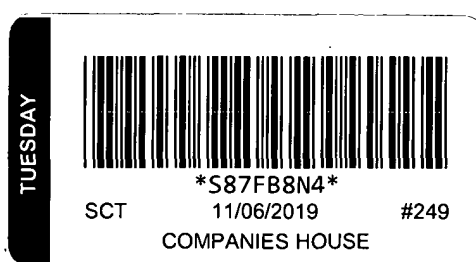


REGISTERED NUMBER: SC069414 (Scotland)

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

WELDING ENGINEERS (MERSEY) LIMITED



William Duncan (UK) Limited
Chartered Accountants
Statutory Auditor
4d Auchingramont Road
Hamilton
ML3 6JT

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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WELDING ENGINEERS (MERSEY) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

Gordon Nicol
Pauline Wilson

REGISTERED OFFICE:

3 Cardowan Park
Uddingston
Glasgow
G71 5PF

BUSINESS ADDRESS:

Units 1 - 4
Navigation Trading Estate
Bower Street
Newton Heath
Manchester
M40 2AR

REGISTERED NUMBER:

SC069414 (Scotland)

AUDITORS:

William Duncan (UK) Limited
Chartered Accountants
Statutory Auditor
4d Auchingramont Road
Hamilton
ML3 6JT

BANKERS:

Bank of Scotland
235 Sauchiehall Street
Glasgow
G2 3EY

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	31.12.18 £	31.12.17 £
FIXED ASSETS			
Tangible assets	4	416,573	411,196
CURRENT ASSETS			
Stocks		158,262	171,065
Debtors	5	1,336,718	1,367,916
Cash at bank and in hand		525,896	531,956
		<u>2,020,876</u>	<u>2,070,937</u>
CREDITORS			
Amounts falling due within one year	6	<u>1,296,946</u>	<u>1,006,274</u>
NET CURRENT ASSETS		<u>723,930</u>	<u>1,064,663</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,140,503</u>	<u>1,475,859</u>
CREDITORS			
Amounts falling due after more than one year	7	<u>30,589</u>	<u>36,564</u>
NET ASSETS		<u><u>1,109,914</u></u>	<u><u>1,439,295</u></u>
CAPITAL AND RESERVES			
Called up share capital		3,500	5,000
Capital redemption reserve		1,500	-
Retained earnings		<u>1,104,914</u>	<u>1,434,295</u>
SHAREHOLDERS' FUNDS		<u><u>1,109,914</u></u>	<u><u>1,439,295</u></u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

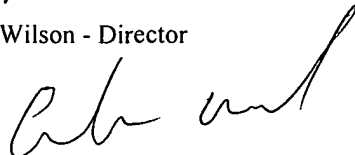
The financial statements were approved by the Board of Directors on 9 May 2019 and were signed on its behalf by:

x



Pauline Wilson - Director

x



Gordon Nicol - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUTORY INFORMATION

Welding Engineers (Mersey) Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address 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" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

(i) Depreciation

Depreciation of fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate.

(ii) Bad debts

Bad debt provisions are provided at rates deemed appropriate by the directors. Specific allowances are provided for when it is known to the directors that the debtor is not recoverable in part or in full.

General allowances are provided based on the directors' cumulative knowledge and experience of the industry, where it is deemed probable a portion of the debtors balance will become unrecoverable.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax. Turnover includes revenue earned from the rendering of services, namely the provision of welding engineering services.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

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

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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 or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Plant and equipment	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on cost

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell. In respect of work in progress and finished goods, cost includes a relevant proportion of overheads according to the stage of completion.

Financial instruments

Basic financial instruments are recognised as follows:

(i) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

Cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the statement of financial position.

(iii) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the income statement, 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 statement of financial position date.

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

2. ACCOUNTING POLICIES - continued

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in 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.

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. 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 shorter.

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

Rentals paid under operating leases are charged to the income statement 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 the income statement in the period to which they relate.

Provision for liabilities

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Government grants

Government grants in respect of capital expenditure are credited to the income statement over the estimated useful life of the relevant fixed assets. The grants shown in the statement of financial position represent the total grants receivable to date less the amount so far credited to the income statement.

3. AVERAGE NUMBER OF EMPLOYEES

The average number of employees during the year was 65 (2017 - 68).

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

4. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2018	229,028	117,808	48,784	513,848	909,468
Additions	-	36,463	-	133,758	170,221
Disposals	-	-	-	(167,771)	(167,771)
At 31 December 2018	229,028	154,271	48,784	479,835	911,918
DEPRECIATION					
At 1 January 2018	45,264	93,380	35,912	323,716	498,272
Charge for year	4,581	9,134	1,931	107,323	122,969
Eliminated on disposal	-	-	-	(125,896)	(125,896)
At 31 December 2018	49,845	102,514	37,843	305,143	495,345
NET BOOK VALUE					
At 31 December 2018	179,183	51,757	10,941	174,692	416,573
At 31 December 2017	183,764	24,428	12,872	190,132	411,196

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

	Motor vehicles £
COST	
At 1 January 2018	321,009
Additions	133,758
Disposals	(59,945)
Transfer to ownership	(90,930)
At 31 December 2018	303,892
DEPRECIATION	
At 1 January 2018	151,404
Charge for year	75,973
Eliminated on disposal	(29,973)
Transfer to ownership	(59,663)
At 31 December 2018	137,741
NET BOOK VALUE	
At 31 December 2018	166,151
At 31 December 2017	169,605

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

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Trade debtors	1,318,978	1,348,726
Amounts owed by group undertakings	615	10,095
Other debtors	1,800	1,800
Prepayments and accrued income	15,325	7,295
	<u>1,336,718</u>	<u>1,367,916</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Hire purchase contracts (see note 8)	91,963	93,746
Trade creditors	742,940	569,589
Amounts owed to group undertakings	205,490	-
Corporation tax	49,452	89,682
P.A.Y.E. and N.I.C.	43,572	37,789
VAT	23,619	140,409
Other creditors	119,830	65,543
Accrued charges	13,615	9,516
Deferred government grants	6,465	-
	<u>1,296,946</u>	<u>1,006,274</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.18	31.12.17
	£	£
Hire purchase contracts (see note 8)	24,125	36,564
Deferred government grants	6,464	-
	<u>30,589</u>	<u>36,564</u>

8. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.18	31.12.17
	£	£
Net obligations repayable:		
Within one year	91,963	93,746
Between one and five years	24,125	36,564
	<u>116,088</u>	<u>130,310</u>

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

8. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	31.12.18	31.12.17
	£	£
Within one year	63,197	63,197
Between one and five years	181,160	207,740
In more than five years	104,000	136,000
	<u>348,357</u>	<u>406,937</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.18	31.12.17
	£	£
Hire purchase contracts	<u>116,088</u>	<u>130,310</u>

Hire purchase contracts are secured on the assets to which they relate.

10. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Andrew Steel (Senior Statutory Auditor)
for and on behalf of William Duncan (UK) Limited

11. CONTINGENT LIABILITIES

The Bank of Scotland holds a Cross Corporate Guarantee between the Welding Engineers group of companies.

12. PARENT COMPANY

The company's parent company is Welding Engineers (Holdings) Limited, a company incorporated in Scotland, having its registered office at 3 Cardowan Park, Uddingston, Glasgow, G71 5PF. Copies of the accounts of this company are available from the Registrar of Companies, Edinburgh.