

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 SEPTEMBER 1999**



REGISTERED NUMBER: 3492467

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

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LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

COMPANY INFORMATION
AT 30 SEPTEMBER 1999

DIRECTORS

R. C. Godley
G. Gill
J. Calderwood

SECRETARY

R. C. Godley

REGISTERED OFFICE

Redfield Road
Lenton
Nottingham
NG7 2UJ

AUDITORS

Hobson Phillips & Sharpe
Registered Auditors
Chartered Accountants
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

PRINCIPAL BANKERS

National Westminster Bank Plc
Smiths Branch
16 South Parade
Nottingham
NG1 2JX

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

REVIEW OF THE BUSINESS

The directors are satisfied with the results of the company.

DIRECTORS AND THEIR INTERESTS

R. C. Godley has held 250 £1 ordinary shares in Leen Gate Welding Group Limited the company's parent company for the full financial year.

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year were as follows:

		Number of Shares	
		1999	1998
R. C. Godley		-	-
G. Gill	Ordinary shares of £1 each	125	125
J. Calderwood	Ordinary shares of £1 each	125	125

Directors retired during the year:

M. J. Karkut 2nd February 1999

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

YEAR 2000 ISSUES

The directors have undertaken a review of the likely impact of the year 2000 on the company's computer systems and business. Where necessary, appropriate work is in hand to upgrade systems. The directors do not consider the costs of this work to be material.

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

DIRECTORS' REPORT

AUDITORS

Hobson Phillips & Sharpe were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985 are willing to be re-appointed.

On behalf of the board:

A handwritten signature in black ink, consisting of several overlapping loops and a trailing line, representing R. C. Godley.

R. C. Godley
Director

Date: 28th February 2000

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hobson Phillips & Sharpe
Chartered Accountants
Registered Auditors
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

Date: 28th February 2000

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

	Notes	1999 £	1998 £
TURNOVER		1,161,088	507,003
Cost of sales		929,281	366,815
GROSS PROFIT		231,807	140,188
Administrative expenses		227,654	137,928
OPERATING PROFIT	2	4,153	2,260
Interest payable and similar charges	3	(11,533)	(2,548)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,380)	(288)
Tax on loss on ordinary activities	4	(885)	(1,016)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(8,265)	(1,304)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two financial years.

The notes on pages 7 to 13 form part of these financial statements.

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED**BALANCE SHEET
AT 30 SEPTEMBER 1999**

	Notes	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	7		29,655		42,643
CURRENT ASSETS					
Stocks	8	129,378		95,254	
Debtors	9	451,122		240,684	
Cash at bank and in hand		1,246		523	
		<u>581,746</u>		<u>336,461</u>	
CREDITORS: amounts falling due within one year					
	10	<u>(618,148)</u>		<u>(372,313)</u>	
NET CURRENT LIABILITIES			(36,402)		(35,852)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(6,747)</u>		<u>6,791</u>
CREDITORS: amounts falling due after more than one year					
	11		<u>(1,822)</u>		<u>(7,095)</u>
NET LIABILITIES			<u>(8,569)</u>		<u>(304)</u>
CAPITAL AND RESERVES					
Called up share capital	13		1,000		1,000
Profit and loss account	14		<u>(9,569)</u>		<u>(1,304)</u>
TOTAL SHAREHOLDERS' FUNDS			<u>(8,569)</u>		<u>(304)</u>

Approved by the board of directors on 28th February 2000 and signed on its behalf by:



R. C. Godley
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

1. STATEMENT OF ACCOUNTING POLICIES

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

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Tenant's improvements to property	Straight line over the 6 year term of the lease
Plant and machinery	20% reducing balance
Office furniture and fittings	15% reducing balance
Office equipment	25% straight line
Motor vehicles	25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost comprises purchase price only.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999****2. OPERATING PROFIT**

Operating profit	1999	1998
	£	£
After charging:		
Depreciation of fixed assets	4,875	4,233
Depreciation of leased assets	3,529	2,823
Loss on disposal of tangible assets	1,084	-
Auditors' remuneration	3,100	2,600
Operating lease rentals		
Land and buildings	15,680	9,803
Motor vehicles	10,847	4,034

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
On bank loans and overdrafts	10,995	1,960
Lease finance charges and hire purchase interest	538	588
	<u>11,533</u>	<u>2,548</u>

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	1999	1998
	£	£
The taxation charge comprises:		
Corporation tax at 30/31% (1998 - 31%)	867	1,016
Adjustment in respect of prior years	18	-
	<u>885</u>	<u>1,016</u>

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1999	1998
	£	£
Staff costs		
Wages and salaries	109,116	72,408
Social security costs	10,684	6,256
Other pension costs	138	-
	<u>119,938</u>	<u>78,664</u>

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

5. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)

	1999 No.	1998 No.
The average number of employees during the year was made up as follows:		
Management and sales	6	5
	<u>6</u>	<u>5</u>
	1999 £	1998 £
Directors' emoluments		
Emoluments	68,408	39,482
	<u>68,408</u>	<u>39,482</u>

6. PENSION COSTS

Money purchase (defined contribution) pension scheme

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £138 (1998: £nil).

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:					
At 1 Oct. 98	15,100	1,160	10,999	22,440	49,699
Disposals	-	-	-	(5,500)	(5,500)
At 30 Sep. 99	15,100	1,160	10,999	16,940	44,199
Depreciation:					
At 1 Oct. 98	1,678	154	1,485	3,739	7,056
Charge for year	2,520	201	2,154	3,529	8,404
On disposals	-	-	-	(916)	(916)
At 30 Sep. 99	4,198	355	3,639	6,352	14,544
Net book value:					
At 30 Sep. 99	10,902	805	7,360	10,588	29,655
At 30 Sep. 98	13,422	1,006	9,514	18,701	42,643
	<u>10,902</u>	<u>805</u>	<u>7,360</u>	<u>10,588</u>	<u>29,655</u>
	<u>13,422</u>	<u>1,006</u>	<u>9,514</u>	<u>18,701</u>	<u>42,643</u>
	1999 £				1998 £
Analysis of net book value of land and buildings:					
Tenant's improvements to property	10,902				13,422
	<u>10,902</u>				<u>13,422</u>

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999****7. TANGIBLE FIXED ASSETS - (continued)**

Included above are assets held under finance leases or hire purchase contracts as follows:

	1999 £	1998 £
Net book values:		
Motor vehicles	10,588	15,176

8. STOCKS

	1999 £	1998 £
Finished goods and goods for resale	129,378	95,254

9. DEBTORS

	1999 £	1998 £
Trade debtors	343,397	213,893
Amounts owed by group undertakings	102,344	24,980
Other debtors	5,381	1,811
	451,122	240,684

10. CREDITORS: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	180,161	97,268
Net obligations under finance leases and hire purchase contracts	5,273	4,987
Trade creditors	290,221	184,174
Amounts owed to group undertakings	111,777	71,595
Corporation tax	867	1,016
Other taxes and social security costs	21,749	3,773
Other creditors	8,100	9,500
	618,148	372,313

Bank overdrafts amounting to £180,161 (1998 £97,268) are secured by a charge over book debts.

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

11. CREDITORS: amounts falling due after more than one year

	1999	1998
	£	£
Net obligations under finance leases and hire purchase contracts	<u>1,822</u>	<u>7,095</u>

12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1999	1998
	£	£
The company's net obligations are repayable as follows:		
Within one year or on demand	5,273	4,987
In two to five years	<u>1,822</u>	<u>7,095</u>
	<u>7,095</u>	<u>12,082</u>
	7,095	12,082
Included in current liabilities	<u>(5,273)</u>	<u>(4,987)</u>
	<u>1,822</u>	<u>7,095</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

13. SHARE CAPITAL

	1999	1998
	£	£
Authorised:		
Equity interests:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Equity interests:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14. PROFIT AND LOSS ACCOUNT

	1999	1998
	£	£
(Accumulated loss) / Retained profit as at 1 October 1998	(1,304)	-
Loss for the year	<u>(8,265)</u>	<u>(1,304)</u>
Accumulated loss as at 30 September 1999	<u>(9,569)</u>	<u>(1,304)</u>

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Loss for the year	(8,265)	(1,304)
Opening shareholders' funds	(304)	1,000
Closing shareholders' funds	<u>(8,569)</u>	<u>(304)</u>
Represented by:-		
Equity interests	<u>(8,569)</u>	<u>(304)</u>

16. RELATED PARTY DISCLOSURES

The following transactions with related parties occurred during the year.

Related parties charge	Sales	Purchases	Administration
Intermediate parent undertakings	£Nil	£Nil	£8,000
Fellow subsidiary	£191,093	£195,445	£Nil

During the year the company has paid £10,847 to its intermediate parent company for motor vehicle leasing costs.

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

At 30th September 1999 there were the following balances with related parties:

Amounts owed by fellow subsidiary undertakings	£101,594
Amounts due to fellow subsidiary undertakings	£79,808
Amounts due to intermediate parent undertaking	£31,969
Amounts owed by intermediate parent undertakings	£750

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

17. REVENUE COMMITMENTS

At the year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Within one year	-	-	-	1,834
More than one year and less than five years	-	-	10,622	-
More than five years	15,680	15,680	-	-
	<u>15,680</u>	<u>15,680</u>	<u>10,622</u>	<u>1,834</u>

18. ULTIMATE PARENT COMPANY

The company is a 75% subsidiary of Leen Gate Welding Group Limited, a company registered in England & Wales.

The ultimate parent company is The BOC Group plc, a company registered in England and Wales.