIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WHOLESALE WELDING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF WHOLESALE WELDING SUPPLIES LIMITED

Opinion

We have audited the financial statements of Wholesale Welding Supplies Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 loss 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 *Auditor's 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 UK, including the FRC'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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

WHOLESALE WELDING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF WHOLESALE WELDING SUPPLIES LIMITED

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 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, 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.

Auditor's 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 auditor's 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.

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the appropriate recognition of revenue & profit, the recognition and valuation of intangible assets, and the risk of management override.

Audit procedures performed included:

- Review of the financial statement disclosures to underlying supporting documentation
- Review of legal and professional expense accounts
- Enquiries of management
- Documentation and evaluation of controls designed to prevent and detect irregularities and fraud
- Testing of journal entries
- Assessing significant judgements and estimates in particular those relating to the provision for slow moving stock and the carrying value of tangible and intangible fixed assets.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

WHOLESALE WELDING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF WHOLESALE WELDING SUPPLIES LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member in an auditor's 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 member, for our audit work, for this report, or for the opinions we have formed.

James Price FCA
Senior Statutory Auditor
For and on behalf of UHY Hacker Young (East) Limited

23 December 2022

Chartered Accountants
Statutory Auditor

PO Box 501
The Nexus Building
Broadway
Letchworth Garden City
Herts
SG6 9BL

WHOLESALE WELDING SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	6,153,752	5,895,261
Cost of sales		(3,727,663)	(3,614,556)
Gross profit		2,426,089	2,280,705
Distribution costs		(286,287)	(395,765)
Administrative expenses		(2,487,645)	(2,340,115)
Other operating income		17,947	139,361
Operating loss	4	(329,896)	(315,814)
Interest payable and similar expenses	7	(13,562)	(10,150)
Loss before taxation		(343,458)	(325,964)
Tax on loss	8	(73,849)	81,244
Loss for the financial year		(417,307)	(244,720)

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

WHOLESALE WELDING SUPPLIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Loss for the year	(417,307)	(244,720)
Other comprehensive income		
Revaluation of tangible fixed assets	(60,000)	-
Total comprehensive income for the year	<u>(477,307)</u>	<u>(244,720)</u>

WHOLESALE WELDING SUPPLIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Goodwill	10		90,826		90,826
Other intangible assets	10		84,647		72,254
			<u>175,473</u>		<u>163,080</u>
Total intangible assets			175,473		163,080
Tangible assets	11		5,955,910		6,102,331
Investments	12		6		6
			<u>6,131,389</u>		<u>6,265,417</u>
Current assets					
Stocks	14	3,220,230		2,304,106	
Debtors	15	1,973,362		1,558,067	
Cash at bank and in hand		216,893		684,213	
		<u>5,410,485</u>		<u>4,546,386</u>	
Creditors: amounts falling due within one year	17	(2,254,417)		(927,789)	
Net current assets			<u>3,156,068</u>		<u>3,618,597</u>
Total assets less current liabilities			<u>9,287,457</u>		<u>9,884,014</u>
Creditors: amounts falling due after more than one year	18		(187,833)		(297,992)
Provisions for liabilities					
Provisions	20	15,000		97,940	
Deferred tax liability	21	507,962		434,113	
		<u>(522,962)</u>		<u>(532,053)</u>	
Net assets			<u>8,576,662</u>		<u>9,053,969</u>
Capital and reserves					
Called up share capital	23		10,000		10,000
Revaluation reserve			2,348,134		2,408,134
Profit and loss reserves			6,218,528		6,635,835
Total equity			<u>8,576,662</u>		<u>9,053,969</u>

The financial statements were approved by the board of directors and authorised for issue on 23 December 2022 and are signed on its behalf by:

Mr R. Moore
Director

Company Registration No. 01684362

WHOLESALE WELDING SUPPLIES LIMITED

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

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2020		10,000	2,408,134	7,380,555	9,798,689
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(244,720)	(244,720)
Dividends	9	-	-	(500,000)	(500,000)
Balance at 31 December 2020		10,000	2,408,134	6,635,835	9,053,969
Year ended 31 December 2021:					
Loss for the year		-	-	(417,307)	(417,307)
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(60,000)	-	(60,000)
Total comprehensive income for the year		-	(60,000)	(417,307)	(477,307)
Balance at 31 December 2021		10,000	2,348,134	6,218,528	8,576,662

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Wholesale Welding Supplies Limited is a private company limited by shares incorporated in England and Wales. The registered office is Peters House Orbital Centre, Icknield Way, Letchworth Garden City, Herts, SG6 1ET.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Indutrade AB a company listed in Sweden. These consolidated financial statements are available from its registered office - Raseborgsgatan 9, Box 6044, SE-164 06, Kista.

1.2 Going concern

The directors acknowledge that the company is reporting a substantial loss for the year ended 31 December 2021, and that a further loss is expected to be reported for the next financial year. The directors have obtained comfort from its parent company that support will be provided to enable the company to pay its debts as they fall due as the company executes a turnaround plan with profits expected to be reported for 2023 and beyond. Consequently at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill is considered by the directors not to have a finite life and therefore is subject to an annual impairment review. The cash generating unit with which the goodwill is associated is productive enough to suggest that the carrying value is not impaired at the balance sheet date.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	None provided due to high residual value
Leasehold improvements	10% straight line
Plant and equipment	10% straight line
Computers	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provision

A provision against slow moving stock of 80% of cost is made where stock lines have not seen sales in more than 12 months. The directors intend to review this provision in the next financial year.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Welding supplies	6,153,752	5,895,261
	2021	2020
	£	£
Turnover analysed by geographical market		
UK	5,531,280	5,350,517
Non-UK	622,472	544,744
	6,153,752	5,895,261
	2021	2020
	£	£
Other revenue		
Grants received	9,362	117,361

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(8,585)	(10,314)
Government grants	(9,362)	(117,361)
Fees payable to the company's auditor for the audit of the company's financial statements	14,200	10,200
Depreciation of owned tangible fixed assets	72,820	63,353
Loss on disposal of tangible fixed assets	69,532	-
Amortisation of intangible assets	21,647	8,565
Operating lease charges	19,904	66,750
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
	50	50
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,441,844	1,421,663
Social security costs	152,024	133,998
Pension costs	32,910	29,502
	<u> </u>	<u> </u>
	1,626,778	1,585,163
	<u> </u>	<u> </u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	289,501	208,923
Company pension contributions to defined contribution schemes	3,135	5,138
	<u> </u>	<u> </u>
	292,636	214,061
	<u> </u>	<u> </u>

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

	2021 £	2020 £
Remuneration for qualifying services	75,902	90,000
	<u> </u>	<u> </u>

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	13,562	10,150

8 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(60,779)
Deferred tax		
Origination and reversal of timing differences	73,849	(20,465)
Total tax charge/(credit)	73,849	(81,244)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Loss before taxation	(343,458)	(325,964)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(65,257)	(61,933)
Tax effect of expenses that are not deductible in determining taxable profit	14,870	(978)
Tax effect of utilisation of tax losses not previously recognised	-	(24,481)
Effect of change in corporation tax rate	126,762	-
Effect of revaluations of investments	(12,500)	-
Depreciation versus capital allowances	9,974	6,148
Taxation charge/(credit) for the year	73,849	(81,244)

9 Dividends

	2021	2020
	£	£
Interim paid	-	500,000

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 January 2021	90,826	84,523	175,349
Additions	-	34,040	34,040
At 31 December 2021	90,826	118,563	209,389
Amortisation and impairment			
At 1 January 2021	-	12,269	12,269
Amortisation charged for the year	-	21,647	21,647
At 31 December 2021	-	33,916	33,916
Carrying amount			
At 31 December 2021	90,826	84,647	175,473
At 31 December 2020	90,826	72,254	163,080

11 Tangible fixed assets

	Leasehold land and buildings £	Leasehold improvements £	Plant and equipment £	Computers £	Total £
Cost					
At 1 January 2021	5,810,000	293,856	410,375	263,476	6,777,707
Additions	-	40,014	7,185	8,733	55,932
Disposals	-	(71,116)	(100,525)	(228,441)	(400,082)
Revaluation	(60,000)	-	-	-	(60,000)
At 31 December 2021	5,750,000	262,754	317,035	43,768	6,373,557
Depreciation and impairment					
At 1 January 2021	-	198,710	258,967	217,699	675,376
Depreciation charged in the year	-	27,869	31,852	13,099	72,820
Eliminated in respect of disposals	-	(70,227)	(49,680)	(210,642)	(330,549)
At 31 December 2021	-	156,352	241,139	20,156	417,647
Carrying amount					
At 31 December 2021	5,750,000	106,402	75,896	23,612	5,955,910
At 31 December 2020	5,810,000	95,146	151,408	45,777	6,102,331

The company's long leasehold property was revalued in August 2022 by BNP Paribas who concluded that the property's market value was £5,750,000.

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Fixed asset investments

	2021 £	2020 £
Unlisted investments	6	6
	<u>6</u>	<u>6</u>

13 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	6	6
	<u>6</u>	<u>6</u>

14 Stocks

	2021 £	2020 £
Finished goods and goods for resale	3,220,230	2,304,106
	<u>3,220,230</u>	<u>2,304,106</u>

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,166,253	1,251,730
Corporation tax recoverable	106,857	106,857
Other debtors	51,089	159,600
Prepayments and accrued income	649,163	39,880
	<u>1,973,362</u>	<u>1,558,067</u>

16 Cash at Bank

The bank overdraft is secured via a cash pool arrangements with all fellow UK subsidiary companies of the group, with Handelsbanken, the company is jointly and severally liable for all amounts due to Handelsbanken within this cash pool arrangement.

17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	19	972,988	102,550
Trade creditors		410,690	86,877
Taxation and social security		44,188	-
Other creditors		2,766	738,362
Accruals and deferred income		823,785	-
		<u>2,254,417</u>	<u>927,789</u>

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	19	187,833	297,992

The bank loan is secured by way of a legal charge over the leasehold property, held by the company's bankers.

19 Loans and overdrafts

	2021 £	2020 £
Bank loans	233,685	400,542
Bank overdrafts	927,136	-
	<u>1,160,821</u>	<u>400,542</u>
Payable within one year	972,988	102,550
Payable after one year	187,833	297,992

The long-term loans are secured by fixed charges over the company's long leasehold property.

20 Provisions for liabilities

	2021 £	2020 £
Warranty provision	15,000	97,940
Movements on provisions:		
		£
At 1 January 2021		124,645
Reversal of provision		(109,645)
At 31 December 2021		<u>15,000</u>

WHOLESALE WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	17,250	21,301
Tax losses	(37,461)	-
Revaluations	528,173	412,812
	<u>507,962</u>	<u>434,113</u>

22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	32,910	29,502

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	10,000	10,000	10,000	10,000

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	61,291	62,145
Between two and five years	54,275	45,488
	<u>115,566</u>	<u>107,633</u>

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