

**REGISTERED NUMBER: 03196009 (England and Wales)**

**STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018  
FOR  
ALLOY FABWELD LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2018**

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**ALLOY FABWELD LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**DIRECTORS:** S R Pledger  
D T Maidstone

**SECRETARY:** L S Kirtland

**REGISTERED OFFICE:** Rae House  
49 Dane Street  
Bishop's Stortford  
Herts  
CM23 3BT

**BUSINESS ADDRESS:** Unit 5  
Zone C  
Chelmsford Road Industrial Estate  
Great Dunmow  
Essex  
CM6 1HD

**REGISTERED NUMBER:** 03196009 (England and Wales)

**INDEPENDENT AUDITORS:** Barrow LLP  
Statutory Auditor  
Rae House  
Dane Street  
Bishops Stortford  
Herts  
CM23 3BT

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their strategic report for the year ended 31 March 2018.

**REVIEW OF BUSINESS**

The company has for the 2018 year maintained a similar turnover as achieved in 2017. However, the company has achieved higher gross profit performance in what continues to be a competitive market place, i.e 26.05% in 2018 compared to 2017 at 19.4%.

The company's overall financial standing has continued to improve whilst investing in the trading future by way of expanding the work force and general infrastructure of the business to facilitate a series of anticipated future contracts.

Bearing in mind this expansion programme that has been embarked upon, the directors are satisfied with the results for the year under review which show an increase in the operating profit reported for the year of £974,366 (2017 - £545,500).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company has an established framework of policies and procedures that are designed with the objective of minimising avoidable risks to the business. The company considers the following as risks and uncertainties that could have a material impact on the company's future performance.

**FINANCIAL RISK MANAGEMENT**

The principal risk to the business is the relatively niche market that the company operates within. In order to maintain minimum risk conditions to the financial assets, liquidity and cash flow of the company the directors endeavour where possible to ensure the clients are predominantly large institutions/organisations and that a continuous review of the commercial principles are undertaken before and during the contract process.

**MARKET RISK**

There is a market risk attributable to raw material arising from fluctuations in the market prices, depending on the demand and supply in the local and international market. The company manages this risk by dealing with reputable suppliers and by the directors' longstanding experience of the market.

**INTEREST RATE RISK**

Bank loans and the overdraft facility have been negotiated at commercially acceptable interest rate levels. This ensures that the interest rate risk is minimised.

**CREDIT RISK**

References are taken up on all new customers. The company exercises tight credit control procedures whilst the credit control department pursues unpaid amounts due on a regular basis. The directors believe these procedures ensure credit risk is minimised.

**COMMERCIAL RELATIONSHIPS**

The company's business activity is centred on a core base of close commercial relationships. Any risk to the loss of these contacts is managed through regular performance reviews and liaising with customers to ensure that the company responds to their needs and delivers the service levels that are expected.

**REGULATORY COMPLIANCE**

The laws and regulations governing the industry in which company operates have become increasingly complex in a wide variety of areas such as employment law, health and safety and GDPR. Failing to comply with these regulatory requirements could have an adverse impact on the company's activities. The directors, in consultation with external experts, monitor the company's compliance to minimise this area of risk.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The directors monitor the performance of the company by reference to internal budgets, turnover and gross profit margins on a contract to contract basis. These are considered sufficient to provide an overview of business performance relative to expectations, organic growth and market trends.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2018**

**FUTURE DEVELOPMENTS**

The company anticipates continued turnover growth having secured further long term contracts, thereby maintaining a healthy order book.

Ongoing internal and third party reviews of health and safety procedures have been undertaken with no identified breaches or weaknesses of any significance. Continuing improvements in this regard have contributed towards the company's good reputation and working practices in the sector.

Continuing reassessment of internal procedures, management structures and capital requirements have been carried out in order to facilitate the expansion plans of the company and to ensure that it maintains its viability in the immediate and long-term future.

**RESEARCH AND DEVELOPMENT**

The company is committed to continuous development of its methods, systems and processes through its research and development programme. This focuses on providing robust and deliverable solutions which create significant benefits for clients in respect of delivery times, design and quality of product.

**ON BEHALF OF THE BOARD:**

S R Pledger - Director

20 December 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2018**

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

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of light engineering and there has been no significant change in this activity during the year.

**DIVIDENDS**

Interim dividends per share were paid as follows:

£400	- 30 June 2017
£400	- 30 September 2017
£400	- 31 December 2017
<u>£400</u>	- 31 March 2018
<u>£1,600</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2018 will be £ 160,000 .

**DIRECTORS**

The directors during the year under review were:

S R Pledger  
D T Maidstone - appointed 22.2.18

The beneficial interests of the directors holding office on 31 March 2018 in the issued share capital of the company were as follows:

	31.3.18	1.4.17 or date of appointment if later
<b>Ordinary £1 shares</b>		
S R Pledger	50	50
D T Maidstone	-	-

**CHARITABLE DONATIONS**

During the year the company made charitable contributions totalling £21,166 (2017 - £19,646). These contributions were made in furtherance of the charities' general objectives.

**DIRECTORS' INDEMNITY**

As permitted by the articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also maintained Directors' and Officers' liability insurance during the year in respect of itself and its directors.

**STATUTORY INFORMATION**

Further information required to be disclosed within the Director's report is set out in the Strategic report in accordance with section 414C (11) of the Companies Act 2006.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2018**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Barrow LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

S R Pledger - Director

20 December 2018

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLOY FABWELD LIMITED**

### **Opinion**

We have audited the financial statements of Alloy Fabweld Limited (the 'company') for the year ended 31 March 2018 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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.



## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLOY FABWELD LIMITED**

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.

Trevor Curtis (Senior Statutory Auditor)  
for and on behalf of Barrow LLP  
Statutory Auditor  
Rae House  
Dane Street  
Bishops Stortford  
Herts  
CM23 3BT

20 December 2018

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	31.3.18 £	31.3.17 £
<b>TURNOVER</b>	4	9,526,295	9,607,722
Cost of sales		<u>7,044,923</u>	<u>7,747,634</u>
<b>GROSS PROFIT</b>		2,481,372	1,860,088
Administrative expenses		<u>1,507,006</u>	<u>1,314,588</u>
<b>OPERATING PROFIT</b>	6	974,366	545,500
Interest receivable and similar income		<u>228</u>	<u>-</u>
		974,594	545,500
Interest payable and similar expenses	7	<u>4,503</u>	<u>10,610</u>
<b>PROFIT BEFORE TAXATION</b>		970,091	534,890
Tax on profit	8	<u>(97,233)</u>	<u>119,576</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,067,324</u>	<u>415,314</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	31.3.18 £	31.3.17 £
PROFIT FOR THE YEAR		1,067,324	415,314
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,067,324</u>	<u>415,314</u>

**BALANCE SHEET**  
**31 MARCH 2018**

	Notes	31.3.18 £	£	31.3.17 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		508,641		413,657
Investments	11		<u>100</u>		<u>100</u>
			508,741		413,757
<b>CURRENT ASSETS</b>					
Debtors	12	2,827,423		2,104,328	
Cash at bank and in hand		<u>641,587</u>		<u>364,303</u>	
		3,469,010		2,468,631	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>2,007,547</u>		<u>1,822,298</u>	
<b>NET CURRENT ASSETS</b>			<u>1,461,463</u>		<u>646,333</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,970,204		1,060,090
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		(106,670)		(118,772)
<b>PROVISIONS FOR LIABILITIES</b>	18		<u>(55,211)</u>		<u>(40,319)</u>
<b>NET ASSETS</b>			<u>1,808,323</u>		<u>900,999</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		100		100
Retained earnings	20		<u>1,808,223</u>		<u>900,899</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,808,323</u>		<u>900,999</u>

The financial statements were approved by the Board of Directors on 20 December 2018 and were signed on its behalf by:

S R Pledger - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 April 2016</b>	100	545,585	545,685
<b>Changes in equity</b>			
Dividends	-	(60,000)	(60,000)
Total comprehensive income	-	415,314	415,314
<b>Balance at 31 March 2017</b>	100	900,899	900,999
<b>Changes in equity</b>			
Dividends	-	(160,000)	(160,000)
Total comprehensive income	-	1,067,324	1,067,324
<b>Balance at 31 March 2018</b>	100	1,808,223	1,808,323

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31.3.18 £	31.3.17 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	613,268	717,063
Interest paid		(3,787)	(5,900)
Interest element of hire purchase payments paid		(716)	(4,710)
Tax paid		<u>(22,712)</u>	<u>(1)</u>
Net cash from operating activities		<u>586,053</u>	<u>706,452</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(145,611)	(283,699)
Interest received		<u>228</u>	<u>-</u>
Net cash from investing activities		<u>(145,383)</u>	<u>(283,699)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	139,142
Capital repayments in year		(2,356)	(18,684)
Amount introduced by directors		-	1,735
Amount withdrawn by directors		(1,030)	1,935
Equity dividends paid		<u>(160,000)</u>	<u>(60,000)</u>
Net cash from financing activities		<u>(163,386)</u>	<u>64,128</u>
<b>Increase in cash and cash equivalents</b>		<u>277,284</u>	<u>486,881</u>
<b>Cash and cash equivalents at beginning of year</b>	2	364,303	(122,578)
<b>Cash and cash equivalents at end of year</b>	2	<u>641,587</u>	<u>364,303</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.18	31.3.17
	£	£
Profit before taxation	970,091	534,890
Depreciation charges	50,627	39,928
Finance costs	4,503	10,610
Finance income	(228)	-
	<u>1,024,993</u>	<u>585,428</u>
(Increase)/decrease in trade and other debtors	(723,095)	1,408
Increase in trade and other creditors	<u>311,370</u>	<u>130,227</u>
<b>Cash generated from operations</b>	<u><u>613,268</u></u>	<u><u>717,063</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2018**

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>641,587</u>	<u>364,303</u>

**Year ended 31 March 2017**

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	364,303	-
Bank overdrafts	-	(122,578)
	<u><u>364,303</u></u>	<u><u>(122,578)</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

1. **STATUTORY INFORMATION**

Alloy Fabweld Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office along with trading addresses can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Some of the items within these financial statements have been reclassified to improve the comparability, reliability and relevance of the financial statements.

**Preparation of consolidated financial statements**

The financial statements does not contain the information about Lime Metals Limited which is an only wholly owned subsidiary of the company. The company has taken the exemption in accordance with section 405(2) of the Companies Act 2006 from preparing the group accounts.

**Turnover**

Turnover is measured by the company at the fair value of the consideration received or receivable for goods and services provided, net of trade discounts and value added tax. It represents the value of work carried out during the year, including amounts not invoiced. When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the year end date. Revenue is therefore recognised on the basis of the proportion of total costs at the year end date to the total estimated costs of each respective contract.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed should there be an indication of a significant change in expectation of any tangible fixed assets' ability to generate future economic benefit.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write each asset down to its estimated residual value over its expected useful life. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property - Straight line over 50 years

Plant & fixtures - Straight line over 10 years

Motor vehicles - 25% on reducing balance

Office equipment - Straight line over 5 years

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES - continued

**Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instruments.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes, in effect, a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only 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**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax computations different from those which are recognised in the financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

2. **ACCOUNTING POLICIES - continued**

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances.

**Going concern**

In preparing these accounts, the directors believe it is appropriate to adopt the going concern assumption based on the continued profitability of the company and their forecasts that the company will continue to have sufficient resources for its ongoing operations.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

**Revenue recognition**

The Company recognises revenue from the provision of services provided through a service contract and as the activity progresses. In making its judgement as to the value of work performed, and the estimate of costs to complete the contractual services (including any foreseeable cost overruns), management consider that while there is a degree of judgement in determining these factors, there is sufficient certainty to ensure that the company meets the requirements of FRS 102 in relation to revenue recognition.

**Allowance for doubtful debts**

Management undertakes a review of all new customers and a periodic review of existing customers to determine whether specific risks of default exist. Beyond identification of specific risks, management undertakes periodic reviews into the calculation of provisions for doubtful debts to ensure historic trends continue to provide a basis for determining a reliable estimate for such doubtful debts.

**Determining residual values and useful economic lives of fixed assets**

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of the asset is based on historic performance as well as expectations of future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

**Taxation**

The company establishes provisions based on reasonable estimates, in order to comply with applicable tax legislation. Management estimation is required to determine the amount of deferred tax assets and future research and development claims, that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.3.18	31.3.17
	£	£
United Kingdom	9,526,295	9,607,722
	<u>9,526,295</u>	<u>9,607,722</u>

5. **EMPLOYEES AND DIRECTORS**

	31.3.18	31.3.17
	£	£
Wages and salaries	2,640,530	2,439,111
Social security costs	268,309	245,759
Other pension costs	17,349	15,321
	<u>2,926,188</u>	<u>2,700,191</u>

The average number of employees during the year was as follows:

	31.3.18	31.3.17
Directors	2	1
Direct staff	62	61
Administration	27	21
	<u>91</u>	<u>83</u>
	31.3.18	31.3.17
	£	£
Directors' remuneration	<u>32,448</u>	<u>32,448</u>

6. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.3.18	31.3.17
	£	£
Other operating leases	165,949	182,242
Depreciation - owned assets	50,627	27,390
Depreciation - assets on hire purchase contracts	-	12,539
Auditors' remuneration	<u>7,000</u>	<u>7,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

## 7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.3.18	31.3.17
	£	£
Bank interest	-	2,461
Bank loan interest	3,787	3,439
Hire purchase interest	716	4,710
	<u>4,503</u>	<u>10,610</u>

## 8. TAXATION

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

	31.3.18	31.3.17
	£	£
Current tax:		
UK corporation tax	-	112,125
Prior period tax adjustment	(112,125)	-
Total current tax	<u>(112,125)</u>	<u>112,125</u>
Deferred tax: origination and reversal of timing differences	14,892	7,451
Tax on profit	<u>(97,233)</u>	<u>119,576</u>

UK corporation tax has been charged at 19% (2017 - 20%).

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.18	31.3.17
	£	£
Profit before tax	<u>970,091</u>	<u>534,890</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	184,317	106,978
Effects of:		
Expenses not deductible for tax purposes	9,848	12,832
Capital allowances in excess of depreciation	(15,041)	(8,023)
Utilisation of tax losses	(179,124)	-
Adjustments to tax charge in respect of previous periods	(112,125)	-
Deferred tax movement	14,892	7,789
Total tax (credit)/charge	<u>(97,233)</u>	<u>119,576</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**8. TAXATION - continued****Factors that may affect future tax charges****Tax losses**

The company has corporation tax losses of £1,039,563 (2017 - £1,980,634) arising from enhanced research and development claims, which are available to carry forward for offset against future taxable profits.

**Deferred tax**

No deferred tax asset has been recognised in these financial statements due to the uncertainty as to the timing and quantum of the recovery of these losses within the company. The total amount of the unprovided deferred tax asset is £187,121 (2017 - £376,320).

**9. DIVIDENDS**

	31.3.18 £	31.3.17 £
Ordinary shares of £1 each		
Interim	<u>160,000</u>	<u>60,000</u>

**10. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant & fixtures £	Motor vehicles £	Office equipment £	Totals £
<b>COST</b>					
At 1 April 2017	204,657	172,893	115,340	53,892	546,782
Additions	-	88,667	17,241	39,703	145,611
Disposals	-	-	-	(3,357)	(3,357)
At 31 March 2018	<u>204,657</u>	<u>261,560</u>	<u>132,581</u>	<u>90,238</u>	<u>689,036</u>
<b>DEPRECIATION</b>					
At 1 April 2017	3,094	39,602	61,111	29,318	133,125
Charge for year	3,094	22,036	14,213	11,284	50,627
Eliminated on disposal	-	-	-	(3,357)	(3,357)
At 31 March 2018	<u>6,188</u>	<u>61,638</u>	<u>75,324</u>	<u>37,245</u>	<u>180,395</u>
<b>NET BOOK VALUE</b>					
At 31 March 2018	<u>198,469</u>	<u>199,922</u>	<u>57,257</u>	<u>52,993</u>	<u>508,641</u>
At 31 March 2017	<u>201,563</u>	<u>133,291</u>	<u>54,229</u>	<u>24,574</u>	<u>413,657</u>

Included in cost of land and buildings is freehold land of £ 50,000 (2017 - £ 50,000 ) which is not depreciated.

The directors have undertaken an impairment review, which takes into account future cash flows. This exercise has confirmed the value in use supports the continued recognition of these assets, with sufficient headroom to accommodate any reasonably foreseeable events or changes in circumstances.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

10. **TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST</b>	
At 1 April 2017	91,840
Transfer to ownership	(91,840)
At 31 March 2018	-
<b>DEPRECIATION</b>	
At 1 April 2017	54,224
Transfer to ownership	(54,224)
At 31 March 2018	-
<b>NET BOOK VALUE</b>	
At 31 March 2018	-
At 31 March 2017	<u>37,616</u>

11. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 April 2017 and 31 March 2018	<u>100</u>
<b>NET BOOK VALUE</b>	
At 31 March 2018	<u>100</u>
At 31 March 2017	<u>100</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Lime Metals Limited**

Registered office: Rae House, Dane Street, Bishop's Stortford, Hertfordshire, CM23 3BT

Nature of business: Dormant

	% holding	31.7.18 £	31.7.17 £
Class of shares:			
Ordinary	100.00	<u>100</u>	<u>100</u>
Aggregate capital and reserves			

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.18	31.3.17
	£	£
Trade debtors	2,688,083	1,892,173
Value added tax	79,674	143,367
Prepayments	58,591	68,437
Other debtors	1,075	351
	<u>2,827,423</u>	<u>2,104,328</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.18	31.3.17
	£	£
Bank loans and overdrafts (see note 15)	13,353	20,369
Hire purchase contracts (see note 16)	-	2,356
Trade creditors	1,162,499	1,043,355
Corporation tax	-	134,837
Social security and other taxes	180,537	171,561
Other creditors	50,358	30,330
Amount owed to related parties	13,710	13,710
Directors' current accounts	905	1,935
Accruals and deferred income	586,185	403,845
	<u>2,007,547</u>	<u>1,822,298</u>

14. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.3.18	31.3.17
	£	£
Bank loans (see note 15)	<u>106,670</u>	<u>118,772</u>

15. **LOANS**

An analysis of the maturity of loans is given below:

	31.3.18	31.3.17
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>13,353</u>	<u>20,369</u>
Amounts falling due between one and two years:		
Bank loans	<u>11,089</u>	<u>16,887</u>
Amounts falling due between two and five years:		
Bank loans	<u>33,266</u>	<u>24,188</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>62,315</u>	<u>77,697</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

15. **LOANS - continued**

The company has in place two long-term loans from its bankers on which the bank has a fixed and floating charge over the assets of the company.

Included in bank loans is an amount of £117,758 (2017: £123,750) which is repayable by May 2031 at an interest rate of bank base rate plus 2.88% per annum.

Included in bank loans is an amount of £2,265 (2017: £15,391) which is repayable by May 2018 at an interest rate of bank base rate plus 4% per annum.

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.3.18	31.3.17
	£	£
Gross obligations repayable:		
Within one year	-	3,072
Finance charges repayable:		
Within one year	-	716
Net obligations repayable:		
Within one year	-	2,356
	Non-cancellable operating leases	
	31.3.18	31.3.17
	£	£
Within one year	2,364	3,654
Between one and five years	123,532	123,532
	<u>125,896</u>	<u>127,186</u>

17. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.18	31.3.17
	£	£
Bank loans	120,023	139,141
Hire purchase contracts	-	2,356
	<u>120,023</u>	<u>141,497</u>

Bank loans and overdraft are secured by a fixed and floating charge over the company's assets.

The hire purchase liabilities are secured against related assets.



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

18. PROVISIONS FOR LIABILITIES

	31.3.18 £	31.3.17 £
Deferred tax		
Accelerated capital allowances	<u>55,211</u>	<u>40,319</u>
		Deferred tax
		£
Balance at 1 April 2017		40,319
Increase in provision		<u>14,892</u>
Balance at 31 March 2018		<u>55,211</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.18 £	31.3.17 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

20. RESERVES

	Retained earnings £
At 1 April 2017	900,899
Profit for the year	1,067,324
Dividends	<u>(160,000)</u>
At 31 March 2018	<u>1,808,223</u>

21. PENSION COMMITMENTS

The company operates a defined contribution scheme in respect of directors and employees. The charge for the year to this scheme was £17,349 (2017 - £15,321) in respect of employees and £267 (2017 - £267) in respect of directors. At the year end there were unpaid contributions of £1,439 (2017 - £1,687).

22. RELATED PARTY DISCLOSURES

**Entities with control, joint control or significant influence over the entity**

During the year the company traded services with Hadham Limited, a company which is owned by a co-shareholder. All transactions were dealt with on a normal trading basis. There were sale of goods and services during the year totalling £88,729 (2017 - £Nil).

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**Entities over which the entity has control, joint control or significant influence**

During the year the company traded services with S & L Plant, which is a trading partnership between a director and a co-shareholder. All transactions were dealt with on a normal trading basis. There were purchase of services during the year totalling £132,000 (2017 - £132,000). S & L Plant owed £24,000 (2017 - £24,000) to company at the year end.

During the year the company traded services with Rebel Strength Limited, a company owned by a director and a co-shareholder. All transactions were dealt with on a normal trading basis. The company recharged the sharing cost of the overheads of £42,877 (2017 - £46,580). There were also sale of services totalling £11,872 (2017 - £55,896) and purchases of £7,744 (2017 - £Nil) during the year. The amount owed by the company at the balance sheet date was £70,133 (2017 - £55,887).

During the year the company traded services with Flexi Group Limited, a company owned by a director and a co-shareholder. All transactions were dealt with on a normal trading basis. There were sales of services during the year totalling £1,445,916 (2017 - £172,580). There were purchase of services and material of £48,277 (2017 - £Nil). The amount owed by the company at the balance sheet date was £192,004 (2017 - £193,178).

**Key management personnel of the entity or its parent (in the aggregate)**

During the year the company occupied premises owned by a director and a co-shareholder. The company paid rent of £85,000 in respect thereof (2017 - £85,000).

Personal guarantees have been given by S R Pledger and L S Kirtland individually and jointly in support of the company's bank overdraft facility, which is limited to £250,000 overall, £125,000 to each individual.

**Other related parties**

**Key management personnel compensation**

Directors and key staff

The total remuneration of directors and other key staff members in 2018 (including salaries and other benefits) was £261,615.

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