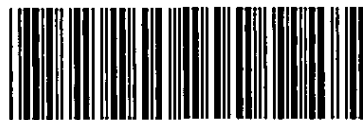


Annual Report Leengate Industrial & Welding Supplies Limited

2011

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Leengate Industrial & Welding Supplies Limited

Annual report for the year ended 31 December 2011

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Directors' report for the year ended 31 December 2011

Principal activities

The company's principal activities are and have been throughout the current and preceding year the sale and distribution of welding consumables, safety and related industrial products and equipment

Business review

The directors are pleased with the results and financial position of the company

In spite of the difficult trading environment, the company delivered positive growth in sales and net profit. The key challenges for the business continues to be the management of costs and profit margins

The directors refer to levels of turnover and gross margin as key performance indicators

The company is focussed towards improving gross profit levels and building upon its existing customer base for the following year

The directors review levels of turnover and gross margin as key performance indicators

The principal risks and uncertainties for the business relate to the current economic climate and the impact that this has on the company's customers and supply chain

Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2011 (2010 £nil)

Directors

The directors of the company during and after the period under review were

Mr A J Bridger	appointed 07 November 2011
Mr P R Dixon	resigned 05 January 2012
Mr M J Giles	
Mr R C Godley	resigned 30 September 2011
Mr S Hudson	appointed 07 November 2011
Mrs C Tuhme	appointed 09 March 2012

The directors are not subject to retirement by rotation

Political and Charitable Donations

The company made no political or charitable donations during the year

Disclosure of information to auditor

The directors holding office at the date of approval of this directors' report confirm that so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all steps that ought to have been taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

Hobsons Chartered Accountants resigned as the company's auditor during the year, KPMG LLP were appointed to fill the vacancy arising. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the Board



S Kelly
Secretary

10 September 2012

Redfield Road, Lenton, Nottingham, Nottinghamshire, NG7 2UJ

Statement of Directors' responsibilities in respect of the Directors' report and the statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations

The Companies Act 2006 (the "Act") requires the directors to prepare financial statements for each financial year and they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Pursuant to the Act, 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 judgments and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

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 Act. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Leengate Industrial & Welding Supplies Limited

We have audited the financial statements of Leengate Industrial & Welding Supplies Limited for the year ended 31 December 2011 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,

have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and

have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Leengate Industrial & Welding Supplies Limited (continued)

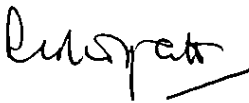
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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, 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



R I Moffatt
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
10 September 2012

Profit and loss account for the year ended 31 December 2011

	Note	2011	2010
In £			
Turnover	[2]	2,450,574	1,945,159
Cost of sales		(1,875,559)	(1,444,246)
Gross profit		575,015	500,913
Administrative expenses		(521,678)	(479,000)
Operating profit	[3]	53,337	21,913
Interest payable and similar charges	[4]	(2,271)	(1,704)
Profit on ordinary activities before taxation		51,066	20,209
Taxation	[5]	(14,225)	(9,022)
Profit for the financial year	[16]	36,841	11,187

All of the above relates to continuing operations

The company has no recognised gains and losses in the year other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been prepared

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Balance sheet as at 31 December 2011

	Note	2011	2010
In £			
Fixed assets			
Intangible assets	[9]	15,000	18,000
Tangible assets	[10]	42,759	39,107
		57,759	57,107
Current assets			
Stocks	[11]	242,661	233,927
Debtors	[12]	550,073	534,535
Cash at bank and in hand		905	615
		793,639	769,077
Creditors' amounts falling due within one year	[13]	(632,012)	(642,511)
Net current assets		161,627	126,566
Total assets less current liabilities		219,386	183,673
Creditors' amounts falling due after more than one year	[13]	(5,464)	(6,592)
Net assets		213,922	177,081
Capital and reserves			
Called up share capital	[15]	10,000	10,000
Profit and loss account		203,922	167,081
Shareholders' funds	[16]	213,922	177,081

The financial statements on pages 6 to 16 were approved by the board of directors on 10 September 2012 and were signed on its behalf by



Mrs C Fuhme
Director

Notes to the financial statements for the year ended 31 December 2011

[1] Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in the financial statements

a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The use of going concern accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern

b) Cash flow statement

The company is a 100% owned subsidiary of Linde AG, and is included in the consolidated financial statements of Linde AG, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (revised 1996)

The principal accounting policies are set out below

c) Revenue recognition

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

d) Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

e) Intangible fixed assets

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

f) Taxation

The charge for taxation is based on the result for the year. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on enacted or substantially enacted tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in different periods from those in which they are included in the financial statements

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

g) Pensions

The company operates a defined contribution scheme. Contributions for the defined contribution scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

h) Dividends

Final dividends proposed by the board of directors and unpaid at the year end are not recognised in the financial statements until they have been approved by a resolution of the company's members

i) Stock

Stock is valued at the lower of cost and net realisable value. Cost comprises purchase price. Net realisable value means estimated selling price less all further costs to be incurred in marketing, selling and distribution

j) Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the net profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

k) Fixed asset

Tenant Improvements	Straight line over 10 years
Plant and machinery	15% reducing balance
Fixtures, fittings and equipment	25% straight line/ 15% reducing balance
Motor vehicles	20% straight line new commercial vehicles/ 25% reducing balance other motor vehicles

[2] Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

[3] Operating profit

[1] Operating profit is stated after charging/(crediting) the following items

In £	2011	2010
Staff costs [note 8]	264,872	239,682
Operating lease charges		
Land and buildings	30,074	32,849
Motor vehicles	13,934	7,121
Depreciation and other amounts written off tangible fixed assets	15,115	19,157
Profit on disposal of tangible fixed assets	726	1,279
Amortisation and other amounts written off intangible assets	3,000	3,000
Audit of financial statements and other services	3,999	4,650

[4] Interest

Interest payable and similar charges		
In £	2011	2010
Bank interest	910	1,499
Hire purchase interest paid	1,361	205
	<u>2,271</u>	<u>1,704</u>

[5] Tax on profit on ordinary activities

In £	2011	2010
a) Analysis of charge in year		
Current tax		
Adjustment in respect of previous years	(1)	(8,172)
Group relief	20,794	17,194
	<u>20,793</u>	<u>9,022</u>
Deferred tax		
Origination and reversal of timing differences	(5,041)	-
Adjustment to tax charge in respect of previous year	(1,528)	-
Total deferred tax - see [note 14]	<u>(6,569)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>14,225</u>	<u>9,022</u>
b) factors affecting tax for the year		
The tax assessed for the year is different to the rate of corporation tax in the UK of 26.5% (2010 28%)		
The differences are explained below		
Profit on ordinary activities before taxation	51,066	20,209
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 26.5% (2010 28%)	13,532	5,659
Effects of		
Expenses not deductible for tax purposes	1,726	1,177
Depreciation for period in excess of capital allowances	723	2,186
Short term timing differences	4,813	-
Adjustment to tax charge in respect of previous year	(1)	-
Current tax charge for the year (as above)	<u>20,793</u>	<u>9,022</u>

c) Factors that may affect future tax charges

On 23 March 2011, the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 26% with effect from 1 April 2011 and 25% from 1 April 2012. This tax change became substantively enacted on 5 July 2011 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2011 has been included in the figures above.

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24 per cent with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate change would create a reduction in the deferred tax asset of £263. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

[6] Dividends

There were no dividends paid during the financial year (2010 £nil)

[7] Directors emoluments

Certain directors of the company are employed as managers or directors by Industrial Supplies & Services Limited or BOC Limited and are remunerated by the relevant company in respect of their services to the Group as a whole. Their emoluments are dealt with in the accounts of Industrial Supplies & Services Limited or BOC Limited and are not included in any of the figures in this note. The emoluments of other directors directly employed by the Company were

In £	2011	2010
Remuneration and other emoluments	59,624	51,938
Pension contributions	2,071	1,997
	61,695	53,935

[8] Employees**[a] Average number of employees**

The average monthly number of persons (including executive directors) employed by the company during the year was

	2011	2010
Management and sales	10	9

[b] Employment costs

In £	2011	2010
Wages and salaries	231,090	209,988
Social security costs	26,547	23,527
Pension costs	7,235	6,167
	264,872	239,682

[9] Intangible assets

In £	Goodwill
Cost	
At 1 January 2011 and 31 December 2011	97,500
Amortisation	
At 1 January 2011	79,500
Amortised during the year	3,000
At 31 December 2011	82,500
Net book value	
At 31 December 2011	15,000
At 1 January 2011	18,000

In 2005 the company acquired the trade and assets of 3 Shires Cutting & Welding Limited. The goodwill balance is deemed to have a useful economic life of 10 years and is therefore being amortised over this period.

[10] Tangible assets

In £	Tenants improvements	Plant and Machinery	Fixtures, fittings and equipment	Motor vehicles	Total
Cost					
At 1 January 2011	24,247	22,564	45,438	51,580	143,829
Additions	-	-	3,491	16,550	20,041
Disposals	-	-	-	(15,295)	(15,295)
At 31 December 2011	24,247	22,564	48,929	52,835	148,575
Depreciation					
At 1 January 2011	20,148	19,867	32,935	31,772	104,722
Charge for the year	791	404	3,352	10,568	15,115
Disposals	-	-	-	(14,021)	(14,021)
At 31 December 2011	20,939	20,271	36,287	28,319	105,816
Net book value					
At 31 December 2011	3,308	2,293	12,642	24,516	42,759
At 1 January 2011	4,099	2,697	12,503	19,808	39,107

Included above are assets held under finance leases. Motor vehicles NBV £24,516 (2010 - £13,649). Depreciation Charge £5,683 (2010 - £976).

[11] Stocks

In £	2011	2010
Finished goods and goods for resale	242,661	233,927

[12] Debtors

In £	2011	2010
Amounts falling due within one year		
Trade debtors	494,280	477,788
Amounts owed by group undertakings	36,574	44,122
Other debtors	12,650	12,625
Deferred tax - see [note 14]	6,569	-
	550,073	534,535

[13] Creditors

In £	2011	2010
Amounts falling due within one year		
Bank loans and overdrafts	99,837	226,061
Net obligations under finance leases and hire purchase contracts	10,098	4,843
Trade creditors	388,425	280,103
Amounts owed to group undertakings	84,229	86,111
Other taxes and social security costs	33,171	34,392
Other creditors	16,252	11,001
	632,012	642,511

Bank overdrafts are secured by a fixed charge over book debts. In addition Industrial Supplies and Services Limited, the parent company, has given a guarantee limited to £150,000.

Hire purchase contract liabilities are secured over the assets to which they relate.

Interest is charged on bank loans and overdrafts at an average rate of 2%.

In £	2011	2010
Amounts falling due after more than one year		
Net obligations under finance leases and hire purchase contracts	5,464	6,592

In £	2011	2010
Finance lease and hire purchase obligations		
Within one year or on demand	10,098	4,843
Within two and five years	5,464	6,592
Total	15,562	11,435

[14] Deferred tax

In £	2011	2010
Arising from accelerated capital allowances	(2,028)	-
Other short term timing differences	(4,541)	-
	(6,569)	-
At 1 January	-	-
Deferred tax credit- see [note 5]	(6,569)	-
At 31 December - see [note 12]	(6,569)	-

[15] Share capital

In £	2011	2010
Authorised		
20,000 Ordinary shares of £1 each	20,000	20,000
Allotted and fully paid		
10,000 Ordinary Shares of £1 each	10,000	10,000

[16] Reconciliation of movements in shareholders' funds

In £	2011	2010
Profit for the financial year	36,841	11,187
Opening shareholders' funds	177,081	165,894
Closing shareholders' funds	213,922	177,081

[17] Pensions**Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £7,235 (2010: £6,927).

[18] Financial Commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating lease commitments expiring as follows:

	As at 31 December 2011	As at 31 December 2011	As at 31 December 2010	As at 31 December 2010
In £	Land and buildings	Other	Land and buildings	Other
Within one year	4,550	3,971	9,100	2,979
Within two to five years	21,000	10,073	21,333	10,073
Total	25,550	14,044	30,433	13,052

[19] Related party disclosures**Sale of goods**

During the year the company sold goods to associated subsidiary undertakings totalling £125,593 (2010 - £110,755)

No sale of goods were made to the immediate parent undertaking

In addition, the company received commission from an associated subsidiary undertaking totalling £1,436 (2010 - £1,237)

Purchases

During the year the company purchased goods from associated subsidiary undertakings totalling £285,016 (2010 - £181,952)

No goods were purchased from the immediate parent undertaking

All purchases and sales of goods to group companies are at cost

Management and administration charges

During the year, the company incurred management and administration charges from the immediate parent undertaking totalling £49,386 (2010 - £51,111)

Balances with related parties

In £	2011	2010
Amounts due from associated subsidiary undertakings	36,574	44,122
Split by,		
BOC Ltd	3,821	7,184
Express Industrial & Welding Supplies Limited	399	2,511
Industrial & Welding Management Ltd	23,081	17,326
Leengate Industrial & Welding Supplies (Lincoln) Ltd	7,069	11,739
Leengate Industrial & Welding Supplies (Nottingham) Ltd	-	3,399
Leengate Industrial & Welding Supplies (Cannock) Ltd	-	1,222
Other group balances	2,204	741
In £	2011	2010
Amounts due to associated subsidiary undertakings	22,234	51,070
Split by,		
BOC Ltd	1366	39
Pennine Industrial & Welding Supplies Limited	1,753	1,875
Express Industrial & Welding Supplies Limited	35,568	18,324
Industrial & Welding Management Limited	(19,671)	15,987
Welder Equipment Services Limited	2,715	2,999
Other group balances	503	11,846
In £	2011	2010
Amounts due to immediate parent undertaking	61,995	35,041

[20] Ultimate parent undertaking

The company is a 100% subsidiary of Industrial Supplies & Services Limited, a company registered in England & Wales

The ultimate parent company is Linde AG, Klosterhofstrasse 1, 80331 Munich, Germany

Linde AG is the smallest and largest group to consolidate these financial statements. Copies of Linde AG's consolidated financial statements can be obtained from that company at Klosterhofstrasse 1, 80331 Munich, Germany