

Company Registration No. 4313355

WATSON STEEL STRUCTURES LIMITED

Report and Financial Statements

Year ended 31 March 2018



WATSON STEEL STRUCTURES LIMITED
REPORT AND FINANCIAL STATEMENTS 2018

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WATSON STEEL STRUCTURES LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A D Dunsmore

S A Day

R W Evans

J D Rhodes (resigned 24 November 2018)

REGISTERED OFFICE

Severs House

Dalton Airfield Industrial Estate

Dalton

Thirsk

North Yorkshire

YO7 3JN

BANKER

Yorkshire Bank

(part of CYBG plc)

94 Albion Street

Leeds

LS1 6AG

AUDITOR

KPMG LLP

Chartered Accountants

1 Sovereign Square

Leeds

LS1 4DA

WATSON STEEL STRUCTURES LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for Watson Steel Structures Limited ('the Company') for the year ended 31 March 2018. The Company is a wholly owned subsidiary of Severfield plc (together with its subsidiaries, 'the Group'). These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Furthermore, a strategic report as required by section 414 of the Companies Act 2006 is not presented under the small companies exemption.

PRINCIPAL ACTIVITIES

The principal activity of the Company was the design, fabrication and construction of structural steelwork and ancillary products on behalf of Severfield (UK) Limited.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

In 2012 it was announced that the Company would operationally combine with a number of sister companies. From 1 January 2013 this re-organisation took effect and since this date no further contracts have been placed with the Company. All work undertaken by the Lostock facility, from which the Company previously operated, is now awarded to the successor business, Severfield (UK) Limited.

The Company reported an operating profit of £nil for the year ended 31 March 2018 (2017: £nil). For the year ended 31 March 2017, the breakeven position reflected the transfer of all contract profits and losses by way of a management charge, to the successor business Severfield (UK) Limited to reflect the Company undertaking performance of the contracts.

Turnover reduced to £nil (2017: £120,000) as a result of the remaining contracts being completed during the year ended 31 March 2017.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the period are set out in the profit and loss account on page 7. The directors did not recommend the payment of a dividend during the period (2017: £nil). There was no retained profit or loss to transfer to reserves (2017: £nil).

DIRECTORS

The composition of the board is noted on page 1. Unless stated the directors served throughout the year and subsequently.

TREASURY

The Company's treasury operates procedures designed to reduce or eliminate financial risk. The policies are approved by the board and the use of financial instruments is strictly controlled.

The Company's principal financial instruments comprise cash and various trading items that arise directly from its operations.

GOING CONCERN

In accordance with FRS 101, the directors have prepared the accounts on a basis other than going concern since the trading activities have ceased and the directors do not intend to acquire a replacement trade. The parent company has indicated its support to enable the Company to discharge all future liabilities.

WATSON STEEL STRUCTURES LIMITED

DIRECTORS' REPORT

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors
and signed on behalf of the Board



A D Dunsmore
Director
6 December 2018

WATSON STEEL STRUCTURES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATSON STEEL STRUCTURES LIMITED

Opinion

We have audited the financial statements of Watson Steel Structures Limited ('the Company') for the year ended 31 March 2018 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.

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 result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATSON STEEL STRUCTURES LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Chris Butt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
December 2018

WATSON STEEL STRUCTURES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2018

	Note	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
TURNOVER	2	-	120
Cost of sales		-	(120)
PROFIT BEFORE TAXATION	4	-	-
Tax on profit		-	-
PROFIT FOR THE FINANCIAL YEAR		-	-

All activities relate to discontinued operations.

There are no recognised gains and losses for the current and preceding financial periods, other than as stated in the profit and loss account.

The notes on pages 10 to 13 form an integral part of the financial statements.

WATSON STEEL STRUCTURES LIMITED

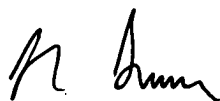
BALANCE SHEET

At 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
CURRENT ASSETS			
Debtors	5	21,969	27,769
Cash at bank and in hand		191	191
		<u>22,160</u>	<u>27,960</u>
CREDITORS: amounts falling due within one year	6	(20,951)	(26,751)
NET CURRENT ASSETS		<u>1,209</u>	<u>1,209</u>
NET ASSETS		<u>1,209</u>	<u>1,209</u>
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account		<u>1,209</u>	<u>1,209</u>
TOTAL SHAREHOLDERS' FUNDS		<u>1,209</u>	<u>1,209</u>

The financial statements of the Company (registered number 4313355) were approved by the Board of Directors on 6 December 2018.

Signed on behalf of the Board of Directors



A D Dunsmore

Director

WATSON STEEL STRUCTURES LIMITED**STATEMENT OF CHANGES IN EQUITY****At 31 March 2018**

	Share capital £'000	Profit and loss account £'000	Total £'000
AT 1 APRIL 2016	-	1,209	1,209
Profit for the year (attributable to equity holders of the parent)	-	-	-
AT 31 MARCH 2017	-	1,209	1,209
Profit for the year (attributable to equity holders of the parent)	-	-	-
AT 31 MARCH 2018	-	1,209	1,209

WATSON STEEL STRUCTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1. ACCOUNTING POLICIES

General information

Watson Steel Structures Limited is a company incorporated and domiciled in England and Wales. The address of the registered office is given on page 1. The Company's financial statements are presented in Sterling.

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 'Financial instruments: disclosures'
- Paragraphs 10(d), 10(f) and 134-136 of IAS 1 'Presentation of financial statements'
- IAS 7 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- The requirements of IAS 24 'Related party disclosures' to present disclosure of key management personnel compensation, and to disclose related party transactions entered into between two or more members of a group.
- Comparative period reconciliations for share capital and tangible fixed assets.
- Disclosures in respect of capital management.
- The effect of new but not yet effective IFRSs.
- Disclosures in respect of the compensation of key management personnel.

Where relevant, equivalent disclosures have been given in the Group financial statements of Severfield plc, which are available to the public and can be obtained as set out in note 10.

Accounting convention

The financial statements are prepared under the historical cost convention. In accordance with FRS 101, the directors have prepared the accounts on a basis other than going concern since the trading activities have ceased and the directors do not intend to acquire a replacement trade. The parent company has indicated its support to enable the Company to discharge all future liabilities.

Turnover

Turnover from construction contracts is recognised in accordance with the Company's accounting policy on construction contracts (see below).

Turnover in respect of other activities represents the invoiced value of sales and is recognised as the underlying construction contracts progress.

Value added tax is excluded from turnover.

WATSON STEEL STRUCTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

Construction contracts

Profit is recognised on contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account, turnover and related cost as contract activity progresses. Where the outcome of a construction contract cannot be estimated reliably, turnover is recognised to the extent of contract costs incurred that are likely to be recoverable. Where it is probable that total contract costs will exceed contract turnover, the expected loss is recognised as an expense immediately.

Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected cost for that contract. Variations in contract work, claims and incentive payments are included in turnover to the extent that there is appropriate certainty that they will be accepted by the customer and can be measured reliably.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. The resulting gain or loss is dealt with in the profit and loss account.

Taxation

Tax on the profit or loss 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 directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2. TURNOVER

The turnover arises in the United Kingdom and is attributable to the main activity of the Company.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration was borne by another Group company in the current and prior periods. It is not practicable to ascertain what proportion of the remuneration relates to the Company. The Company has no employees (2017: none).

WATSON STEEL STRUCTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

4. PROFIT BEFORE TAX

Audit fees of £500 (2017: £500) were borne by another Group company in the current and preceeding financial years.

5. DEBTORS

	2018 £'000	2017 £'000
Amounts due within one year:		
Amounts owed by parent company	17,670	-
Amounts owed by other Group companies	4,299	27,769
	<u>21,969</u>	<u>27,769</u>

Amounts owed by parent company and other Group companies are interest free and repayable on demand.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed to parent company	-	5,800
Amounts owed to other Group companies	20,951	20,951
	<u>20,951</u>	<u>26,751</u>

Amounts owed to other Group companies are interest free and repayable on demand.

7. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Allotted and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

8. CONTINGENT LIABILITIES

Liabilities have been recorded for the directors' best estimate of uncertain contract positions, known legal claims, investigations and legal actions in progress. The Company takes legal advice as to the likelihood of success of claims and actions and no liability is recorded where the directors consider based on that advice, that the action is unlikely to succeed, or that the Company cannot make a sufficiently reliable estimate of the potential obligation. The Company also has contingent liabilities in respect of other issues that may have occurred, but where no claim has been made and it is not possible to reliably estimate the potential obligation.

The Company has provided unlimited multilateral guarantees to secure any bank overdrafts and loans of all other Group companies. At 31 March 2018, these amounted to £nil (2017: £nil). The Company has also given performance bonds in the normal course of trade.

WATSON STEEL STRUCTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

9. RELATED PARTY TRANSACTIONS

In accordance with FRS 101, the Company has taken advantage of the exemption of the requirements of IAS 24 'Related party disclosures' not to disclose related party transactions with other Group companies.

There were no other related party transactions (2017: none).

10. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and ultimate controlling party is Severfield plc (for which consolidated accounts are prepared), a company incorporated in Great Britain and registered in England and Wales, number 1721262. Copies of the Group financial statements can be obtained from Severs House, Dalton Airfield Industrial Estate, Dalton, Thirsk, North Yorkshire, YO7 3JN, registered address of Severfield plc.