

WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED

GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Folkes Worton LLP
Chartered Accountants and Statutory Auditor
15-17 Church Street
Stourbridge
West Midlands
DY8 1LU

WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)

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FOR THE YEAR ENDED 31 DECEMBER 2019

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**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS:

Miss R S Hill
Dr C Maisch
Mr S J Morgan

SECRETARY:

Mrs J Phillips

REGISTERED OFFICE:

15-17 Church Street
Stourbridge
West Midlands
DY8 1LU

REGISTERED NUMBER:

01798633 (England and Wales)

AUDITORS:

Folkes Worton LLP
Chartered Accountants and Statutory Auditor
15-17 Church Street
Stourbridge
West Midlands
DY8 1LU

BANKERS:

Lloyds Bank plc
134 High Street
Stourbridge
West Midlands
DY8 1DS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

The results for the year and financial position of the group are as shown in the annexed financial statements.

The directors consider the key performance indicators to be turnover, gross profit, operating profit and net assets, which communicate the financial performance and strength of the group and are all disclosed within the body of the financial statements.

The increase in turnover and the movements in gross profit and operating profit all reflect trading activity within the group of companies, all of which continue to compete in what remains a challenging trading climate with increasing competition and volatile market prices. Consistent control of overhead costs has reflected the trading results and the subsequent increase in net assets, demonstrating the value of the policies adopted by the group.

From knowledge and information available currently, the directors feel that consistent application of group policies and the continued refocusing of sales targeting will enable them to compete in what continues to be a difficult market.

PRINCIPAL RISKS AND UNCERTAINTIES

The group's activities expose it to a number of financial risks including cash flow risk, credit risk and price risk.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Interest bearing assets and liabilities are held at fixed rate, if considered appropriate, to ensure certainty of cash flows.

Credit risk

The group's principal financial assets are trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers.

Price risk

The group is exposed to commodity price risk, but endeavours to manage this risk.

ON BEHALF OF THE BOARD:

Mrs J Phillips - Secretary

30 April 2020

WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of suppliers of profiles to the construction industry.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Miss R S Hill
Dr C Maisch
Mr S J Morgan

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). 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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITORS

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

ON BEHALF OF THE BOARD:

Mrs J Phillips - Secretary

30 April 2020

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED**

Opinion

We have audited the financial statements of Western Expanded Metal Industries Co. Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 group's and of the parent company affairs as at 31 December 2019 and of the group's 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 group 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 group'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 Group 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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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 Group 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 Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 group's and the parent 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 group or the parent 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. 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.

Nigel Meredith FCA (Senior Statutory Auditor)
for and on behalf of Folkes Worton LLP
Chartered Accountants and Statutory Auditor
15-17 Church Street
Stourbridge
West Midlands
DY8 1LU

30 April 2020

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
TURNOVER	3	11,296,953	10,790,864
Cost of sales		<u>6,015,999</u>	<u>5,938,443</u>
GROSS PROFIT		5,280,954	4,852,421
Administrative expenses		<u>4,804,553</u>	<u>4,521,126</u>
		476,401	331,295
Other operating income		<u>27,176</u>	<u>15,482</u>
OPERATING PROFIT	5	503,577	346,777
Interest receivable and similar income		<u>3,093</u>	<u>3,912</u>
		506,670	350,689
Interest payable and similar expenses	6	<u>62,996</u>	<u>75,376</u>
PROFIT BEFORE TAXATION		443,674	275,313
Tax on profit	7	<u>76,140</u>	<u>53,012</u>
PROFIT FOR THE FINANCIAL YEAR		367,534	222,301
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>367,534</u>	<u>222,301</u>
Profit attributable to:			
Owners of the parent		358,381	219,765
Non-controlling interests		<u>9,153</u>	<u>2,536</u>
		<u>367,534</u>	<u>222,301</u>
Total comprehensive income attributable to:			
Owners of the parent		358,381	219,765
Non-controlling interests		<u>9,153</u>	<u>2,536</u>
		<u>367,534</u>	<u>222,301</u>

The notes form part of these financial statements

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	9		42,172		57,655
Tangible assets	10		3,850,877		4,000,040
Investments	11		-		-
			<u>3,893,049</u>		<u>4,057,695</u>
CURRENT ASSETS					
Stocks	12	1,574,780		1,685,064	
Debtors	13	3,045,588		1,755,845	
Cash at bank and in hand		<u>848,808</u>		<u>1,919,623</u>	
		5,469,176		5,360,532	
CREDITORS					
Amounts falling due within one year	14	<u>2,016,161</u>		<u>1,999,089</u>	
NET CURRENT ASSETS			<u>3,453,015</u>		<u>3,361,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,346,064		7,419,138
CREDITORS					
Amounts falling due after more than one year	15		(1,152,349)		(1,597,148)
PROVISIONS FOR LIABILITIES	19		<u>(259,703)</u>		<u>(255,512)</u>
NET ASSETS			<u>5,934,012</u>		<u>5,566,478</u>
CAPITAL AND RESERVES					
Called up share capital	20		100		100
Retained earnings	21		<u>5,934,019</u>		<u>5,575,638</u>
SHAREHOLDERS' FUNDS			5,934,119		5,575,738
NON-CONTROLLING INTERESTS	22		<u>(107)</u>		<u>(9,260)</u>
TOTAL EQUITY			<u>5,934,012</u>		<u>5,566,478</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2020 and were signed on its behalf by:

Miss R S Hill - Director

The notes form part of these financial statements

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		1,940,418		2,048,829
Investments	11		862,000		862,000
			<u>2,802,418</u>		<u>2,910,829</u>
CURRENT ASSETS					
Stocks	12	925,819		1,015,042	
Debtors	13	4,708,602		3,416,788	
Cash at bank and in hand		<u>511,041</u>		<u>1,617,695</u>	
		6,145,462		6,049,525	
CREDITORS					
Amounts falling due within one year	14	<u>1,067,410</u>		<u>1,176,572</u>	
NET CURRENT ASSETS			<u>5,078,052</u>		<u>4,872,953</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,880,470		7,783,782
CREDITORS					
Amounts falling due after more than one year	15		(111,962)		(160,429)
PROVISIONS FOR LIABILITIES	19		<u>(237,916)</u>		<u>(235,431)</u>
NET ASSETS			<u>7,530,592</u>		<u>7,387,922</u>
CAPITAL AND RESERVES					
Called up share capital	20		100		100
Retained earnings	21		<u>7,530,492</u>		<u>7,387,822</u>
SHAREHOLDERS' FUNDS			<u>7,530,592</u>		<u>7,387,922</u>
Company's profit for the financial year			<u>142,670</u>		<u>116,758</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2020 and were signed on its behalf by:

Miss R S Hill - Director

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2018	100	5,355,873	5,355,973	(11,796)	5,344,177
Changes in equity					
Total comprehensive income	-	219,765	219,765	2,536	222,301
Balance at 31 December 2018	100	5,575,638	5,575,738	(9,260)	5,566,478
Changes in equity					
Total comprehensive income	-	358,381	358,381	9,153	367,534
Balance at 31 December 2019	100	5,934,019	5,934,119	(107)	5,934,012

The notes form part of these financial statements

WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	100	7,271,064	7,271,164
Changes in equity			
Total comprehensive income	-	116,758	116,758
Balance at 31 December 2018	100	7,387,822	7,387,922
Changes in equity			
Total comprehensive income	-	142,670	142,670
Balance at 31 December 2019	100	7,530,492	7,530,592

The notes form part of these financial statements

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	738,358	849,528
Interest paid		(55,508)	(62,841)
Interest element of hire purchase payments paid		(7,488)	(12,535)
Tax paid		(41,592)	1,977
Net cash from operating activities		<u>633,770</u>	<u>776,129</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(48,991)
Purchase of tangible fixed assets		(118,783)	(113,303)
Sale of tangible fixed assets		-	7,625
Interest received		3,093	3,912
Net cash from investing activities		<u>(115,690)</u>	<u>(150,757)</u>
Cash flows from financing activities			
Loan repayments in year		(98,826)	(94,933)
Capital repayments in year		(68,227)	(187,510)
Movement in group balances		(241,594)	(380,304)
Loans to related parties		(1,050,464)	-
Net cash from financing activities		<u>(1,459,111)</u>	<u>(662,747)</u>
Decrease in cash and cash equivalents		<u>(941,031)</u>	<u>(37,375)</u>
Cash and cash equivalents at beginning of year	2	1,520,757	1,558,132
Cash and cash equivalents at end of year	2	<u>579,726</u>	<u>1,520,757</u>

The notes form part of these financial statements

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	2019 £	2018 £
Profit before taxation	443,674	275,313
Depreciation charges	283,429	294,960
Loss on disposal of fixed assets	-	1,941
Finance costs	62,996	75,376
Finance income	(3,093)	(3,912)
	<u>787,006</u>	<u>643,678</u>
Decrease/(increase) in stocks	110,284	(74,847)
Increase in trade and other debtors	(233,407)	(187,223)
Increase in trade and other creditors	74,475	467,920
Cash generated from operations	<u><u>738,358</u></u>	<u><u>849,528</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2019

	31/12/19 £	1/1/19 £
Cash and cash equivalents	848,808	1,919,623
Bank overdrafts	<u>(269,082)</u>	<u>(398,866)</u>
	<u><u>579,726</u></u>	<u><u>1,520,757</u></u>

Year ended 31 December 2018

	31/12/18 £	1/1/18 £
Cash and cash equivalents	1,919,623	1,558,132
Bank overdrafts	<u>(398,866)</u>	<u>-</u>
	<u><u>1,520,757</u></u>	<u><u>1,558,132</u></u>

The notes form part of these financial statements

WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1/1/19 £	Cash flow £	At 31/12/19 £
Net cash			
Cash at bank and in hand	1,919,623	(1,070,815)	848,808
Bank overdrafts	<u>(398,866)</u>	<u>129,784</u>	<u>(269,082)</u>
	<u>1,520,757</u>	<u>(941,031)</u>	<u>579,726</u>
Debt			
Finance leases	(280,336)	68,227	(212,109)
Debts falling due within 1 year	(99,123)	(133,379)	(232,502)
Debts falling due after 1 year	<u>(730,387)</u>	<u>232,205</u>	<u>(498,182)</u>
	<u>(1,109,846)</u>	<u>167,053</u>	<u>(942,793)</u>
Total	<u>410,911</u>	<u>(773,978)</u>	<u>(363,067)</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATUTORY INFORMATION

Western Expanded Metal Industries Co. Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

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.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of value added tax and other sales related taxes. The fair value of consideration takes into account trade discounts.

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 the 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.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2010 has been fully amortised.

Goodwill, being the surplus paid over the fair value of assets acquired on investment in group companies, has been written off in the year of investment in order to avoid overstatement of the net asset value of the group.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

Tangible assets are initially measured at cost. After initial recognition, tangible assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided 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. The useful life of each asset is estimated as:

Buildings	- 33 years
Outside facilities	- 15 to 33 years
Technical equipment and machinery	- 5 to 14 years
Factory and office equipment	- 3 to 14 years
Motor vehicles	- 6 years
Hardware	- 3 years

No depreciation is provided on freehold land.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	9,364,808	9,059,236
Europe	1,883,631	1,639,816
Asia	48,514	91,812
	<u>11,296,953</u>	<u>10,790,864</u>

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	2,406,515	2,261,543
Social security costs	244,108	221,875
Other pension costs	102,801	70,719
	<u>2,753,424</u>	<u>2,554,137</u>

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

	2019	2018
Administration and sales	42	41
Production and warehousing	<u>50</u>	<u>48</u>
	<u>92</u>	<u>89</u>

	2019 £	2018 £
Directors' remuneration	102,119	77,565
Directors' pension contributions to money purchase schemes	<u>13,373</u>	<u>3,505</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2019	2018
Money purchase schemes	<u>2</u>	<u>2</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Hire of plant and machinery	187,492	133,218
Depreciation - owned assets	232,124	235,105
Depreciation - assets on hire purchase contracts	35,822	45,783
Loss on disposal of fixed assets	-	1,941
Computer software amortisation	15,483	14,072
Auditors' remuneration	22,555	27,775
Auditors' remuneration for non audit work	7,080	7,650
Foreign exchange differences	(40,167)	13,436

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank loan interest	33,016	36,988
Loan interest	20,322	22,830
Other interest	2,170	3,023
Hire purchase interest	7,488	12,535
	<u>62,996</u>	<u>75,376</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	80,506	50,149
Prior year tax adjustment	(8,557)	(7,818)
Total current tax	<u>71,949</u>	<u>42,331</u>
Deferred tax:		
Charge re current year	4,191	10,681
Tax on profit	<u>76,140</u>	<u>53,012</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. TAXATION - continued

Reconciliation of total tax 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:

	2019 £	2018 £
Profit before tax	<u>443,674</u>	<u>275,313</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	84,298	52,309
Effects of:		
Expenses not deductible for tax purposes	1,599	1,136
Depreciation in excess of capital allowances	7,357	7,385
Adjustments to tax charge in respect of previous periods	(8,557)	(7,818)
Research and development credits	<u>(8,557)</u>	<u>-</u>
Total tax charge	<u>76,140</u>	<u>53,012</u>

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Computer software £	Totals £
COST			
At 1 January 2019 and 31 December 2019	<u>407,027</u>	<u>77,412</u>	<u>484,439</u>
AMORTISATION			
At 1 January 2019	407,027	19,757	426,784
Amortisation for year	-	15,483	15,483
At 31 December 2019	<u>407,027</u>	<u>35,240</u>	<u>442,267</u>
NET BOOK VALUE			
At 31 December 2019	<u>-</u>	<u>42,172</u>	<u>42,172</u>
At 31 December 2018	<u>-</u>	<u>57,655</u>	<u>57,655</u>

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2019	2,572,472	2,893,025	331,502	190,123	5,987,122
Additions	-	75,255	43,528	-	118,783
At 31 December 2019	2,572,472	2,968,280	375,030	190,123	6,105,905
DEPRECIATION					
At 1 January 2019	377,062	1,237,110	220,922	151,988	1,987,082
Charge for year	54,975	176,516	26,320	10,135	267,946
At 31 December 2019	432,037	1,413,626	247,242	162,123	2,255,028
NET BOOK VALUE					
At 31 December 2019	2,140,435	1,554,654	127,788	28,000	3,850,877
At 31 December 2018	2,195,410	1,655,915	110,580	38,135	4,000,040

Included in cost of land and buildings is freehold land of £1,000,000 (2018 - £1,000,000) which is not depreciated.

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

	Plant and machinery £
COST	
At 1 January 2019	867,965
Additions	59,747
Transfer to ownership	(445,965)
At 31 December 2019	481,747
DEPRECIATION	
At 1 January 2019	154,541
Charge for year	35,822
Transfer to ownership	(118,434)
At 31 December 2019	71,929
NET BOOK VALUE	
At 31 December 2019	409,818
At 31 December 2018	713,424

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. **TANGIBLE FIXED ASSETS - continued**

Company

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2019	268,403	2,893,025	331,502	190,123	3,683,053
Additions	-	75,255	43,528	-	118,783
At 31 December 2019	268,403	2,968,280	375,030	190,123	3,801,836
DEPRECIATION					
At 1 January 2019	24,204	1,237,110	220,922	151,988	1,634,224
Charge for year	14,223	176,516	26,320	10,135	227,194
At 31 December 2019	38,427	1,413,626	247,242	162,123	1,861,418
NET BOOK VALUE					
At 31 December 2019	229,976	1,554,654	127,788	28,000	1,940,418
At 31 December 2018	244,199	1,655,915	110,580	38,135	2,048,829

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

	Plant and machinery £
COST	
At 1 January 2019	867,965
Additions	59,747
Transfer to ownership	(445,965)
At 31 December 2019	481,747
DEPRECIATION	
At 1 January 2019	154,541
Charge for year	35,822
Transfer to ownership	(118,434)
At 31 December 2019	71,929
NET BOOK VALUE	
At 31 December 2019	409,818
At 31 December 2018	713,424

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1 January 2019
and 31 December 2019

862,000

NET BOOK VALUE

At 31 December 2019
At 31 December 2018

862,000

862,000

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Euro Profile International Systems Limited

Registered office: 15-17 Church Street, Stourbridge, West Midlands, DY8 1LU

Nature of business: Property rental and sale of building profiles

	% holding	2019 £	2018 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		30,151	525
Profit for the year		<u>29,626</u>	<u>36,979</u>

Protektor UK Limited

Registered office: c/o Maclay Murray & Spens LLP, 1 George Square, Glasgow, G2 1AL

Nature of business: Manufacture of angle beads

	% holding	2019 £	2018 £
Class of shares:			
Ordinary	100.00		
Ordinary A and Ordinary B			
Aggregate capital and reserves		155,554	5,739
Profit for the year		<u>149,815</u>	<u>24,803</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. STOCKS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Raw materials	295,519	456,840	151,223	294,214
Work in progress	10,055	10,051	10,055	10,051
Finished goods	1,269,206	1,218,173	764,541	710,777
	<u>1,574,780</u>	<u>1,685,064</u>	<u>925,819</u>	<u>1,015,042</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	1,711,338	1,559,536	777,447	890,867
Amounts owed by group undertakings	74,130	68,258	2,730,539	2,446,087
Other debtors	1,050,464	-	1,050,464	-
Prepayments	209,656	128,051	150,152	79,834
	<u>3,045,588</u>	<u>1,755,845</u>	<u>4,708,602</u>	<u>3,416,788</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 16)	501,584	497,989	-	-
Hire purchase contracts (see note 17)	100,147	119,907	100,147	119,907
Trade creditors	788,428	790,441	622,457	713,246
Amounts owed to group undertakings	115,176	186,771	41,205	116,357
Tax	80,506	50,149	20,284	18,443
Social security and other taxes	216,085	180,950	138,638	111,547
Other creditors	23,257	27,086	6,942	5,453
Accruals	190,978	145,796	137,737	91,619
	<u>2,016,161</u>	<u>1,999,089</u>	<u>1,067,410</u>	<u>1,176,572</u>

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans (see note 16)	498,182	730,387	-	-
Hire purchase contracts (see note 17)	111,962	160,429	111,962	160,429
Amounts owed to group undertakings	542,205	706,332	-	-
	<u>1,152,349</u>	<u>1,597,148</u>	<u>111,962</u>	<u>160,429</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	269,082	398,866
Bank loans	<u>232,502</u>	<u>99,123</u>
	<u>501,584</u>	<u>497,989</u>
Amounts falling due between one and two years:		
Bank loans	<u>83,940</u>	<u>232,206</u>
Amounts falling due between two and five years:		
Bank loans	<u>270,215</u>	<u>260,943</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>144,027</u>	<u>237,238</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2019	2018
	£	£
Gross obligations repayable:		
Within one year	107,202	129,601
Between one and five years	<u>115,105</u>	<u>167,464</u>
	<u>222,307</u>	<u>297,065</u>
Finance charges repayable:		
Within one year	7,055	9,694
Between one and five years	<u>3,143</u>	<u>7,035</u>
	<u>10,198</u>	<u>16,729</u>
Net obligations repayable:		
Within one year	100,147	119,907
Between one and five years	<u>111,962</u>	<u>160,429</u>
	<u>212,109</u>	<u>280,336</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. LEASING AGREEMENTS - continued

Company

	Hire purchase contracts	
	2019	2018
	£	£
Gross obligations repayable:		
Within one year	107,202	129,601
Between one and five years	115,105	167,464
	<u>222,307</u>	<u>297,065</u>
Finance charges repayable:		
Within one year	7,055	9,694
Between one and five years	3,143	7,035
	<u>10,198</u>	<u>16,729</u>
Net obligations repayable:		
Within one year	100,147	119,907
Between one and five years	111,962	160,429
	<u>212,109</u>	<u>280,336</u>

Group

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	137,775	78,427
Between one and five years	137,492	55,009
	<u>275,267</u>	<u>133,436</u>

Company

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	36,053	47,912
Between one and five years	18,633	36,274
	<u>54,686</u>	<u>84,186</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank overdrafts	269,082	398,866	-	-
Bank loans	730,684	829,510	-	-
Hire purchase contracts	212,109	280,336	212,109	280,336
	<u>1,211,875</u>	<u>1,508,712</u>	<u>212,109</u>	<u>280,336</u>

Bank borrowing is secured by fixed and floating charges over the undertakings and all property and assets present and future.

Hire purchase and finance lease liabilities are secured on the assets acquired

19. PROVISIONS FOR LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax				
Accelerated capital allowances	263,303	259,686	240,849	238,747
Other timing differences	(3,600)	(4,174)	(2,933)	(3,316)
	<u>259,703</u>	<u>255,512</u>	<u>237,916</u>	<u>235,431</u>

Group

	Deferred tax
	£
Balance at 1 January 2019	255,512
Charge to Statement of Comprehensive Income during year	4,191
Balance at 31 December 2019	<u>259,703</u>

Company

	Deferred tax
	£
Balance at 1 January 2019	235,431
Charge to Statement of Comprehensive Income during year	2,485
Balance at 31 December 2019	<u>237,916</u>

**WESTERN EXPANDED METAL INDUSTRIES CO.
LIMITED (REGISTERED NUMBER: 01798633)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019 £	2018 £
Number:	Class:			
100	Ordinary	£1	<u>100</u>	<u>100</u>

21. RESERVES

Group

	Retained earnings £
At 1 January 2019	5,575,638
Profit for the year	<u>358,381</u>
At 31 December 2019	<u>5,934,019</u>

Company

	Retained earnings £
At 1 January 2019	7,387,822
Profit for the year	<u>142,670</u>
At 31 December 2019	<u>7,530,492</u>

22. NON-CONTROLLING INTERESTS

Protektor UK Limited has issued share capital of 17,000 ordinary shares of £1 each, 500 A ordinary shares of £1 each and 500 B ordinary shares of £1 each. All shares carry equal rights.

The company holds all of the ordinary shares but the A and B ordinary shares are held by Protektorwerk Florenz Maisch GmbH & Co. KG, the parent company. As these consolidated financial statements only contain information on the sub-group headed by Western Expanded Metal Industries Co. Limited, the holding by Protektorwerk Florenz Maisch GmbH & Co. KG, is treated as a non-controlling interest.

23. CONTINGENT LIABILITIES

Each company within the group is party to a guarantee in respect of the bank borrowing of Hoo and How Limited, a company incorporated in England and Wales, which is wholly owned by Dr C. Maisch, a director of the company. At the statement of financial position date, the balance on this borrowing was £1,502,028.

There is also a contingent liability to the company's bankers in respect of a VAT deferment guarantee of £20,000 (2018 £20,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

24. RELATED PARTY DISCLOSURES

Hoo and How Limited is a company incorporated in England and Wales and is wholly owned by Dr C. Maisch, a director of the company. During the year, the company advanced a loan to Hoo and How Limited of £1,050,464. The balance on the loan at the statement of financial position date amounted to £1,050,464 and is included in other debtors. No interest has been charged on the loan.

25. ULTIMATE CONTROLLING PARTY

The parent company is Protektorwerk Florenz Maisch GmbH & Co. KG, a company registered in Germany.

The ultimate parent company is Protektorwerk GmbH, a company registered in Germany.

The ultimate controlling party is Dr. C. Maisch.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.