

COMPANY REGISTRATION NUMBER: 01884797

WASHINGTON METALWORKS LIMITED
FINANCIAL STATEMENTS
31 MARCH 2017

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COMPANIES HOUSE

JOSEPH MILLER & CO
Chartered Accountants
Newcastle upon Tyne

WASHINGTON METALWORKS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

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WASHINGTON METALWORKS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr S J Tate
Mr P F Atkinson
Mr P F McGowan
Dr W Snaith
Mr T Swinburn

Company secretary

Mr S J Tate

Registered office

Bath Road
Felling
Gateshead
Tyne and Wear
NE10 0LH

Auditor

Joseph Miller & Co
Chartered Accountants
Milburn House
Dean Street
Newcastle upon Tyne
NE1 1LE

Bankers

National Westminster Bank plc
Washington Centre
Washington
Tyne and Wear
NE38 7SG

Solicitors

Mincoffs Solicitors
Kensington House
5 Osborne Road
Newcastle upon Tyne
Tyne & Wear
NE2 2AA

WASHINGTON METALWORKS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 MARCH 2017

Development and performance during the financial year

Washington Metalworks Limited has developed significantly over recent years, and has a 2-year strategic development plan to further enhance the quality, delivery, service and product portfolio we provide to our customers. The strategic plan is under-pinned by significant investments in our infrastructure, our systems, our operational machinery and our staff, to ensure we continue to deliver the high quality customers expect and deserve and to build our customer relationships.

Also, as part of this strategic plan, the company purchased shares held by a former director to facilitate the creation of the board, and secure future development of the company. In order to drive the strategic plan, the now sole owner and Managing Director, Mr Steve Tate, then appointed the board of Executive directors as the strategic and operational leadership of the company. The board builds upon and augments the existing management and operational structure, and adds innovation and clarity to our vision, goals and decision making, to ensure continued success in future. In particular, the significant investment in our new paint and preparation facility has provided a rich opportunity for customers to benefit from. This has improved our offer to customers, increased production capacity as a 'one-stop shop', and enhanced production efficiency. We are proud of this three-year investment project. The benefits are clear for customers, and for us in the company results. The principal financial KPIs for the business are; EBITDA, turnover, gross profit and net profit. The principal non-financial KPIs for the business relate to safety, quality, delivery and management. Regular monitoring of these indicators is a fundamental part of the company's continuous governance process. As indicators of the early success of our plan, turnover increased by 28.2% compared to the previous year and gross profit increased from 20.5% to 23.1%.

Future developments

Further investment in plant and machinery is forecast within the strategic plan, to increase customer service and opportunities, increase production capacity and improve efficiency with a view to providing enhanced production and delivery, and increasing turnover and profitability. Perhaps, the most significant immediate investment is in a new Enterprise Resource Planning system, to provide integrated information and immediate recall of company memory to enhance our service to customers, provide efficient quotations, specifications, more accurate delivery schedules, enhanced communication of deliveries, and accurate and timely financial transactions. This new system will further enhance the professionalism of the company in providing the highest levels of service for our customers.

Principal risks and uncertainties

The company operates in very competitive and increasingly diverse markets. Customers are quite rightly demanding, and expect high-quality products and service, within commercial boundaries. As part of our governance processes, we strive to maintain profit margins by diligently planning and controlling production costs. Efficiency in information flows between customer, the company and its suppliers ensures Credit control and cash flow are maximised, so minimising the risk of credit related losses. Our new ERP system will provide a clearer view of many of our KPIs and ensure traceable information for analysis and decisions.

This report was approved by the board of directors on 3 November 2017 and signed on behalf of the board by:



Mr S J Tate
Director

WASHINGTON METALWORKS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

Directors

The directors who served the company during the year were as follows:

Mr S J Tate	
Mr P F Atkinson	(Appointed 9 December 2016)
Mr P F McGowan	(Appointed 9 December 2016)
Dr W Snaith	(Appointed 9 December 2016)
Mr T Swinburn	(Appointed 9 December 2016)
Mr R Barella	(Resigned 2 December 2016)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Disclosure of information in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 2. These matters relate to business review, principal risks and uncertainties and future developments.

Directors' responsibilities statement

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

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 3 November 2017 and signed on behalf of the board by:

Mr S J Tate
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASHINGTON METALWORKS LIMITED

YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Washington Metalworks Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the directors' report. We have nothing to report in this respect.

Matters on which we are required to report by exception

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

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

David Gold BA, FCA (Senior statutory auditor)
For and on behalf of
Joseph Miller & Co
Statutory auditor
Milburn House
Dean Street
Newcastle upon Tyne
NE1 1LE

3 November 2017

WASHINGTON METALWORKS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	12,392,947	9,670,316
Cost of sales		(9,528,582)	(7,687,474)
Gross profit		2,864,365	1,982,842
Administrative expenses		(1,988,257)	(1,647,604)
Other operating income	5	29,834	29,864
Operating profit	6	905,942	365,102
Other interest receivable and similar income	10	260	440
Interest payable and similar expenses	11	(79,758)	(12,939)
Profit before taxation		826,444	352,603
Tax on profit	12	(163,354)	(35,296)
Profit for the financial year and total comprehensive income		<u>663,090</u>	<u>317,307</u>

All the activities of the company are from continuing operations.

The notes on pages 9 to 17 form part of these financial statements.

WASHINGTON METALWORKS LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	3,333,936	2,743,164
Current assets			
Stocks	15	1,432,354	1,276,637
Debtors	16	3,267,225	2,429,118
Cash at bank and in hand		17,089	284,279
		<u>4,716,668</u>	<u>3,990,034</u>
Creditors: amounts falling due within one year	17	<u>(3,407,092)</u>	<u>(2,512,160)</u>
Net current assets		<u>1,309,576</u>	<u>1,477,874</u>
Total assets less current liabilities		<u>4,643,512</u>	<u>4,221,038</u>
Creditors: amounts falling due after more than one year	18	(3,173,385)	(560,000)
Provisions			
Deferred taxation	20	(114,562)	(85,898)
Net assets		<u>1,355,565</u>	<u>3,575,140</u>
Capital and reserves			
Called up share capital	24	500	1,000
Capital redemption reserve	25	501	1
Profit and loss account	25	1,354,564	3,574,139
Members funds		<u>1,355,565</u>	<u>3,575,140</u>

The financial statements were approved by the board of directors and authorised for issue on 3 November 2017 and are signed on behalf of the board by:


Mr S J Tate
Director

Company registration number: 01884797

The notes on pages 9 to 17 form part of these financial statements.

WASHINGTON METALWORKS LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2017

		Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2015		1,000	1	3,406,832	3,407,833
Profit for the year				317,307	317,307
Total comprehensive income for the year		—	—	317,307	317,307
Dividends paid and payable	13	—	—	(150,000)	(150,000)
Total investments by and distributions to owners		—	—	(150,000)	(150,000)
At 31 March 2016		1,000	1	3,574,139	3,575,140
Profit for the year				663,090	663,090
Total comprehensive income for the year		—	—	663,090	663,090
Dividends paid and payable	13	—	—	(82,665)	(82,665)
Redemption of shares		(500)	500	(2,800,000)	(2,800,000)
Total investments by and distributions to owners		(500)	500	(2,882,665)	(2,882,665)
At 31 March 2017		500	501	1,354,564	1,355,565

The notes on pages 9 to 17 form part of these financial statements.

WASHINGTON METALWORKS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	663,090	317,307
<i>Adjustments for:</i>		
Depreciation of tangible assets	257,081	337,035
Government grant income	(29,834)	(26,564)
Other interest receivable and similar income	(260)	(440)
Interest payable and similar expenses	79,758	12,939
Loss/(gains) on disposal of tangible assets	765	(13,983)
Tax on profit	163,354	35,296
Accrued expenses	45,890	166,100
<i>Changes in:</i>		
Stocks	(155,717)	(180,224)
Trade and other debtors	(838,107)	120,388
Trade and other creditors	933,720	(25,963)
Cash generated from operations	1,119,740	741,891
Interest paid	(79,758)	(12,939)
Interest received	260	440
Tax paid	(26,647)	(66,205)
Net cash from operating activities	<u>1,013,595</u>	<u>663,187</u>
Cash flows from investing activities		
Purchase of tangible assets	(855,943)	(376,680)
Proceeds from sale of tangible assets	7,325	13,983
Net cash used in investing activities	<u>(848,618)</u>	<u>(362,697)</u>
Cash flows from financing activities		
Purchase of own shares	(2,800,000)	–
Proceeds from borrowings	1,981,005	(4,164)
Government grant income	29,834	26,564
Receipts from (payments of) finance lease liabilities	439,659	(19,789)
Dividends paid	(82,665)	(150,000)
Net cash used in financing activities	<u>(432,167)</u>	<u>(147,389)</u>
Net (decrease)/increase in cash and cash equivalents	(267,190)	153,101
Cash and cash equivalents at beginning of year	<u>284,279</u>	<u>131,178</u>
Cash and cash equivalents at end of year	<u>17,089</u>	<u>284,279</u>

The notes on pages 9 to 17 form part of these financial statements.

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Bath Road, Felling, Gateshead, Tyne and Wear, NE10 0LH.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Debtors

Trade and other debtors are recognised at transaction price less any impairment losses for bad and doubtful debts.

Creditors

Trade and other creditors are measured at transaction price.

Judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable.

Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. 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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, consumer demands and the experience of recoverability.

Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services, stated net of discounts and of Value Added Tax.

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

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

3. Accounting policies (continued)

Taxation

The taxation expense represents the aggregate amount of current and deferred tax. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax has been recognised as a liability or asset if transactions have occurred at the balance sheet that give rise to an obligation to more tax in the future, or a right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised, have not been discounted.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold land and buildings	- 2% on cost
Plant and machinery	- 10%/20%/33% on cost
Fixtures, fittings and equipment	- 10%/25% on cost
Motor vehicles	- 25% on cost

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Raw materials and consumables are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is calculated using the first-in-first-out method and consists of purchase price, transport and handling directly attributable to bringing the stocks to their present location and condition. The cost of manufactured finished goods and work in progress consists of design costs, raw materials, direct labour and other direct costs and related production overhead based on normal operating capacity.

Throughout the reporting period stocks are assessed for impairment. If items of stocks are impaired, the identified stocks are reduced and an impairment charge is recognised in the profit and loss account.

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

3. Accounting policies (continued)

Finance leases and hire purchase contracts

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Government grants

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Financial instruments

The company only has financial instruments and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are measured initially at transaction value and subsequently measured at their settlement value.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account in the year to which they relate.

4. Turnover

Turnover arises from:

	2017 £	2016 £
Sale of goods	<u>12,392,947</u>	<u>9,670,316</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2017 £	2016 £
Government grant income	29,834	26,564
Other operating income	—	3,300
	<u>29,834</u>	<u>29,864</u>

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

6. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	257,081	337,035
Losses(gains) on disposal of tangible assets	765	(13,983)
Impairment of trade debtors	(13,722)	7,342
Foreign exchange losses (gains)	12,851	(26,848)
	<u> </u>	<u> </u>

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	7,600	7,400
	<u> </u>	<u> </u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Production staff	178	142
Administrative staff	6	6
Management staff	21	20
	<u> </u>	<u> </u>
	205	168

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	4,863,629	3,663,926
Social security costs	413,548	307,955
Other pension costs	29,520	23,464
	<u> </u>	<u> </u>
	5,306,697	3,995,345

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	96,062	14,400
Company contributions to defined contribution pension plans	362	—
	<u> </u>	<u> </u>
	96,424	14,400

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	3	2
	<u> </u>	<u> </u>

10. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	260	440
	<u> </u>	<u> </u>

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

11. Interest payable and similar expenses

	2017 £	2016 £
Interest on debenture loans	13,964	–
Interest on banks loans and overdrafts	49,620	8,461
Interest on obligations under finance leases and hire purchase contracts	16,174	4,478
	<u>79,758</u>	<u>12,939</u>

12. Tax on profit
Major components of tax expense

	2017 £	2016 £
Current tax:		
UK current tax expense	149,192	41,149
R & D tax credits in respect of prior periods	(14,502)	–
Total current tax	<u>134,690</u>	<u>41,149</u>
Deferred tax:		
Origination and reversal of timing differences	24,370	(8,639)
Impact of change in tax rate	4,294	2,786
Total deferred tax	<u>28,664</u>	<u>(5,853)</u>
Tax on profit	<u>163,354</u>	<u>35,296</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	826,444	352,603
Profit on ordinary activities by rate of tax	165,289	70,520
R & D tax credits in respect of prior periods	(14,502)	–
Effect of expenses not deductible for tax purposes	12,887	7,700
Effect of capital allowances and depreciation	(4,614)	420
Holiday pay accrual	–	(7,314)
Effect on opening deferred tax of change in tax rate	4,294	(2,786)
Deferred tax on government grants not previously recognised	–	(33,244)
Tax on profit	<u>163,354</u>	<u>35,296</u>

13. Dividends

Dividends paid during the year:

	2017 £	2016 £
Equity dividends on ordinary shares	<u>82,665</u>	<u>150,000</u>

No further dividends were declared in respect of 2017 at the reporting date.

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

14. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2016	2,024,888	3,863,624	274,086	120,690	6,283,288
Additions	–	823,728	10,015	22,200	855,943
Disposals	–	(9,073)	–	(37,315)	(46,388)
At 31 March 2017	<u>2,024,888</u>	<u>4,678,279</u>	<u>284,101</u>	<u>105,575</u>	<u>7,092,843</u>
Depreciation					
At 1 April 2016	356,078	2,815,794	247,562	120,690	3,540,124
Charge for the year	38,497	207,824	10,760	–	257,081
Disposals	–	(983)	–	(37,315)	(38,298)
At 31 March 2017	<u>394,575</u>	<u>3,022,635</u>	<u>258,322</u>	<u>83,375</u>	<u>3,758,907</u>
Carrying amount					
At 31 March 2017	<u>1,630,313</u>	<u>1,655,644</u>	<u>25,779</u>	<u>22,200</u>	<u>3,333,936</u>
At 31 March 2016	<u>1,668,810</u>	<u>1,047,830</u>	<u>26,524</u>	<u>–</u>	<u>2,743,164</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 March 2017	<u>760,696</u>
At 31 March 2016	<u>142,500</u>

Capital commitments

	2017 £	2016 £
Contracted for but not provided for in the financial statements	<u>–</u>	<u>604,019</u>

15. Stocks

	2017 £	2016 £
Raw materials and consumables	354,012	314,412
Work in progress	1,078,342	962,225
	<u>1,432,354</u>	<u>1,276,637</u>

The amount of stocks recognised as an expense during the period was £4,429,206 (2016: £3,346,265). An impairment loss of £38,864 (2016: £28,028) was recognised in the profit and loss account.

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16. Debtors

	2017 £	2016 £
Trade debtors	3,203,841	2,272,542
Prepayments and accrued income	58,498	132,633
Other debtors	4,886	23,943
	<u>3,267,225</u>	<u>2,429,118</u>

An impairment loss of £19,895 (2016: £36,361) was recognised against trade debtors.

17. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	652,008	21,929
Trade creditors	1,456,672	1,396,852
Accruals and deferred income	476,695	413,864
Corporation tax	149,192	41,149
Social security and other taxes	477,199	307,791
Obligations under finance leases and hire purchase contracts	111,950	111,502
Directors' loan accounts	71,762	206,727
Other creditors	11,614	12,346
	<u>3,407,092</u>	<u>2,512,160</u>

Included within bank loans and overdrafts is an invoice financing loan of £581.077 (2016- £nil) secured against the assets of the company.

18. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans and overdrafts	1,767,126	281,235
Accruals and deferred income	268,903	180,620
Obligations under finance leases and hire purchase contracts	537,356	98,145
Director's loan account	600,000	—
	<u>3,173,385</u>	<u>560,000</u>

Included within creditors: amounts falling due after more than one year is an amount of £1,463,090 (2016: £281,235) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loan from the previous year was settled and replaced with a loan of £1,855,000 repayable over 20 years. The loan attracts interest at a rate of 2.50% per annum over the National Westminster Bank plc's sterling base rate. The loan and overdraft are secured on the freehold property of the company.

Obligations under hire purchase contracts are secured on the assets disclosed in note 14.

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19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2017 £	2016 £
Not later than 1 year	129,645	114,313
Later than 1 year and not later than 5 years	462,630	101,754
Later than 5 years	119,511	–
	<u>711,786</u>	<u>216,067</u>
Less: future finance charges	(62,480)	(6,420)
Present value of minimum lease payments	<u>649,306</u>	<u>209,647</u>

20. Provisions

	Deferred tax (note 21) £
At 1 April 2016	85,898
Charge against provision	28,664
At 31 March 2017	<u>114,562</u>

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions (note 20)	<u>114,562</u>	<u>85,898</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	174,008	125,439
Deferred income	(57,656)	(39,541)
Other timing differences	(1,890)	–
	<u>114,462</u>	<u>85,898</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £29,520 (2016: £23,464).

23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2017 £	2016 £
Recognised in creditors:		
Deferred government grants due within one year	34,025	17,084
Deferred government grants due after more than one year	268,903	180,620
	<u>302,928</u>	<u>197,704</u>
Recognised in other operating income:		
Government grants recognised directly in income	<u>29,834</u>	<u>26,564</u>

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24. Called up share capital
Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	500	500	1,000	1,000

25. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Related party transactions

Included within note 17, Creditors: amounts falling due within one year, are non-interest bearing loans repayable on demand from the directors' totalling £71,762 (2016: £206,727).

Included within note 18, Creditors: amounts falling due after more than one year, is an interest bearing loan, at market rate, from a director totalling £600,000 (2016: £nil). This loan has no fixed repayment terms.

During the year equity dividends of £82,665 were paid to Mr and Mrs S Tate.

No other transactions with related parties were undertaken such as are required to be disclosed under FRS102.