

COMPANY REGISTRATION NUMBER: 01884797

WASHINGTON METALWORKS LIMITED
FINANCIAL STATEMENTS
31 MARCH 2018



JOSEPH MILLER & CO
Chartered Accountants
Newcastle upon Tyne

WASHINGTON METALWORKS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

Contents	Pages
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditor's report to the members	4 to 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 to 19

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 & statutory auditor 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 2018

Development and performance during the financial year

Washington Metalworks Ltd. has continued to significantly develop the business in the last year in line with its 2-year strategic development plan. The key aims are to continuously enhance the quality of our products and service, to build upon the relationships we enjoy with customers, provide delivery on time, and to grow the product portfolio we can provide to our customers. The strategic plan has been strengthened by a re-structure of management, further major investments in infrastructure, new systems, development of staff, and new plant and machinery, to ensure we continue to deliver high quality product to our customers and to build upon our strong customer relationships.

The founding Managing Director, Mr Steve Tate, and the board of Executive directors provide the strategic and operational leadership of the company and drive the strategic plan forward. The board builds upon and augments the new 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 Enterprise Resource Planning system provides rich opportunities for customers to benefit from. Integrated information across the company's activities and immediate recall of company memory will enhance our service to customers, including efficient quotations, specifications, more accurate delivery schedules, enhanced communication of progress, 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. We are proud of this major investment.

The principal financial KPIs for the business are; turnover, gross profit, EBITDA, and operating profit. The key non-financial KPIs relate to quality, safety, delivery, and management. Regular monitoring of these indicators is a fundamental part of the company's continuous governance process, designed into all our procedures.

As indicators of the continued success of our strategic plan, turnover increased by 19.7%, gross profit by 38% to 27.5%, EBITDA by 67% to 15%, and Operating Profit by 97.2% to 12%. These figures illustrate successful growth combined with re-structuring of costs, and 'other income' from re-capture of costs from materials. Quality, safety, and delivery are designed into our manufacturing processes. The ERP will enhance management, measurement, monitoring and improvements.

Future developments

The ERP project continues and will 'go-live' during the next financial year. Continued strong investment in infrastructure, plant and machinery is included in the strategic plan, to significantly increase capacity and capabilities as well as achieving cost efficiencies, resulting in increased turnover and profitability.

Principal risks and uncertainties

The company operates in very competitive and diverse markets. Our customers expect and receive high-quality products and service at the right price, within shared commercial boundaries. Our new ERP system first of all introduces a small risk during implementation, and the company is working with customers and vendors to ensure all information required is correct to mitigate this small risk. External risks such as BREXIT and associated supply-chain issues have been considered, and mitigation plans are in place, e.g. considering vending supplies. The ERP benefits are many, providing information efficiency; for manufacturing, for customers and vendors, and for analysis and decision-making through traceable information, so improving cash flow, mitigating credit related risk.

This report was approved by the board of directors on 12 October 2018 and signed on behalf of the board by:



Mr S J Tate
Director

WASHINGTON METALWORKS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements of the company for the year ended 31 March 2018.

Directors

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

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

Dividends

Particulars of dividends paid 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 12 October 2018 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 2018

Opinion

We have audited the financial statements of Washington Metalworks Limited (the 'company') for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 FRS 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 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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

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

Other information

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

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

We have nothing to report in this regard.

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

YEAR ENDED 31 MARCH 2018

Opinions 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, 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

YEAR ENDED 31 MARCH 2018

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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.

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

15 October 2018

WASHINGTON METALWORKS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	14,835,218	12,392,947
Cost of sales		(10,880,719)	(9,528,582)
Gross profit		<u>3,954,499</u>	<u>2,864,365</u>
Administrative expenses		(2,357,147)	(1,988,257)
Other operating income	5	<u>189,467</u>	<u>29,834</u>
Operating profit	6	1,786,819	905,942
Other interest receivable and similar income	10	28	260
Interest payable and similar expenses	11	<u>(98,394)</u>	<u>(79,758)</u>
Profit before taxation		1,688,453	826,444
Tax on profit	12	<u>(305,111)</u>	<u>(163,354)</u>
Profit for the financial year and total comprehensive income		<u><u>1,383,342</u></u>	<u><u>663,090</u></u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 19 form part of these financial statements.

WASHINGTON METALWORKS LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	4,491,232	3,333,936
Current assets			
Stocks	15	1,588,796	1,432,354
Debtors	16	4,098,517	3,267,225
Cash at bank and in hand		67,427	17,089
		<u>5,754,740</u>	<u>4,716,668</u>
Creditors: amounts falling due within one year	17	<u>(4,497,170)</u>	<u>(3,407,092)</u>
Net current assets		<u>1,257,570</u>	<u>1,309,576</u>
Total assets less current liabilities		<u>5,748,802</u>	<u>4,643,512</u>
Creditors: amounts falling due after more than one year	18	(2,904,209)	(3,173,385)
Provisions			
Deferred taxation	20	(150,686)	(114,562)
Net assets		<u>2,693,907</u>	<u>1,355,565</u>
Capital and reserves			
Called up share capital	24	500	500
Capital redemption reserve	25	501	501
Profit and loss account	25	2,692,906	1,354,564
Members funds		<u>2,693,907</u>	<u>1,355,565</u>

These financial statements were approved by the board of directors and authorised for issue on 12 October 2018 and are signed on behalf of the board by:



Mr S J Tate
Director

Company registration number: 01884797

The notes on pages 11 to 19 form part of these financial statements.

WASHINGTON METALWORKS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

		Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 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
Profit for the year				1,383,342	1,383,342
Total comprehensive income for the year		—	—	1,383,342	1,383,342
Dividends paid and payable	13	—	—	(45,000)	(45,000)
Total investments by and distributions to owners		—	—	(45,000)	(45,000)
At 31 March 2018		500	501	2,692,906	2,693,907

The notes on pages 11 to 19 form part of these financial statements.

WASHINGTON METALWORKS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,383,342	663,090
<i>Adjustments for:</i>		
Depreciation of tangible assets	315,339	257,081
Government grant income	(38,847)	(29,834)
Other interest receivable and similar income	(28)	(260)
Interest payable and similar expenses	98,394	79,758
(Gains)/loss on disposal of tangible assets	(21,600)	765
Tax on profit	305,111	163,354
Accrued expenses	44,608	45,890
<i>Changes in:</i>		
Stocks	(156,442)	(155,717)
Trade and other debtors	(831,292)	(838,107)
Trade and other creditors	(622)	933,720
Cash generated from operations	1,097,963	1,119,740
Interest paid	(98,394)	(79,758)
Interest received	28	260
Tax paid	(149,192)	(26,647)
Net cash from operating activities	<u>850,405</u>	<u>1,013,595</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,473,235)	(855,943)
Proceeds from sale of tangible assets	22,200	7,325
Net cash used in investing activities	<u>(1,451,035)</u>	<u>(848,618)</u>
Cash flows from financing activities		
Purchase of own shares	–	(2,800,000)
Proceeds from borrowings	367,005	1,981,005
Government grant income	38,847	29,834
Receipts from finance leases	290,116	439,659
Dividends paid	(45,000)	(82,665)
Net cash from/(used in) financing activities	<u>650,968</u>	<u>(432,167)</u>
Net increase/(decrease) in cash and cash equivalents	50,338	(267,190)
Cash and cash equivalents at beginning of year	17,089	284,279
Cash and cash equivalents at end of year	<u>67,427</u>	<u>17,089</u>

The notes on pages 11 to 19 form part of these financial statements.

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

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 2018

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 2018

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:

	2018	2017
	£	£
Sale of goods	14,835,218	12,392,947

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

5. Other operating income

	2018	2017
	£	£
Government grant income	38,847	29,834
Training grants	150,620	—
	<u>189,467</u>	<u>29,834</u>

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

6. Operating profit

Operating profit is stated after charging/crediting:

	2018	2017
	£	£
Depreciation of tangible assets	315,339	257,081
(Gains)/loss on disposal of tangible assets	(21,600)	765
Impairment of trade debtors	11,148	(13,722)
Foreign exchange differences	(11,081)	12,851
Operating lease rentals	7,627	–
	<u>7,627</u>	<u>–</u>

7. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	16,800	7,600
	<u>16,800</u>	<u>7,600</u>

8. Staff costs

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

	2018	2017
	No.	No.
Production staff	196	178
Administrative staff	6	6
Management staff	30	21
	<u>232</u>	<u>205</u>

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

	2018	2017
	£	£
Wages and salaries	5,790,887	4,846,234
Social security costs	505,064	413,548
Other pension costs	88,402	29,520
	<u>6,384,353</u>	<u>5,289,302</u>

9. Directors' remuneration

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

	2018	2017
	£	£
Remuneration	263,087	96,062
Company contributions to defined contribution pension plans	7,500	362
	<u>270,587</u>	<u>96,424</u>

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

	2018	2017
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

10. Other interest receivable and similar income

	2018	2017
	£	£
Interest on cash and cash equivalents	<u>28</u>	<u>260</u>

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

11. Interest payable and similar expenses

	2018 £	2017 £
Interest on debenture loans	28,036	13,964
Interest on bank loans and overdrafts	40,562	49,620
Interest on obligations under finance leases and hire purchase contracts	29,796	16,174
	<u>98,394</u>	<u>79,758</u>

12. Tax on profit
Major components of tax expense

	2018 £	2017 £
Current tax:		
UK current tax expense	268,987	149,192
R & D tax credits in respect of prior periods	–	(14,502)
Total current tax	<u>268,987</u>	<u>134,690</u>
Deferred tax:		
Origination and reversal of timing differences	24,065	24,370
Impact of change in tax rate	12,059	4,294
Total deferred tax	<u>36,124</u>	<u>28,664</u>
Tax on profit	<u>305,111</u>	<u>163,354</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 £	2017 £
Profit on ordinary activities before taxation	1,688,453	826,444
Profit on ordinary activities by rate of tax	320,724	165,289
R & D tax credits in respect of prior periods	–	(14,502)
Effect on opening deferred tax of change in tax rate	12,059	4,294
Effect of capital allowances and depreciation	(26,763)	(4,614)
Effect of expenses not deductible for tax purposes	(909)	12,887
Tax on profit	<u>305,111</u>	<u>163,354</u>

13. Dividends

Dividends paid during the year:

	2018 £	2017 £
Equity dividends on ordinary shares	<u>45,000</u>	<u>82,665</u>

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

14. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2017	2,024,888	4,678,279	284,101	105,575	7,092,843
Additions	3,726	1,297,853	134,156	37,500	1,473,235
Disposals	—	(60,670)	—	(38,114)	(98,784)
At 31 March 2018	<u>2,028,614</u>	<u>5,915,462</u>	<u>418,257</u>	<u>104,961</u>	<u>8,467,294</u>
Depreciation					
At 1 April 2017	394,575	3,022,635	258,322	83,375	3,758,907
Charge for the year	38,506	254,444	11,370	11,019	315,339
Disposals	—	(60,070)	—	(38,114)	(98,184)
At 31 March 2018	<u>433,081</u>	<u>3,217,009</u>	<u>269,692</u>	<u>56,280</u>	<u>3,976,062</u>
Carrying amount					
At 31 March 2018	<u>1,595,533</u>	<u>2,698,453</u>	<u>148,565</u>	<u>48,681</u>	<u>4,491,232</u>
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>

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 2018	<u>1,159,730</u>
At 31 March 2017	<u>760,696</u>

15. Stocks

	2018 £	2017 £
Raw materials and consumables	390,307	354,012
Work in progress	1,198,489	1,078,342
	<u>1,588,796</u>	<u>1,432,354</u>

The amount of stocks recognised as an expense during the period was £4,825,650 (2017: £4,429,206). An impairment loss of £30,533 (2017: £38,864) was recognised in the profit and loss account.

16. Debtors

	2018 £	2017 £
Trade debtors	3,831,042	3,203,841
Prepayments and accrued income	262,449	58,498
Other debtors	5,026	4,886
	<u>4,098,517</u>	<u>3,267,225</u>

An impairment loss of Nil (2017: £19,895) was recognised against trade debtors.

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

17. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	618,005	652,008
Trade creditors	1,690,908	1,456,672
Accruals and deferred income	547,683	476,695
Corporation tax	268,987	149,192
Social security and other taxes	617,812	477,199
Obligations under finance leases and hire purchase contracts	198,026	111,950
Director's loan account	544,522	71,762
Other creditors	11,227	11,614
	<u>4,497,170</u>	<u>3,407,092</u>

Included within bank loans and overdrafts is an invoice financing loan of £545,130 (2017: £581,077) secured against the assets of the company.

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

	2018 £	2017 £
Bank loans and overdrafts	1,695,374	1,767,126
Accruals and deferred income	467,439	268,903
Obligations under finance leases and hire purchase contracts	741,396	537,356
Director's loan account	—	600,000
	<u>2,904,209</u>	<u>3,173,385</u>

Included within creditors: amounts falling due after more than one year is an amount of £1,383,005 (2017: £1,463,090) 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 of £1,695,374, taken out in 2016 is 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, and the rate applicable at the year end was 3%. 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.

19. Finance leases and hire purchase contracts

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

	2018 £	2017 £
Not later than 1 year	227,964	129,645
Later than 1 year and not later than 5 years	759,140	462,630
Later than 5 years	74,627	119,511
	<u>1,061,731</u>	<u>711,786</u>
Less: future finance charges	(122,309)	(62,480)
Present value of minimum lease payments	<u>939,422</u>	<u>649,306</u>

WASHINGTON METALWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

20. Provisions

	Deferred tax (note 21) £
At 1 April 2017	114,562
Charge against provision	36,124
At 31 March 2018	<u>150,686</u>

21. Deferred tax

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

	2018 £	2017 £
Included in provisions (note 20)	<u>150,686</u>	<u>114,562</u>

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

	2018 £	2017 £
Accelerated capital allowances	242,110	174,008
Deferred income	(89,734)	(57,556)
Other timing differences	(1,690)	(1,890)
	<u>150,686</u>	<u>114,562</u>

22. Employee benefits
Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £88,402 (2017: £29,520).

23. Government grants

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

	2018 £	2017 £
Recognised in creditors:		
Deferred government grants due within one year	60,405	34,025
Deferred government grants due after more than one year	467,439	268,903
	<u>527,844</u>	<u>302,928</u>
Recognised in other operating income:		
Government grants recognised directly in income	<u>38,847</u>	<u>29,834</u>

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

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	500	500	500	500

25. Reserves

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

WASHINGTON METALWORKS LIMITED
NOTES TO THE DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
26. Operating leases		
The total future minimum lease payments under non-cancellable operating leases are as follows:		
	2018 £	2017 £
Not later than 1 year	11,441	—
Later than 1 year and not later than 5 years	38,137	—
	<u>49,578</u>	<u>—</u>

27. Related party transactions

Included within note 17, Creditors: amounts falling due within one year, is a loan from a director of £544,522 (2017: £71,762). The loan is interest free with no fixed repayment terms.

Included within note 18, Creditors: amounts falling due within more than one year, is a loan from a director of £ Nil (2017: £600,000)

During the year, equity dividends of £45,000 were paid to Mr and Mrs S J Tate (2017: £82,665).