

**Van Leeuwen Limited**

**Reports and financial statements**

**For the year ended 31 December 2017**



---

## Van Leeuwen Limited

---

### Company Information

---

<b>Directors</b>	K K Bowling J F Weerstra
<b>Registered number</b>	1991207
<b>Registered office</b>	Nine Lock Works Mill Street Brierley Hill West Midlands DY5 2SX
<b>Independent auditors</b>	Ernst & Young LLP One Colmore Square Birmingham B4 6HQ
<b>Bankers</b>	BNP Paribas London Branch 10 Harewood Avenue London NW1 6AA  National Westminster Bank plc 92 English Street Carlisle CA3 8NF
<b>Solicitors</b>	Higgs & Sons 3 Waterfront Business Park Brierley Hill West Midlands DY5 2SX

---

## Van Leeuwen Limited

---

### Contents

---

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditors' report	4-5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 – 26

---

# Van Leeuwen Limited

---

## Strategic report For the year ended 31 December 2017

---

The directors present their strategic report for the year ended 31 December 2017.

### Principal activities and review of the business

The principal activity of the company is that of steel stockholders.

Demand from the Industrial customers showed an increase in the last half of the year, although Van Leeuwen Ltd continued to witness the low activity levels from customers trading in the Oil & Gas Sector. Price levels on Van Leeuwen's core products steadily increased throughout the year.

Van Leeuwen Ltd implemented SAP S4/HANA and restructured the warehousing operations, with the majority of activity switched to the Middlesbrough facility.

### Financial key performance indicators

The directors consider the key performance indicators of the business to be turnover and operating profit.

The company turnover increased by 2.8% on its continuing activities compared to the previous year for the reasons out lined above, The gross profit increase to 30% compared to previous year 24% due a change in product mix and an increase in sales prices.

Overall, an operating loss of £53,000 was generated from the continuing activities compared to an operating loss of £2,014,000 for the previous year.

The company was the victim of an externally perpetrated fraud during 2016 which led to a loss of £600k. Company has tightened the procedure on bank details changing, and alert all staff's awareness about fraud in 2017 so this events cannot occur in future.

### Other key performance indicators

The average number of employees decreased from 100 in 2016 to 87 in 2017 due to restructure of operation.

### Principal risks and uncertainties

The company manages competitive trading risk by providing added value services to its customer base, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with its customers.

Appropriate credit control procedures are followed where credit risk is perceived for example, the company carefully assesses credit limit per customer and aim to get 90% of debt insured.

The company's functional currency is Sterling, but certain sales and purchases are carried out in Euros and US Dollars. Some currency transactions are covered by forward currency contracts to minimise risk in this area but at the year-end hedges are minimal therefore there is exposure to foreign currency movements.

The liquidity ratio is 1.9 which indicates a good position on liquidity, with external short term creditors covered by receivables and cash.

There are no other material exposures of the company relating to price risk and cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit of the company.

The uncertainty surrounding Brexit continues to cast a shadow over UK manufacturing. We have strong stock levels and experience importing goods from outside of the EU that will help mitigate risk to our customer base if required.

This report was approved by the board on 25 September 2018 and signed on its behalf.



**K K Bowling**  
Director

---

## Van Leeuwen Limited

---

### Director's report For the year ended 31 December 2017

---

The directors present their report and the financial statements for the year ended 31 December 2017. As permitted by the Companies Act there are certain items which are included in the Strategic report which should be included in the Directors report.

#### Results and dividends

The loss for the year, after taxation, amounted to £53,000 (2016: loss of £2,014,000).

The directors do not recommend a final dividend (2016: £nil).

#### Directors

The directors who served during the year and up to the date of signing the financial statements were:

K K Bowling  
J F Weerstra

#### Future developments

For the remainder of 2018 and going forward into 2019, trading from Van Leeuwen's Industrial customers is expected to increase. In particular, the order books of the OEM's involved in manufacturing hydraulic cylinders are robust and the outlook for the whole of 2018 is positive. The expectation is that the Oil & Gas market will improve slightly from the current lower level. Management is confident that the restructuring measures implemented to realign operating expenses during 2017 will ensure Van Leeuwen Limited will return a profit in 2018.

#### Going concern

The company supplies to a number of industries but a large proportion of its sales are ultimately to the construction, agricultural and energy markets. As a result company revenues are subject to changes in demand for these products. The current economic environment is positive for construction and agricultural equipment manufacturers. Demand from the Oil & Gas sector is less predictable, however it is Managements opinion that the level will improve slightly compared to 2017. In addition the company is subject to fluctuations in purchase prices although these are mitigated by passing these on in the sales price.

The directors of the company have considered the expected revenue arising from sales to customers and the company's ongoing operational expenditure together with any other required expenditure. In doing this, the company has considered how it can minimise costs and maximise revenues and actions that would be required to affect these. In particular, they have considered the impact of changes in forecast volumes from key customers and the impact of changes in purchase prices. They have also considered the funds available to them and based on the plans that are in place, they have concluded that appropriate funds will be available to the company for the foreseeable future. The directors have also confirmed with Group that funding will be continue to be available if required.

As a result, the company's directors have concluded that it is appropriate that these financial statements are prepared and presented using the going concern principal.

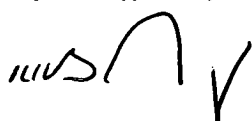
#### Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made inquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

#### Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 September 2018 and signed on its behalf.



K K Bowling  
Director

**Directors' responsibilities statement  
For the year ended 31 December 2017**

---

The directors are responsible for preparing the Strategic report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting 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
- 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.

---

## Independent Auditors' Report to the Members of Van Leeuwen Limited

---

### Opinion

We have audited the financial statements of Van Leeuwen Limited for the year ended 31 December 2017 which comprise of the Statement of comprehensive income, the Balance sheet and the Statement of changes in equity and the related notes 1 to 24, 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 FRS 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 company's affairs as at 31 December 2017 and of its loss 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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company 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 no appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 other information comprises the information included in the Strategic report and the Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

---

## Independent Auditors' Report to the Members of Van Leeuwen Limited

---

- 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.

### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 is 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 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 company or to cease operations, or have no realistic alternative but to do so.

### Auditor's 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 an auditor's report 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report

### 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 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.

*Ernst & Young LLP*

Lorna McNeil (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

Date *25 September 2018*



---

## Van Leeuwen Limited

---

### Statement of comprehensive income For the year ended 31 December 2017

---

	Note	2017 £000	2016 £000
Turnover	3	27,627	26,863
Cost of sales		(19,628)	(20,406)
<b>Gross Profit</b>		<b>7,999</b>	<b>6,457</b>
Distribution costs		(4,460)	(4,553)
Administrative expenses		(3,859)	(3,795)
<b>Operating loss</b>	4	<b>(320)</b>	<b>(1,891)</b>
Interest payable and similar charges	8	(2)	(8)
Other finance cost	9	(43)	(16)
<b>Loss before tax</b>		<b>(365)</b>	<b>(1,915)</b>
Tax on loss	10	312	(99)
<b>Loss for the year</b>		<b>(53)</b>	<b>(2,014)</b>
<b>Other comprehensive income for the year</b>			
Actuarial gain/(loss) on defined benefit pension scheme	21	694	(1,083)
<b>Other comprehensive income / (deficit) for the year</b>		<b>694</b>	<b>(1,083)</b>
<b>Total comprehensive Income/(deficit) for the year</b>		<b>641</b>	<b>(3,097)</b>

The notes on pages 9 to 26 form part of these financial statements.

# Van Leeuwen Limited

## Balance sheet As at 31 December 2017

	Note	£000	2017 £000	£000	2016 £000
<b>Fixed assets</b>					
Tangible assets	11		957		1,087
Intangible assets	12		326		-
			<u>1,283</u>		<u>1,087</u>
<b>Current assets</b>					
Stocks	14	7,631		6,968	
Debtors: amounts falling due within one year	15	6,771		5,503	
Cash at bank and in hand		1,319		561	
			<u>15,721</u>	<u>13,032</u>	
Creditors: amounts falling due within one year	16	(7,995)		(5,102)	
<b>Net current assets</b>			<u>7,726</u>		<u>7,930</u>
<b>Total assets less current liabilities</b>			<u>9,009</u>		<u>9,017</u>
<b>Provisions for liabilities</b>					
Pension liability	21		(858)		(1,507)
<b>Net assets</b>			<u><u>8,151</u></u>		<u><u>7,510</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		8,820		8,820
Capital redemption reserve	20		6,890		6,890
Profit and loss account			(7,559)		(8,200)
<b>Total shareholders funds'</b>			<u><u>8,151</u></u>		<u><u>7,510</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2018

**K K Bowling**  
Director



The notes on pages 9 to 26 form part of these financial statement

## Van Leeuwen Limited

### Statement of changes in equity For the year ended 31 December 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	8,820	6,890	(8,200)	7,510
Loss for the year	-	-	(53)	(53)
Actuarial gain on pension scheme	-	-	694	694
<b>Other comprehensive income for the year</b>	-	-	694	694
<b>Total comprehensive income for the year</b>	-	-	641	641
<b>At 31 December 2017</b>	<b>8,820</b>	<b>6,890</b>	<b>(7,559)</b>	<b>8,151</b>

### Statement of changes in equity For the year ended 31 December 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	8,820	6,890	(5,103)	10,607
Loss for the year	-	-	(2,014)	(2,014)
Actuarial (loss) on pension scheme	-	-	(1,083)	(1,083)
<b>Other comprehensive deficit for the year</b>	-	-	(1,083)	(1,083)
<b>Total comprehensive (deficit) for the year</b>	-	-	(3,097)	(3,097)
<b>At 31 December 2016</b>	<b>8,820</b>	<b>6,890</b>	<b>(8,200)</b>	<b>7,510</b>

The notes on pages 9 to 26 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**1. Accounting policies**

**1.1 Basis of preparation of financial statements and statement of compliance**

Van Leeuwen Limited is a limited liability company incorporated in England.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements as it and its subsidiary undertakings are included by full consolidation in the group financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements are prepared in Sterling which is the functional currency of the company and rounded to the nearest £'000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7, and related party disclosures with other wholly owned group companies

This information is included in the consolidated financial statements of Van Leeuwen Pipe and Tube Group BV as at 31 December 2017 and these financial statements may be obtained from Lindtsedijk 20, P.O. Box 50, 3330 AB, Zwijndrecht, The Netherlands.

**1.3 Going concern**

The company supplies to a number of industries but a large proportion of its sales are ultimately to the energy and construction markets. As a result company revenues are subject to changes in demand for these products and the current economic environment has adversely affected the businesses of the company's customers and the level of demand for products. Management has taken, and continue to take a number of actions to reflect this. In addition the company is subject to fluctuations in purchase prices although these are mitigated by passing these on in sales price.

The directors of the company have considered the expected revenue arising from sales to customers and the company's ongoing operational expenditure together with any other required expenditure. In doing this, the company has considered how it can minimise costs and maximise revenues and actions that would be required to affect these. In particular, they have considered the impact of changes in forecast volumes from key customers and the impact of changes in purchase prices. They have also considered the funds available to them and based on the plans that are in place, they have concluded that appropriate funds will be available to the company for the foreseeable future. The directors have also confirmed with Group that funding will be continue to be available if required.

As a result, the company's directors have concluded that it is appropriate that these financial statements are prepared and presented using the going concern principal.

**1.4 Revenue**

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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when risks and rewards transferred to buyer which is normally on dispatch of goods.

**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**1. Accounting policies (continued)**

**1.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	-	2% straight line
Short-term leasehold land and buildings	-	Over the life of the lease
Plant and machinery	-	10% pa straight-line
Motor vehicles	-	25% pa straight-line
Fixtures and fittings	-	20% pa straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**1.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**1.7 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the weighted average cost basis that includes other cost in bringing the inventories to their present location and condition. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**1.8 Debtors**

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

**1.9 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**1. Accounting policies (continued)**

**1.10 Financial instruments**

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**1.11 Creditors**

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

**1.12 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Administrative expenses'.

**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**1. Accounting policies (continued)**

**1.13 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit pension scheme**

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in profit and loss during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The latest actuarial valuation of the scheme was carried out at 31 December 2016 and updated by the actuary to take account of the requirements of FRS102 in order to assess the liabilities of the scheme. The assumptions which has the most significant effect on the results of the valuation are those relating to the rates of return on investments and the rates of increase in salaries and pensions.

Actuarial gains and losses are recognised in full in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published mid-market price.

As the pension scheme is closed to future accrual, recovery would be through refunds from the plan

**1.14 Borrowing costs**

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

**1.16 Current and deferred taxation**

Tax is recognised in the statement of comprehensive income except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws applicable in the countries where the Company operates and generates income.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

**Pension and other post-employment benefits**

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 21.

**Deferred Taxation**

The valuation of any deferred tax assets is based on estimates of future taxable profits. These profits are based on forecasts prepared by management and subject to appropriate review and approval within the business. However due to the nature of the business and the markets that it operates in there is a risk that the actual profits will differ from those forecast and therefore estimates of utilisation of deferred tax assets may change over time.

**Inventory provisioning**

The company is a steel stockholder and therefore a significant proportion of the balance sheet value is in inventory. There are risks that the sales price of steel may fall below purchase price and also that certain products may become obsolete or suffer from reduced demand. As a result of this estimates are made of likely levels of obsolete and scrap inventory that would require provision. These estimates are based on actual and forecast demand and sales prices.

**3. Turnover**

The whole of the turnover is attributable to one continuing activity, as stated in the directors' report.

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	24,864	23,917
Rest of Europe	1,584	1,938
Rest of the world	1,179	1,008
	<u>27,627</u>	<u>26,863</u>



**Notes to the financial statements  
For the year ended 31 December 2017**

---

**4. Operating loss**

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

	2017 £000	2016 £000
Depreciation of tangible assets	153	182
Amortisation of intangible assets	46	-
Exchange differences loss/(gain)	71	(20)
Operating lease rentals	377	596
Defined contribution pension cost	<u>128</u>	<u>144</u>

**5. Auditors' remuneration**

	2017 £000	2016 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	47	46
Pension audit fee	13	13
Taxation services-compliance	12	14
	<u>72</u>	<u>73</u>

**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	2,685	2,950
Social security costs	293	346
Cost of defined contribution scheme	128	144
	<u>3,106</u>	<u>3,440</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Warehouse	43	49
Selling and administration	44	51
	<u>87</u>	<u>100</u>

Notes to the financial statements  
For the year ended 31 December 2017

7. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	78	98
Company contributions to defined contribution pension schemes	7	5
	<u>85</u>	<u>103</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

8. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable (on overdrafts and short term loan)	2	8
	<u>2</u>	<u>8</u>

9. Other finance costs

	2017 £000	2016 £000
Interest on pension scheme liabilities	(241)	(276)
Interest on pension scheme assets	198	260
	<u>(43)</u>	<u>(16)</u>

10. Taxation

	2017 £000	2016 £000
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(316)	109
Changes to tax rates	4	(10)
<b>Total deferred tax (credited)/charged</b>	<u>(312)</u>	<u>99</u>
<b>Tax (credited)/charged to (loss)/profit on ordinary activities</b>	<u>(312)</u>	<u>99</u>

**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**10. Taxation (continued)**

The tax assessed for the year differs from (2016 - differs from) the standard rate of corporation tax in the UK of 19.25% (2016 -20%). The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before tax	<u>(365)</u>	<u>(1,915)</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 -20%)	(70)	(383)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2	8
Movement in unprovided deferred tax	(254)	484
Depreciation on NQ assets	6	-
Tax rate changes	4	(10)
<b>Total tax charge for the year</b>	<u><u>(312)</u></u>	<u><u>99</u></u>

**Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly the Company's (losses)/profits for this accounting period are taxed at an effective rate of 19.25%. The standard rate will fall further to 17% with effect from 1 April 2020. The reduction to 17% was enacted in September 2016. Deferred taxes balances are stated at the rate that will be applied when expected to be reversed.

Notes to the financial statements  
For the year ended 31 December 2017

11. Tangible Asset

	Freehold land and buildings	Short-term leasehold land and buildings	Plant and machinery	Fixtures and fittings	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 January 2017	1,098	410	1,344	789	3,641
Addition	-	-	-	23	23
Disposals	-	(15)	(139)	-	(154)
Reclassification	-	-	-	(58)	(58)
At 31 December 2017	1,098	395	1,205	754	3,452
<b>Depreciation</b>					
At 1 January 2017	515	242	1,036	761	2,554
Charged for the period	30	37	79	7	153
Disposals	-	(15)	(139)	-	(154)
Reclassification	-	-	-	(58)	(58)
At 31 December 2017	545	264	976	710	2,495
<b>Net book value</b>					
At 31 December 2017	553	131	229	44	957
At 31 December 2016	583	168	308	28	1,087

Included in land and buildings is an amount of £60,929 (2016: £60,929) in respect of land which is not depreciated.

Notes to the financial statements  
For the year ended 31 December 2017

---

12. Intangible assets

	Software	Total
	£000	£000
<b>Cost or valuation</b>		
At 1 January 2017	-	-
Addition	372	372
Reclassification	58	58
At 31 December 2017	<u>430</u>	<u>430</u>
<b>Amortisation</b>		
At 1 January 2017	-	-
Charged for the period	46	46
Reclassification	58	58
At 31 December 2017	<u>104</u>	<u>104</u>
<b>Net book value</b>		
At 31 December 2017	<u>326</u>	<u>326</u>
At 31 December 2016	<u>-</u>	<u>-</u>

Notes to the financial statements  
For the year ended 31 December 2017

---

13. Fixed asset investments

Subsidiary  
undertakings

£000

At 1 January 2016 and 2017

-

At 31 December 2016 and 2017

-

The company's subsidiary undertaking is Wheeler Precision Limited, a dormant company incorporated in England and Wales 100% ordinary shares are held and the company is dormant (Registered office: Nine Lock Works, Mill Street, Brierley Hill, West Midlands. DY5 2SX).

14. Stocks

	2017 £000	2016 £000
Work in progress	-	538
Finished goods and goods for resale	7,631	6,430
	<u>7,631</u>	<u>6,968</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The amount of stock provision charged to income statements and included in the cost of sales during the year was £35,000 (2016:£10,300).

**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**15. Debtors amounts falling due within one year**

	2017 £000	2016 £000
Trade debtors	6,223	5,114
Amounts owed by group undertakings	24	126
Other debtors	212	263
Deferred tax	312	-
	<u>6,771</u>	<u>5,503</u>

Deferred tax balances stated above includes the amount of £166,000 (2016: Nil) which is recoverable after 12 months period.

**16. Creditors: amounts falling due within one year**

	2017 £000	2016 £000
Bank overdrafts	-	157
Trade creditors	3,796	2,045
Amounts owed to group undertakings	2,982	863
Other taxation and social security	867	688
Accruals and deferred income	350	1,349
	<u>7,995</u>	<u>5,102</u>

**17. Financial instruments**

	2017 £000	2016 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,319	561
Financial assets measured at amortised cost	6,459	5,503
	<u>7,778</u>	<u>6,064</u>

Notes to the financial statements  
For the year ended 31 December 2017

---

Financial instruments (continued)

Financial liabilities

Financial liabilities measured at amortised cost	(7,128)	(4,414)
	<u>(7,128)</u>	<u>(4,414)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial Liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, accruals and deferred income and bank overdraft



**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**18. Deferred taxation**

	2017	2016
	£000	£000
At beginning of year	-	99
Credited/(charged) to the profit/(loss)	312	(99)
<b>At end of year</b>	<b>312</b>	<b>-</b>

The deferred tax assets/(liabilities) is made up as follows:

	2017	2016
	£000	£000
Accelerated capital allowances	(9)	(13)
Tax losses carried forward	321	13
<b>Net deferred tax assets/(liabilities)</b>	<b>312</b>	<b>-</b>

A deferred tax asset has been recognised due to the expected utilisation of carried forward tax losses on forecast future profits. The deferred tax asset has not been recognised in full because management do not consider it more likely than not that all of the timing differences will reverse in the foreseeable future.

Unrecognised deferred tax for the year amounted to £1,734,640 (2016: £1,894,321), which made up by £163,020 (2016: £256,190) of timing difference and £1,571,620 (2016: 1,638,131) of Trading loss

**19. Share capital**

	2017	2016
	£000	£000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
8,519,911- Ordinary shares shares of £1 each	8,520	8,520
300,000- Redeemable shares shares of £1 each	300	300
	<b>8,820</b>	<b>8,820</b>

The redeemable shares of £1 each are redeemable at the option of the company at any time by giving at least thirty days' notice to the holders of those shares. In all other respects, these shares rank pari passu with the ordinary shares.

**Notes to the financial statements**  
**For the year ended 31 December 2017**

---

**20. Reserves****Capital redemption reserve**

This reserve records the nominal value of shares repurchased by the company.

**21. Pension commitments***Defined contribution stakeholder plan*

The company operates a defined contribution stakeholder plan. The scheme funds are administered by trustees, and are independent of the company's finances. Contributions paid to this scheme during 2017 amounted to £128,000 (2016: £144,000) and amounts included in other creditors is £nil (2016: £nil).

The Company operates a Defined benefit pension scheme.

With effect from 1 January 2000 Van Leeuwen Tubes Limited transferred its trade and associated assets and liabilities to Van Leeuwen Limited. The company has provided written confirmation to Van Leeuwen Tubes Limited that it will take responsibility for any further funding requirements for the Van Leeuwen Tubes pension scheme and as a result of this the pension scheme is accounted for in Van Leeuwen Limited.

Van Leeuwen Limited and Van Leeuwen Tubes Limited (the 100% parent company of Van Leeuwen Limited) are both sponsoring employers of the Van Leeuwen Tubes pension scheme. To protect the pension rights of the participants Van Leeuwen Tubes remains the guarantor for all liabilities towards the scheme.

The scheme is funded by the payment of contributions to a separately administered fund. This scheme is closed to new members and to future accrual.

Pension costs are determined with the advice of an independent qualified actuary on the basis of a triennial valuation using the projected unit method. The latest actuarial valuation of the scheme was carried out at 31 December 2016 and updated by the actuary to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2017. The assumptions which have the most significant effect on the results of the valuation are those relating to the rates of return on investments and the rates of increase in salaries and pensions. The market value of the assets was £6,539,000 (2016: £7,437,000). The value of the assets represented 88% (2016: 83%) of the value of members' accrued benefits, after allowing for projected future increases in pensionable remuneration in respect of members in service.

During the year ended 31 December 2017 the employer made contributions of £nil (2016: £nil).

Scheme assets are stated at their market value at the respective balance sheet dates.

	2017 £000	2016 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	8,944	7,183
Interest cost	241	276
Actuarial (gain)/loss	(1,093)	1,707
Benefits paid	(695)	(222)
At the end of the year	<u>7,397</u>	<u>8,944</u>

Notes to the financial statements  
For the year ended 31 December 2017

21. Pension commitments (continued)

	2017 £000	2016 £000
<b>Reconciliation of present value of plan assets</b>		
At the beginning of the year	7,437	6,775
Interest income	198	260
Actuarial (loss)/gain	(399)	626
Contributions	-	-
Benefits paid	(695)	(222)
Administration expenses	(2)	(2)
<b>At the end of the year</b>	<b>6,539</b>	<b>7,437</b>
Composition of plan assets:		
	2017 £000	2016 £000
Equities	2,033	2,485
Gilts and bonds	658	510
Property	334	237
Other	3,514	4,205
<b>Total plan assets</b>	<b>6,539</b>	<b>7,437</b>
	2017 £000	2016 £000
Fair value of plan assets	6,539	7,437
Present value of plan liabilities	(7,397)	(8,944)
<b>Net pension scheme liability</b>	<b>(858)</b>	<b>(1,507)</b>

**Notes to the financial statements**  
**For the year ended 31 December 2017**

**21. Pension commitments (continued)**

The amounts recognised in profit/(loss) are as follows:

	2017 £000	2016 £000
Net interest on net defined benefit liability	43	16
Administration expenses	2	2
<b>Net charged to profit/(loss)</b>	<b>45</b>	<b>18</b>

The amounts recognised in other comprehensive income are as follows:

Actuarial (gain)//loss on pension liabilities	(1,093)	1,707
Return on scheme pension assets (excluding interest amount)	399	(626)
<b>Total (gain)/loss recognised in the other comprehensive income</b>	<b>(694)</b>	<b>1,081</b>

The Company expects to make £50k contribution per annual from 2018 for next 10 Years.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2017	2016
	%	%
Discount rate	2.60	2.80
Future salary increases	3.00	3.10
Future pension increases	3.20	3.30
Proportion of employees opting for early retirement	0.00	0.0
Inflation assumption	3.50	3.60
Mortality rates		
- for a male aged 65 now	22.2	24.0
- for a female aged 65 now	24.1	26.6
- for a male aged 45 now	24.0	27.1
- for a female aged 45 now	26.0	29.6

**Notes to the financial statements  
For the year ended 31 December 2017**

---

**22. Commitments under operating leases**

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than 1 year	351	375
Later than 1 year and not later than 5 years	1,197	1,408
	<u>1,548</u>	<u>1,783</u>

**23. Other financial commitments**

The company has issued guarantees of £150,000 (2016: £150,000) in favour of H M Revenue and Customs.

**24. Controlling party**

The company's immediate parent undertaking is Van Leeuwen Tubes Limited. The parent undertaking of the only group of undertakings for which group financial statements are drawn up and of which the company is a member is Van Leeuwen Pipe and Tube Group BV, a company incorporated in the Netherlands.

Van Leeuwen Pipe and Tube Group BV is considered the controlling party.

Copies of the financial statements of Van Leeuwen Pipe and Tube Group BV can be obtained from Lindtsedijk 20, P.O. Box 50, 3330 AB, Zwijndrecht, The Netherlands.