REGISTERED NUMBER: SC184781 (Scotland)

WB ALLOY WELDING PRODUCTS LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Milne Craig
Chartered Accountants
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

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FOR THE YEAR ENDED 31 DECEMBER 2018

WB ALLOY WELDING PRODUCTS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS:	Paul Hugh Houston William Stuart Wilson Kim Margaret Murphy
SECRETARY:	Kim Margaret Murphy
REGISTERED OFFICE:	Dalsetter House 37 Dalsetter Avenue Glasgow G15 8TE
REGISTERED NUMBER:	SC184781 (Scotland)
ACCOUNTANTS:	Milne Craig Chartered Accountants Abercorn House 79 Renfrew Road Paisley Renfrewshire PA3 4DA

WB ALLOY WELDING PRODUCTS LIMITED (REGISTERED NUMBER: SC184781)

BALANCE SHEET
31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
FIXED ASSETS					
Tangible assets	4		489,709		250,989
CURRENT ASSETS					
Stocks	5	2,552,870		2,086,149	
Debtors	6	3,808,697		3,253,568	
Cash at bank		170,484		113,830	
		6,532,051		5,453,547	
CREDITORS					
Amounts falling due within one year	7	2,543,002		1,919,576	
NET CURRENT ASSETS			3,989,049		3,533,971
TOTAL ASSETS LESS CURRENT LIABILITIES			4,478,758		3,784,960
CREDITORS					
Amounts falling due after more than one year	8		(284,029)		(94,667)
PROVISIONS FOR LIABILITIES	10		(17,610)		(22,167)
NET ASSETS			4,177,119		3,668,126
CAPITAL AND RESERVES					
Called up share capital	11		1,000		1,000
Retained earnings			4,176,119		3,667,126
SHAREHOLDERS' FUNDS			4,177,119		3,668,126

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

(a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

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WB ALLOY WELDING PRODUCTS LIMITED (REGISTERED NUMBER: SC184781)

BALANCE SHEET -
continued
31 DECEMBER 2018

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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

The financial statements were approved by the Board of Directors on 26 September 2019 and were signed on its behalf
by:

Paul Hugh Houston - Director

The notes form part of these financial statements

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

1. **STATUTORY INFORMATION**

WB Alloy Welding Products Limited is a private company, limited by shares, registered in Scotland.The
company's registered number is SC184781 and its registered office address is Dalsetter House, 37 Dalsetter
Avenue, Glasgow, G15 8TE.

The nature of the Company's operations and its principal activity is that of supply of welding equipment and
consumables..

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.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary
amounts in these financial statements are rounded to the nearest £.

Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the Company
has adequate resources to continue in operational existence for the foreseeable future. Thus the directors
continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty
In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where
appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending
on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life
cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as
future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a
decision made on possible impairment. Factors taken into consideration in reaching such a decision include the
economic viability and expected future financial performance of the asset and where it is a component of a larger
cash-generating unit, the viability and expected future performance of that unit.

Bad debts are provided for where objective evidence of the need for a provision exists.

Inventories are assessed for evidence of obsolescence and a provision is made against any inventory unlikely to
be sold, or where stock is sold post year end at a loss.

Turnover
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and
the revenue can be reliably measured. Consideration is given to the point at which the Company is entitled to
receive the income, excluding discounts, rebates, value added tax and other sales taxes. The

following criteria
must also be met before revenue is recognised:

Revenue from the provision of services is recognised in the period in which the services are provided when all of
the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due;
- the costs incurred can be measured reliably.

continued...

WB ALLOY WELDING PRODUCTS LIMITED (REGISTERED NUMBER: SC184781)

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 each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	-	10% on cost
Fixtures and fittings	-	10 - 25% on cost
Motor vehicles	-	20% on reducing balance

Financial instruments
The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 '
Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are
recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the
instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements,
when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a
net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction
price including transactions costs and are subsequently carried at amortised cost using the effective interest
method unless the arrangement constitutes a financing transaction, where the transaction is measured at the
present value of the future receipts discounted at a market rate of interest. Financial assets classified as
receivable within one year are not amortised.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are
settled, or when the Company transfers the financial asset and substantially all the risks and rewards of
ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the
asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual
arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of
the Company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement
constitutes a financing transaction, where the debt instrument is measured at the present value of the future
payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not
amortised.

Research and development
Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities improve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs.

Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses

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2. **ACCOUNTING POLICIES - continued**

Leases
Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

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.

Cash and cash equivalents
Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

<u>Non-financial assets</u>
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

<u>Financial assets</u>
For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's

carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at
the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event
occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable
value does not lead to a revised carrying amount higher than the carrying value had no impairment been
recognised.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 28 (2017 - 28) .

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WB ALLOY WELDING PRODUCTS LIMITED (REGISTERED NUMBER: SC184781)

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

4. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2018	-	114,064	110,370	225,069	449,503
Additions	227,004	1,956	9,206	140,888	379,054
Disposals	-	-	-	(118,141)	(118,141)
At 31 December 2018	227,004	116,020	119,576	247,816	710,416
DEPRECIATION					
At 1 January 2018	-	51,067	76,331	71,116	198,514
Charge for year	-	10,861	14,850	44,364	70,075
Eliminated on disposal	-	-	-	(47,882)	(47,882)
At 31 December 2018	-	61,928	91,181	67,598	220,707
NET BOOK VALUE					
At 31 December 2018	227,004	54,092	28,395	180,218	489,709
At 31 December 2017	-	62,997	34,039	153,953	250,989

The net book value of tangible fixed assets includes £ 155,049 (2017 - £ 131,277) in respect of assets held under
hire purchase contracts.

5. STOCKS

	2018 £	2017 £
Finished goods	2,552,870	2,086,149

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	1,461,758	1,412,944
Amounts owed by group undertakings	1,978,366	1,610,281
Other debtors	319,058	172,135
Prepayments and accrued income	49,515	58,208
	3,808,697	3,253,568

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Bank loans and overdrafts	1,086,474	652,149
Hire purchase contracts	35,938	31,784
Trade creditors	1,164,820	817,286
Corporation tax	110,454	202,530
Social security and other taxes	119,273	131,689
Other creditors	18,109	17,985
Accruals and deferred income	7,934	66,153
	2,543,002	1,919,576

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

	2018	2017
	£	£
Bank loans - 1-2 years	22,452	-
Bank loans - 2-5 years	67,356	-
Bank loans more 5 yr by instal	72,363	-
Hire purchase contracts	121,858	94,667
	284,029	94,667

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	72,363	-

9. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank overdrafts	1,064,022	652,149
Bank loans	184,623	-
Hire purchase contracts	157,796	126,451
	1,406,441	778,600

Bank facilities are secured by trade debtors and undertakings of the company.

Hire purchase creditors are secured over the asset to which they relate.

10. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax	17,610	22,167

	Deferred tax
	£
Balance at 1 January 2018	22,167
Originating and reversal of timing differences	(7,165)
Effect of changes in tax rates	2,608
Balance at 31 December 2018	17,610

 continued...

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
1,000	Ordinary	1	1,000	1,000

12. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Included within other debtors is an amount due from WBA FZC amounting to £260,578 (2017: £152,357). Paul Houston a director of WB Alloy Welding Products Limited owns 50% of the issued share capital.

Sancerre Welding Holdings Limited, a company registered in Scotland, is the company's immediate and ultimate parent company.

13. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Paul Houston by virtue of his shareholding in the ultimate parent company.

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF WB ALLOY WELDING PRODUCTS LIMITED

The following reproduces the text of the report prepared for the directors in respect of the company's annual unaudited financial statements. In accordance with the Companies Act 2006, the company is only required to file a Balance Sheet. Readers are cautioned that the Income Statement and certain other primary statements and the Report of the Directors are not required to be filed with the Registrar of Companies.

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of WB Alloy Welding Products Limited for the year ended 31 December 2018 which comprise the Statement of Income and Retained Earnings, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of ICAS, we are subject to its ethical and other professional requirements which are detailed at http://www.icas.com/accountspreparationguidance.

This report is made solely to the Board of Directors of WB Alloy Welding Products Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of WB Alloy Welding Products Limited and state those matters that we have agreed to state to the Board of Directors of WB Alloy Welding Products Limited, as a body, in this report in accordance with the requirements of ICAS as detailed at http://www.icas.com/accountspreparationguidance. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that WB Alloy Welding Products Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of WB Alloy Welding Products Limited. You consider that WB Alloy Welding Products Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of WB Alloy Welding Products Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Milne Craig
Chartered Accountants
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

26 September 2019