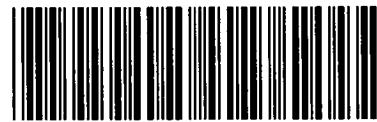


COMPANY REGISTRATION NUMBER: 01884797

**WASHINGTON METALWORKS LIMITED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2022**

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COMPANIES HOUSE

**JOSEPH MILLER**  
**Chartered Accountants**  
**Newcastle upon Tyne**

# **WASHINGTON METALWORKS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2022**

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**WASHINGTON METALWORKS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

Mr S J Tate  
Mr P F McGowan  
Mr T Swinburn

**Company secretary**

Mrs J A Tate

**Registered office**

Bath Road  
Felling  
Gateshead  
Tyne and Wear  
NE10 0LH

**Auditor**

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

**Bankers**

Barclays Bank Plc  
Leicester  
LE87 2BB

**Solicitors**

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

# **WASHINGTON METALWORKS LIMITED**

## **STRATEGIC REPORT**

### **YEAR ENDED 31 MARCH 2022**

#### **Development and performance during the financial year**

Washington Metalworks Limited has and is experiencing a period of recuperation and growth. Following an extremely challenging financial year finishing 31 March 2021, the business has increased turnover by 40 percent, and returned to consummate profit margins.

This clearly demonstrates the core strength of the business, our ethos of continuous investment and increasing Balance Sheet. The development of the customer base has strengthened Washington Metalworks, allowing the board of directors to implement a strategy for growth and an evolving management structure which is proving successful, vindicated by financial results and an expansion of our core customer base.

The ERP system is beginning to mature and aid the senior management and directors to make concise decisions, enabling the business to focus on key opportunities and concerns rapidly. The resulting improvements are developing an even better business unit.

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. The KPI indicators show the impact of the pandemic its changing markets and journey to recovery. Turnover increased by 40% (2021: 14% decrease), gross profit was at 23.6% (2021: 18.8%). Both EBITDA and operating profit have improved, EBITDA up to 14% (2021: 9%) and operating profit up to 8% (2021: 2%).

#### **Future developments**

In January 2023 a new financial controller and lean manufacturing engineer will join our robust team of senior management and directors.

Expansion plans to the existing premises are underway, with the planning application already submitted. The increased manufacturing area will aid productivity and improve efficiencies.

A four-day working week shift pattern was introduced and welcomed by our skilled and enthusiastic workforce. This has further enhanced employee retention and loyalty.

A new catering facility has been introduced further improving our employee's work environment.

As ever the investment in further hi-tech robotic automation and CNC machinery continues.

We continuously strive to build win-win relationships with our customer base, enhancing their profits with our dedicated support as members of their supply chain.

Covid 19 cannot be ignored, we retain our ability to mitigate the impact and will remain open for business permanently.

We view the next 12 to 36 months as a period for growth and consolidation, we are cautiously optimistic and will improve on multiple disciplines continuously.

#### **Principal risks and uncertainties**

Our customers expect and receive high quality products and services at the right price, within shared commercial boundaries. External risks such as steel prices, BREXIT and associated supply chain issues have been considered and mitigation plans are in place, e.g. considering vending supplies.

# **WASHINGTON METALWORKS LIMITED**

## **STRATEGIC REPORT *(continued)***

### **YEAR ENDED 31 MARCH 2022**


The new ERP system benefits are many, already providing information efficiency for manufacturing, for customers and vendors and for analysis and decision-making through traceable information, so improving cash flow and mitigating credit related risk. Small risk is inherent as we develop the utilisation of the system to its full potential under continuous improvement plans, mainly during the transition and introduction of scheduling, capacity planning and other modules. We are working closely with our internal and external stakeholders to ensure any disruption is minimal mitigating this small risk.

The COVID-19 pandemic has put the business through rigorous strategic-resilience tests. The business has adapted its strategies to address both the challenges and the opportunities created by the crisis.

The company operates in diverse markets and industry sectors, which has seen its business model and competitive position, through its recent machinery investment, prove resistant to disruption. Whilst some customers were adversely affected in the leisure industry, the rail and electrical sectors have seen an increase through the months preceding the financial year end. We have also put additional measures in place to support the health and wellbeing of all our employees in these uncertain times.

Every challenge presents an opportunity. By implementing clear processes and procedures during the crisis and reporting business operations clearly to staff and stakeholders, we have prepared the business for any uncertainties or economic difficulty, but it has also shown us the pathway to recovery. In times of great disruption, there is also great opportunity.

This report was approved by the board of directors on 22 December 2022 and signed on behalf of the board by:



Mr S J Tate  
Director

# **WASHINGTON METALWORKS LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 MARCH 2022**

The directors present their report and the financial statements of the company for the year ended 31 March 2022.

#### **Directors**

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

Mr S J Tate  
Mr P F McGowan  
Mr T Swinburn

#### **Dividends**

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

#### **Employment of disabled persons**

The company is generally active in its support of disabled persons through a variety of initiatives. Full and fair consideration is given in every aspect when dealing with applications for employment and employees during their employment.

#### **Employee involvement**

Within the limits of commercial confidentiality, information is provided systematically to all staff about matters that affect the progress of the company and are of interest and concern to them as employees.

#### **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.

# WASHINGTON METALWORKS LIMITED

## DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 MARCH 2022

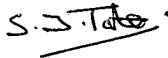
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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 22 December 2022 and signed on behalf of the board by:



Mr S J Tate  
Director

**WASHINGTON METALWORKS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASHINGTON**  
**METALWORKS LIMITED**  
**YEAR ENDED 31 MARCH 2022**

**Opinion**

We have audited the financial statements of Washington Metalworks Limited (the 'company') for the year ended 31 March 2022 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 2022 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**

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.



# **WASHINGTON METALWORKS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASHINGTON METALWORKS LIMITED *(continued)***

**YEAR ENDED 31 MARCH 2022**

### **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. 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.

### **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.

# **WASHINGTON METALWORKS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASHINGTON METALWORKS LIMITED (continued)**

### **YEAR ENDED 31 MARCH 2022**

#### **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 group, discussions with management and those charged with governance, we considered that the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and UK taxation legislation.

As part of the engagement team discussion about the susceptibility of the group's financial statements to material misstatement due to fraud, we did not identify any areas with an increased risk.

Our audit procedures were designed to respond to identified risks, including non-compliance with laws and regulations and fraud, which may have a material effect on the financial statements. Our audit procedures included but were not limited to:

- enquiry of management and those charged with governance and review of any relevant correspondence with legal advisers regarding any instances of non-compliance with laws and regulations and any actual, suspected or alleged fraud;
- communicating identified laws and regulations and the risks of fraud with our engagement team and remaining alert to any indications of non-compliance or fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the minutes of the board of directors;
- review of accounting estimates for management override and bias;
- analytical procedures to identify any unusual transactions;
- identifying and testing journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance.

# **WASHINGTON METALWORKS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASHINGTON METALWORKS LIMITED (continued)**

### **YEAR ENDED 31 MARCH 2022**

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.
- 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.

D R Gold (Senior Statutory Auditor)

For and on behalf of  
Joseph Miller  
Statutory Auditor  
Milburn House  
Dean Street  
Newcastle upon Tyne  
NE1 1LE

22 December 2022

**WASHINGTON METALWORKS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover	4	15,167,816	10,818,423
Cost of sales		(11,590,292)	(8,785,532)
<b>Gross profit</b>		<u>3,577,524</u>	<u>2,032,891</u>
Administrative expenses		(2,411,526)	(2,444,020)
Other operating income	5	118,866	670,580
<b>Operating profit</b>	6	<u>1,284,864</u>	<u>259,451</u>
Other interest receivable and similar income	10	1,499	799
Interest payable and similar expenses	11	(210,310)	(152,456)
<b>Profit before taxation</b>		<u>1,076,053</u>	<u>107,794</u>
Tax on profit	12	(288,127)	(16,643)
<b>Profit for the financial year</b>		<u>787,926</u>	<u>91,151</u>
Revaluation of tangible assets		–	1,718,949
Tax relating to components of other comprehensive income		16,000	(117,892)
<b>Other comprehensive income for the year</b>		<u>16,000</u>	<u>1,601,057</u>
<b>Total comprehensive income for the year</b>		<u>803,926</u>	<u>1,692,208</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

# WASHINGTON METALWORKS LIMITED

## STATEMENT OF FINANCIAL POSITION

**31 MARCH 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	8,086,955	8,590,541
<b>Current assets</b>			
Stocks	15	2,434,729	1,481,290
Debtors	16	4,274,237	3,093,119
Cash at bank and in hand		1,321,626	2,001,590
		<u>8,030,592</u>	<u>6,575,999</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(4,649,772)</u>	<u>(3,357,050)</u>
<b>Net current assets</b>		3,380,820	3,218,949
<b>Total assets less current liabilities</b>		11,467,775	11,809,490
<b>Creditors: amounts falling due after more than one year</b>	18	(4,668,641)	(6,042,409)
<b>Provisions</b>			
Deferred taxation	20	(772,718)	(500,591)
<b>Net assets</b>		<u>6,026,416</u>	<u>5,266,490</u>
<b>Capital and reserves</b>			
Called up share capital	24	500	500
Revaluation reserve	25	1,591,655	1,601,057
Capital redemption reserve	25	501	501
Profit and loss account	25	4,433,760	3,664,432
<b>Members funds</b>		<u>6,026,416</u>	<u>5,266,490</u>

These financial statements were approved by the board of directors and authorised for issue on 22 December 2022, and are signed on behalf of the board by:



Mr S J Tate  
Director

Company registration number: 01884797

The notes on pages 14 to 25 form part of these financial statements.

# WASHINGTON METALWORKS LIMITED

## STATEMENT OF CHANGES IN EQUITY

### YEAR ENDED 31 MARCH 2022

	Note	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
<b>At 1 April 2020</b>		500	–	501	3,617,281	3,618,282
Profit for the year					91,151	91,151
Other comprehensive income for the year:						
Revaluation of tangible assets	14	–	1,718,949	–	–	1,718,949
Tax relating to components of other comprehensive income	12	–	(117,892)	–	–	(117,892)
<b>Total comprehensive income for the year</b>		–	1,601,057	–	91,151	1,692,208
Dividends paid and payable	13	–	–	–	(44,000)	(44,000)
<b>Total investments by and distributions to owners</b>		–	–	–	(44,000)	(44,000)
<b>At 31 March 2021</b>		500	1,601,057	501	3,664,432	5,266,490
Profit for the year					787,926	787,926
Other comprehensive income for the year:						
Reclassification from revaluation reserve to profit and loss account		–	(25,402)	–	25,402	–
Tax relating to components of other comprehensive income	12	–	16,000	–	–	16,000
<b>Total comprehensive income for the year</b>		–	(9,402)	–	813,328	803,926
Dividends paid and payable	13	–	–	–	(44,000)	(44,000)
<b>Total investments by and distributions to owners</b>		–	–	–	(44,000)	(44,000)
<b>At 31 March 2022</b>		500	1,591,655	501	4,433,760	6,026,416

The notes on pages 14 to 25 form part of these financial statements.

# WASHINGTON METALWORKS LIMITED

## STATEMENT OF CASH FLOWS

**YEAR ENDED 31 MARCH 2022**

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	787,926	91,151
<i>Adjustments for:</i>		
Depreciation of tangible assets	897,287	768,049
Government grant income	(118,866)	(670,580)
Other interest receivable and similar income	(1,499)	(799)
Interest payable and similar expenses	210,310	152,456
Gains on disposal of tangible assets	(61,500)	–
Tax on profit	288,127	16,643
Accrued expenses/(income)	161,346	(40,813)
<i>Changes in:</i>		
Stocks	(953,439)	(23,134)
Trade and other debtors	(1,181,118)	(421,287)
Trade and other creditors	1,032,865	218,389
Cash generated from operations	1,061,439	90,075
Interest paid	(210,310)	(152,456)
Interest received	1,499	799
Tax received	–	212,242
Net cash from operating activities	<u>852,628</u>	<u>150,660</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(393,702)	(1,402,788)
Proceeds from sale of tangible assets	61,501	–
Net cash used in investing activities	<u>(332,201)</u>	<u>(1,402,788)</u>
<b>Cash flows from financing activities</b>		
(Repayments of)/proceeds from borrowings	(629,518)	1,439,487
Government grant income	118,866	670,580
(Payments of)/receipts from finance lease liabilities	(645,739)	867,350
Dividends paid	(44,000)	(44,000)
Net cash (used in)/from financing activities	<u>(1,200,391)</u>	<u>2,933,417</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(679,964)	1,681,289
<b>Cash and cash equivalents at beginning of year</b>	2,001,590	320,301
<b>Cash and cash equivalents at end of year</b>	<u>1,321,626</u>	<u>2,001,590</u>

The notes on pages 14 to 25 form part of these financial statements.

**WASHINGTON METALWORKS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2022**

**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, as modified by the revaluation of freehold properties in accordance with the accounting policies set out below.

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.



# **WASHINGTON METALWORKS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

### **YEAR ENDED 31 MARCH 2022**

#### **3. Accounting policies *(continued)***

##### **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.

##### **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.

##### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

# WASHINGTON METALWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 MARCH 2022

#### 3. Accounting policies *(continued)*

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

##### 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 *(continued)*

### YEAR ENDED 31 MARCH 2022

#### 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 using the effective interest method.

##### 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:

	2022 £	2021 £
Sale of goods	<u>15,167,816</u>	<u>10,818,423</u>

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

**WASHINGTON METALWORKS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2022**

**5. Other operating income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Government grant income	<u>118,866</u>	<u>670,580</u>

Government grant income above includes £31,464 (2021: £597,679) of grants receivable under various Coronavirus schemes.

**6. Operating profit**

Operating profit or loss is stated after charging/(crediting):

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible assets	897,287	768,049
Gains on disposal of tangible assets	(61,500)	–
Impairment of trade debtors	12,058	(568)
Foreign exchange differences	2,407	(2,967)
Operating lease rentals	16,721	16,721
R&D expenditure	<u>–</u>	<u>423,574</u>

**7. Auditor's remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Fees payable for the audit of the financial statements	<u>18,500</u>	<u>17,800</u>

**8. Staff costs**

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Production staff	184	169
Administrative staff	8	8
Management staff	33	31
	<u>225</u>	<u>208</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,871,261	5,029,214
Social security costs	517,865	430,752
Other pension costs	125,458	102,890
	<u>6,514,584</u>	<u>5,562,856</u>

**WASHINGTON METALWORKS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2022**

**9. Directors' remuneration**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration	170,462	145,045
Company contributions to defined contribution pension plans	3,221	4,008
	<u>173,683</u>	<u>149,053</u>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Defined contribution plans	<u>2</u>	<u>2</u>

**10. Other interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest on cash and cash equivalents	<u>1,499</u>	<u>799</u>

**11. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest on banks loans and overdrafts	93,691	80,963
Interest on obligations under finance leases and hire purchase contracts	116,619	67,630
Other interest payable and similar charges	–	3,863
	<u>210,310</u>	<u>152,456</u>

**12. Tax on profit**

**Major components of tax expense**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax:</b>		
Adjustments in respect of prior periods	–	(212,242)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	288,127	180,312
Impact of change in tax rate	–	48,573
Total deferred tax	<u>288,127</u>	<u>228,885</u>
<b>Tax on profit</b>	<u>288,127</u>	<u>16,643</u>

**Tax recognised as other comprehensive income or equity**

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £ (16,000) (2021: £117,892).

# WASHINGTON METALWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 MARCH 2022

#### 12. Tax on profit *(continued)*

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	1,076,053	107,794
Profit on ordinary activities by rate of tax	204,450	20,481
Effect of expenses not deductible for tax purposes	14,527	8,937
Effect on opening deferred tax of change in tax rate	69,150	91,848
Effect of R & D tax credits	–	(104,623)
Tax on profit	288,127	16,643

#### 13. Dividends

Dividends paid during the year:

	2022 £	2021 £
Equity dividends on ordinary shares	44,000	44,000

#### 14. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 April 2021	3,200,000	9,209,247	420,991	126,435	12,956,673
Additions	–	335,692	58,010	–	393,702
Disposals	–	(527,744)	–	–	(527,744)
<b>At 31 March 2022</b>	<b>3,200,000</b>	<b>9,017,195</b>	<b>479,001</b>	<b>126,435</b>	<b>12,822,631</b>
<b>Depreciation</b>					
At 1 April 2021	–	4,076,545	188,940	100,647	4,366,132
Charge for the year	64,000	755,766	58,430	19,091	897,287
Disposals	–	(527,743)	–	–	(527,743)
<b>At 31 March 2022</b>	<b>64,000</b>	<b>4,304,568</b>	<b>247,370</b>	<b>119,738</b>	<b>4,735,676</b>
<b>Carrying amount</b>					
<b>At 31 March 2022</b>	<b>3,136,000</b>	<b>4,712,627</b>	<b>231,631</b>	<b>6,697</b>	<b>8,086,955</b>
At 31 March 2021	3,200,000	5,132,702	232,051	25,788	8,590,541

**WASHINGTON METALWORKS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2022**

**14. Tangible assets** *(continued)*

**Tangible assets held at valuation**

The freehold land and property owned by the company at Bath Road was independently valued at £2,450,000 as at 24 June 2021 on an existing use basis by Lambert Smith Hampton, Chartered Surveyors, in accordance with the RICS Valuation - Global Standards (January 2020) as amended, published in the Red Book by the Royal Institution of Chartered Surveyors ("RICS").

Using similar valuation methodology, the directors valued the adjacent property at Nest Road at £750,000.

The directors consider that the valuations provide a reliable basis for the freehold property valuation at the balance sheet date.

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	<b>Freehold property £</b>
<b>At 31 March 2022</b>	
Aggregate cost	2,029,903
Aggregate depreciation	(587,450)
<b>Carrying value</b>	<u>1,442,453</u>
<b>At 31 March 2021</b>	
Aggregate cost	2,029,903
Aggregate depreciation	(548,852)
<b>Carrying value</b>	<u>1,481,051</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:

	<b>Plant and machinery £</b>
<b>At 31 March 2022</b>	<u>3,672,861</u>
<b>At 31 March 2021</b>	<u>4,197,220</u>

**Capital commitments**

	<b>2022 £</b>	<b>2021 £</b>
Contracted for but not provided for in the financial statements	<u>37,043</u>	<u>135,000</u>

**WASHINGTON METALWORKS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2022**

**15. Stocks**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	848,344	600,082
Work in progress	1,586,385	881,208
	<u>2,434,729</u>	<u>1,481,290</u>

The amount of stocks recognised as an expense during the period was £5,102,104 (2021: £3,539,070).

**16. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,666,276	2,541,343
Prepayments and accrued income	364,349	198,731
Corporation tax repayable	212,606	352,325
Other debtors	31,006	720
	<u>4,274,237</u>	<u>3,093,119</u>

**17. Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	365,553	304,910
Trade creditors	2,135,304	1,185,886
Amounts owed to group undertakings	500	500
Accruals and deferred income	654,048	492,702
Social security and other taxes	546,490	404,137
Obligations under finance leases and hire purchase contracts	649,024	646,306
Director's loan account	270,552	295,803
Other creditors	28,301	26,806
	<u>4,649,772</u>	<u>3,357,050</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	2,126,145	2,791,055
Accruals and deferred income	225,838	286,239
Obligations under finance leases and hire purchase contracts	2,316,658	2,965,115
	<u>4,668,641</u>	<u>6,042,409</u>

Included within creditors: amounts falling due after more than one year is an amount of £1,692,473 (2021: £1,775,676) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.



# WASHINGTON METALWORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 MARCH 2022

#### 18. Creditors: amounts falling due after more than one year *(continued)*

Included in bank loans (notes 17 and 18) are;

A bank loan of £1,516,698 repayable by December 2042. 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 3.25%. The loan and overdraft are secured on the freehold property of the company.

A Coronavirus Business Interruption Loan of £975,000 repayable by June 2025. The loan attracts interest at a rate of 3.39% per annum over the National Westminster Bank plc's sterling base rate and the rate applicable at the year end was 4.14%. The loan is 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:

	2022 £	2021 £
Not later than 1 year	751,764	759,406
Later than 1 year and not later than 5 years	2,292,628	2,682,525
Later than 5 years	145,584	525,275
	<u>3,189,976</u>	<u>3,967,206</u>
Less: future finance charges	(224,294)	(355,785)
Present value of minimum lease payments	<u>2,965,682</u>	<u>3,611,421</u>

#### 20. Provisions

	Deferred tax (note 21) £
At 1 April 2021	500,591
Movement for year	272,127
At 31 March 2022	<u>772,718</u>

**WASHINGTON METALWORKS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2022**

**21. Deferred tax**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Included in provisions (note 20)	<u>772,718</u>	<u>500,591</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	840,085	838,955
Revaluation of tangible assets	101,892	117,892
Unused tax losses	(97,700)	(369,596)
Deferred income	(71,559)	(86,660)
	<u>772,718</u>	<u>500,591</u>

**22. Employee benefits**

**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £125,458 (2021: £102,890).

**23. Government grants**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Recognised in creditors:		
Deferred government grants due within one year	60,401	60,401
Deferred government grants due after more than one year	225,838	286,239
	<u>286,239</u>	<u>346,640</u>
Recognised in other operating income:		
Government grants recognised directly in income	87,401	72,901
Government grants released to profit or loss	31,465	597,679
	<u>118,866</u>	<u>670,580</u>

**24. Called up share capital**

**Issued, called up and fully paid**

	<b>2022</b>		<b>2021</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>

**WASHINGTON METALWORKS LIMITED**  
**NOTES TO THE DETAILED INCOME STATEMENT**  
**YEAR ENDED 31 MARCH 2022**

**25. Reserves**

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve – This reserve records the nominal value of shares repurchased by the company.

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

**26. Analysis of changes in net debt**

	At 1 Apr 2021	Cash flows	At 31 Mar 2022
	£	£	£
Cash at bank and in hand	2,001,590	(679,964)	1,321,626
Debt due within one year	(1,247,519)	(38,110)	(1,285,629)
Debt due after one year	(5,756,170)	1,313,367	(4,442,803)
	<u>(5,002,099)</u>	<u>595,293</u>	<u>(4,406,806)</u>

**27. Operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	15,768	16,721
Later than 1 year and not later than 5 years	2,640	6,454
	<u>18,408</u>	<u>23,175</u>

**28. Related party transactions**

Included within note 17, Creditors: amounts falling due within one year, is a loan from a director of £270,552 (2021: £295,803). The loan is interest free with no fixed repayment terms.

During the year, equity dividends of £44,000 (2021: £44,000) were paid to WMW Group Limited, a company wholly owned by Mr and Mrs S J Tate.

**29. Controlling party**

WMW Group Limited owns 100% of the shares in Washington Metalworks Limited, and is therefore the immediate controlling party of the company. Mr S J Tate is the ultimate controlling party of WMW Group Ltd.