

**MIDLAND WELDING SUPPLY COMPANY LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**  
**PAGES FOR FILING WITH REGISTRAR**



# MIDLAND WELDING SUPPLY COMPANY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D J Sparkes B M Sparkes
<b>Secretary</b>	B M Sparkes
<b>Company number</b>	00391717
<b>Registered office</b>	Midweld House Starley Way Birmingham International Park Birmingham B37 7HF
<b>Accountants</b>	Thomas & Young Limited Carleton House 266-268 Stratford Road Shirley Solihull B90 3AD
<b>Business address</b>	Midweld House Starley Way Birmingham International Park Birmingham B37 7HF
<b>Bankers</b>	Barclays Bank Plc Tyburn Branch, 602 Kingsbury Road Birmingham B24 9PL

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# MIDLAND WELDING SUPPLY COMPANY LIMITED

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# MIDLAND WELDING SUPPLY COMPANY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	4		118,731		197,826
<b>Current assets</b>					
Stocks		1,075,000		995,445	
Debtors	5	593,664		600,063	
Cash at bank and in hand		14,063		2,805	
		<u>1,682,727</u>		<u>1,598,313</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(1,352,855)</u>		<u>(1,293,098)</u>	
<b>Net current assets</b>			329,872		305,215
<b>Total assets less current liabilities</b>			<u>448,603</u>		<u>503,041</u>
<b>Creditors: amounts falling due after more than one year</b>	7		(8,213)		(8,213)
<b>Net assets</b>			<u>440,390</u>		<u>494,828</u>
<b>Capital and reserves</b>					
Called up share capital	8		47,812		47,812
Capital redemption reserve			49,875		49,875
Profit and loss reserves			342,703		397,141
<b>Total equity</b>			<u>440,390</u>		<u>494,828</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 March 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

# **MIDLAND WELDING SUPPLY COMPANY LIMITED**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2018**

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The financial statements were approved by the board of directors and authorised for issue on 25 July 2018 and are signed on its behalf by:



D J Sparkes  
Director

Company Registration No. 00391717

# MIDLAND WELDING SUPPLY COMPANY LIMITED

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

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### 1 Accounting policies

#### Company information

Midland Welding Supply Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Midweld House, Starley Way, Birmingham International Park, Birmingham, B37 7HF.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover, which arises in the United Kingdom, is attributable to the company's principal activity.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.3 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of between 5 and 10 years.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	Over 5 years
Office equipment	Over 7 years and 3 years
Motor vehicles	Over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# MIDLAND WELDING SUPPLY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 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 transaction 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.

##### **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.

# MIDLAND WELDING SUPPLY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Retirement benefits**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

#### **1.12 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 18 (2017 - 17).



# MIDLAND WELDING SUPPLY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 3 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 April 2017	33,000
Disposals	(33,000)
	<hr/>
At 31 March 2018	-
	<hr/>
<b>Amortisation and impairment</b>	
At 1 April 2017	33,000
Disposals	(33,000)
	<hr/>
At 31 March 2018	-
	<hr/>
<b>Carrying amount</b>	
At 31 March 2018	-
	<hr/>
At 31 March 2017	-
	<hr/>

### 4 Tangible fixed assets

	Plant and machinery etc £
<b>Cost</b>	
At 1 April 2017	547,691
Additions	29,202
Disposals	(158,051)
	<hr/>
At 31 March 2018	418,842
	<hr/>
<b>Depreciation and impairment</b>	
At 1 April 2017	349,865
Depreciation charged in the year	78,495
Eliminated in respect of disposals	(128,249)
	<hr/>
At 31 March 2018	300,111
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<b>Carrying amount</b>	
At 31 March 2018	118,731
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At 31 March 2017	197,826
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# MIDLAND WELDING SUPPLY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 5 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	577,169	572,275
Other debtors	16,495	27,788
	<u>593,664</u>	<u>600,063</u>

### 6 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	10,847	10,984
Trade creditors	603,052	597,121
Other taxation and social security	71,248	51,324
Other creditors	667,708	633,669
	<u>1,352,855</u>	<u>1,293,098</u>

Included in other creditors is an amount of £350,826 (2017 : £316,448) owing to an invoice discounting system which is secured by a debenture including a fixed and floating charge over the book and other debts and assets of the company dated 24/11/2014.

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assts concerned.

### 7 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Other borrowings		<u>8,213</u>	<u>8,213</u>

Included in other borrowings are cumulative preference shares amounting to £8,213 (2017 : £8,213) with a fixed cumulative dividend of 7% per annum payable half yearly.

The holders of the preference shares have priority over the ordinary shares on a winding up but are not entitled to vote unless the dividends are six months or more in arrears.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	<u>8,213</u>	<u>8,213</u>
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# MIDLAND WELDING SUPPLY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 8 Called up share capital

	2018 £	2017 £
Ordinary share capital Issued and fully paid 47,812 Ordinary shares of £1 each	47,812	47,812
	<u>47,812</u>	<u>47,812</u>

### 9 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2018 £	2017 £
	130,000	195,000
	<u>130,000</u>	<u>195,000</u>

### 10 Related party transactions

#### Transactions with related parties

Included in other creditors is an amount of £79,256 (2017 : £27,792) owing to East Midland Welding Supply Co Ltd, a company whose directors and shareholders include Mr D J Sparkes. The loan is interest free and repayable on demand.