

Leengate Industrial & Welding Supplies (Scotland) Limited

Directors' report and financial statements

for the year ended 31 December 2007

**Hobsons
Chartered Accountants
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY**

FRIDAY



ANW3E48M

A74

24/10/2008

28

COMPANIES HOUSE

Leengate Industrial & Welding Supplies (Scotland) Limited

Company information

Directors	R C Godley G Gill J Calderwood P J Chapman R Walker
Secretary	R C Godley
Company number	3492467
Registered office	Redfield Road Lenton Nottingham NG7 2UJ
Registered Auditors	Hobsons Alexandra House 43 Alexandra Street Nottingham NG5 1AY
Bankers	National Westminster Bank Plc Smiths Branch 16 South Parade Nottingham NG1 2JX

Leengate Industrial & Welding Supplies (Scotland) Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 16

Leengate Industrial & Welding Supplies (Scotland) Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the financial statements for the year ended 31 December 2007

Principal activity and review of the business

The principal activity of the company in the year under review was that of selling welding supplies and equipment, and associated repair work

The directors are very pleased with the continuing profitability of the company and with its financial position at the end of the year. The directors do not expect there to be any major changes in this regard in the forthcoming year. The directors are of the opinion that an understanding of the development and performance of the business is evident from these financial statements and that analysis using key performance indicators is not necessary for this understanding. The directors have concluded that this is a reasonable view having regard to the size and complexity of the business.

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of a final dividend

Directors

The directors who served during the year are as stated below

R C Godley
G Gill
J Calderwood
P J Chapman
R Walker

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Leengate Industrial & Welding Supplies (Scotland) Limited

**Directors' report
for the year ended 31 December 2007**

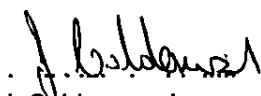
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Board on 21-10-08 and signed on its behalf by


J Calderwood
Director

Leengate Industrial & Welding Supplies (Scotland) Limited

Independent auditors' report to the shareholders of Leengate Industrial & Welding Supplies (Scotland) Limited

We have audited the financial statements of Leengate Industrial & Welding Supplies (Scotland) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Leengate Industrial & Welding Supplies (Scotland) Limited

Independent auditors' report to the shareholders of Leengate Industrial & Welding Supplies (Scotland)

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 that 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**Hobsons
Chartered Accountants and
Registered Auditors
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY**

22 October 2008

Leengate Industrial & Welding Supplies (Scotland) Limited

**Profit and loss account
for the year ended 31 December 2007**

		Continuing operations	
		Year ended 31/12/07	Period ended 31/12/06
	Notes	£	£
Turnover	2	3,305,891	3,935,505
Cost of sales		(2,448,598)	(2,862,646)
Gross profit		<u>857,293</u>	<u>1,072,859</u>
Administrative expenses		(640,994)	(786,402)
Operating profit	3	216,299	286,457
Interest payable and similar charges	5	(3,678)	(7,774)
Profit on ordinary activities before taxation		<u>212,621</u>	<u>278,683</u>
Tax on profit on ordinary activities	8	(74,400)	(94,131)
Profit for the year	16	<u>138,221</u>	<u>184,552</u>
Retained profit brought forward		448,073	263,521
Retained profit carried forward		<u><u>586,294</u></u>	<u><u>448,073</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years

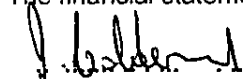
The notes on pages 8 to 16 form an integral part of these financial statements

Leengate Industrial & Welding Supplies (Scotland) Limited

**Balance sheet
as at 31 December 2007**

		31/12/07		31/12/06	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9		65,010		76,780
Tangible assets	10		56,605		49,512
			<u>121,615</u>		<u>126,292</u>
Current assets					
Stocks	11	306,785		294,306	
Debtors	12	770,184		857,476	
Cash at bank and in hand		1,125		537	
		<u>1,078,094</u>		<u>1,152,319</u>	
Creditors amounts falling due within one year	13	(607,444)		(828,400)	
Net current assets			<u>470,650</u>		<u>323,919</u>
Total assets less current liabilities			592,265		450,211
Creditors amounts falling due after more than one year	14		(4,971)		(1,138)
Net assets			<u>587,294</u>		<u>449,073</u>
Capital and reserves					
Called up share capital	15		1,000		1,000
Profit and loss account	16		586,294		448,073
Shareholders' funds	17		<u>587,294</u>		<u>449,073</u>

The financial statements were approved by the Board on 21-10-08 and signed on its behalf by



J Calderwood
Director

The notes on pages 8 to 16 form an integral part of these financial statements

Leengate Industrial & Welding Supplies (Scotland) Limited

**Cash flow statement
for the year ended 31 December 2007**

	Notes	Year ended 31/12/07 £	Period ended 31/12/06 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		216,299	286,457
Depreciation		29,478	36,828
(Increase) in stocks		(12,479)	65,592
Decrease in debtors		87,292	32,354
(Decrease) in creditors		(231,082)	(268,561)
Net cash inflow from operating activities		<u>89,508</u>	<u>152,670</u>
Cash flow statement			
Net cash inflow from operating activities		89,508	152,670
Returns on investments and servicing of finance	21	(3,678)	(7,774)
Taxation	21	(86,327)	(42,637)
Capital expenditure	21	(15,032)	(5,271)
Increase in cash in the year		<u>(15,529)</u>	<u>96,988</u>
Reconciliation of net cash flow to movement in net debt (Note 22)			
Increase in cash in the year		(15,529)	96,988
New finance leases and hire purchase contracts		(9,770)	(4,390)
Movement in net debt in the year		(25,299)	92,598
Net debt at 1 January 2007		(56,753)	(149,351)
Net debt at 31 December 2007		<u>(82,052)</u>	<u>(56,753)</u>

Leengate Industrial & Welding Supplies (Scotland) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

The company has consistently applied all relevant accounting standards

1.2 Turnover

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

1.3 Goodwill

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

1.4 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Land and buildings	-	Straight line over 6 years
Plant and machinery	-	20% reducing balance
Fixtures, fittings and equipment	-	25% straight line/15% Reducing Balance
Motor vehicles	-	20% straight line new commercial vehicles/25% reducing balance other vehicles

1.5. 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 profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

1.6 Stock

Stock is valued at the lower of cost and net realisable value

Cost comprises purchase price or direct production cost together with attributable production and other overhead

Net realisable value means estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling & distribution

1.7 Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year

Leengate Industrial & Welding Supplies (Scotland) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

2 Turnover

	Year ended 31/12/07 £	Period ended 31/12/06 £
Geographical market		
UK	3,294,722	3,535,347
Rest of the World	11,169	400,158
	<u>3,305,891</u>	<u>3,935,505</u>

3 Operating profit

	Year ended 31/12/07 £	Period ended 31/12/06 £
Operating profit is stated after charging		
Depreciation and other amounts written off intangible assets	11,770	14,713
Depreciation and other amounts written off tangible assets	15,846	19,115
Loss on disposal of tangible fixed assets	1,862	3,000
Operating lease rentals		
- Land and buildings	41,632	38,879
- Motor vehicles	11,695	12,639
Auditors' remuneration (Note 4)	4,255	4,500
and after crediting	<u></u>	<u></u>

4 Auditors' remuneration

	Year ended 31/12/07 £	Period ended 31/12/06 £
Auditors' remuneration - audit of the financial statements	<u>4,255</u>	<u>4,500</u>

5 Interest payable and similar charges

	Year ended 31/12/07 £	Period ended 31/12/06 £
Interest payable on loans < 1 yr	2,163	7,217
Hire purchase interest	1,283	557
On overdue tax	232	-
	<u>3,678</u>	<u>7,774</u>

Leengate Industrial & Welding Supplies (Scotland) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

6 Employees

	Year ended 31/12/07 Number	Period ended 31/12/06 Number
Number of employees		
The average monthly numbers of employees (including the directors) during the year was		

Management and sales	<u>15</u>	<u>16</u>
----------------------	-----------	-----------

	31/12/07 £	31/12/06 £
Employment costs		
Wages and salaries	310,696	397,486
Social security costs	27,822	41,021
Pension costs-other operating charge	8,957	11,264
	<u>347,475</u>	<u>449,771</u>

	Year ended 31/12/07 £	Period ended 31/12/06 £
6.1 Directors' emoluments		
Remuneration and other emoluments	115,311	129,822
Pension contributions	6,928	4,669
	<u>122,239</u>	<u>134,491</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>

7 Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £8,957 (2006 - £11,264).

Leengate Industrial & Welding Supplies (Scotland) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

8 Tax on profit on ordinary activities

	Year ended 31/12/07 £	Period ended 31/12/06 £
Analysis of charge in period		
Current tax		
UK corporation tax	73,201	94,133
Adjustments in respect of previous periods	(81,654)	(60,004)
Group relief	82,853	60,002
	<u>74,400</u>	<u>94,131</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>212,621</u>	<u>278,683</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2006 30%)	63,786	83,605
Effects of		
Expenses not deductible for tax purposes	5,589	6,332
Depreciation for period in excess of capital allowances	3,826	4,196
Adjustments to tax charge in respect of previous periods	1,199	(2)
Current tax charge for period	<u>74,400</u>	<u>94,131</u>

9 Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 January 2007	<u>117,700</u>	<u>117,700</u>
At 31 December 2007	<u>117,700</u>	<u>117,700</u>
Provision for diminution in value		
At 1 January 2007	40,920	40,920
Charge for year	11,770	11,770
At 31 December 2007	<u>52,690</u>	<u>52,690</u>
Net book values		
At 31 December 2007	<u>65,010</u>	<u>65,010</u>
At 31 December 2006	<u>76,780</u>	<u>76,780</u>

Leengate Industrial & Welding Supplies (Scotland) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

10	Tangible fixed assets	Tenants improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
	Cost					
	At 1 January 2007	22,600	6,184	40,903	53,300	122,987
	Additions	-	-	5,004	30,590	35,594
	Disposals	-	-	-	(27,266)	(27,266)
	At 31 December 2007	<u>22,600</u>	<u>6,184</u>	<u>45,907</u>	<u>56,624</u>	<u>131,315</u>
	Depreciation					
	At 1 January 2007	18,537	4,247	23,146	27,545	73,475
	On disposals	-	-	-	(14,612)	(14,612)
	Charge for the year	1,250	388	5,325	8,884	15,847
	At 31 December 2007	<u>19,787</u>	<u>4,635</u>	<u>28,471</u>	<u>21,817</u>	<u>74,710</u>
	Net book values					
	At 31 December 2007	<u>2,813</u>	<u>1,549</u>	<u>17,436</u>	<u>34,807</u>	<u>56,605</u>
	At 31 December 2006	<u>4,063</u>	<u>1,937</u>	<u>17,757</u>	<u>25,755</u>	<u>49,512</u>

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

	31/12/07		31/12/06	
Asset description	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>31,071</u>	<u>7,638</u>	<u>7,610</u>	<u>2,030</u>
11 Stocks			31/12/07 £	31/12/06 £
Finished goods and goods for resale			<u>306,785</u>	<u>294,306</u>
12 Debtors			31/12/07 £	31/12/06 £
Trade debtors			754,668	837,449
Amounts owed by group undertakings			1,460	4,006
Other debtors			14,056	16,021
			<u>770,184</u>	<u>857,476</u>

Leengate Industrial & Welding Supplies (Scotland) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

13	Creditors amounts falling due within one year	31/12/07	31/12/06
		£	£
	Bank overdraft	69,017	52,900
	Net obligations under finance leases and hire purchase contracts	9,189	3,252
	Trade creditors	328,656	563,667
	Amounts owed to group undertaking	115,301	98,080
	Corporation tax	49,559	61,486
	Other taxes and social security costs	29,400	39,799
	Other creditors	6,322	9,216
		<u>607,444</u>	<u>828,400</u>

Bank overdrafts amounting to £69,017 (2006 £52,900) are secured by a charge over book debts. In addition Leengate Welding Group Limited, the parent company, has given a guarantee limited to £200,000.

14	Creditors amounts falling due after more than one year	31/12/07	31/12/06
		£	£
	Net obligations under finance leases and hire purchase contracts	<u>4,971</u>	<u>1,138</u>

15	Share capital	31/12/07	31/12/06
		£	£
	Authorised equity		
	1,000 Ordinary shares of 1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid equity		
	1,000 Ordinary shares of 1 each	<u>1,000</u>	<u>1,000</u>

16	Equity Reserves	Profit and loss account	Total
		£	£
	At 1 January 2007	448,073	448,073
	Profit for the year	<u>138,221</u>	<u>138,221</u>
	At 31 December 2007	<u>586,294</u>	<u>586,294</u>

Leengate Industrial & Welding Supplies (Scotland) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

17	Reconciliation of movements in shareholders' funds	31/12/07 £	31/12/06 £
	Profit for the year	138,221	184,552
	Opening shareholders' funds	449,073	264,521
	Closing shareholders' funds	<u>587,294</u>	<u>449,073</u>

18 Financial commitments

At 31 December 2007 the company had annual commitments under operating leases as follows

	Land and buildings		Other	
	31/12/07 £	31/12/06 £	31/12/07 £	31/12/06 £
Expiry date				
Within one year	-	-	10,469	-
Between one and five years	31,000	31,000	-	10,469
	<u>31,000</u>	<u>31,000</u>	<u>10,469</u>	<u>10,469</u>

Leengate Industrial & Welding Supplies (Scotland) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

19 Related party transactions

The following transactions with related parties occurred during the year

Related parties	Sales	Purchases	Management & Administration charges
Intermediate parent undertaking	£Nil	£Nil	£67,297
	(31 December 2006 £Nil)	(2006 £Nil)	(2006 £55,000)
Fellow subsidiary undertakings	£34,183	£232,773	£Nil
	(31 December 2006 £53,882)	(2006 £299,368)	(2006 £Nil)

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

During the year the company sold a motor vehicle to fellow subsidiary undertakings at a cost of £7,290

The company had the following balances with related parties

	2007	2006
Amounts owed by intermediate parent undertakings	£94	£Nil
Amounts owed by fellow subsidiary undertakings	£1,366	£4,006
Amounts owed to intermediate parent undertakings	£96,421	£44,052
Amounts owed to fellow subsidiary undertakings	£18,880	£54,028

20 Ultimate parent undertaking

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

The ultimate parent company is Linde AG, Leopoldstrasse 252, 80807 Munich, Germany

Leengate Industrial & Welding Supplies (Scotland) Limited

Notes to the financial statements
for the year ended 31 December 2007

21 Gross cash flows

	31/12/07 £	31/12/06 £
Returns on investments and servicing of finance		
Interest paid	(3,678)	(7,774)
Taxation		
Corporation tax paid	(86,327)	(42,637)
Capital expenditure		
Payments to acquire tangible assets	(25,824)	(18,494)
Receipts from sales of tangible assets	10,792	13,223
	<u>(15,032)</u>	<u>(5,271)</u>

22 Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	537	588		1,125
Overdrafts	(52,900)	(16,117)		(69,017)
	<u>(52,363)</u>	<u>(15,529)</u>		<u>(67,892)</u>
Finance leases and hire purchase contracts	(4,390)	-	(9,770)	(14,160)
Net funds	<u>(56,753)</u>	<u>(15,529)</u>	<u>(9,770)</u>	<u>(82,052)</u>