

Annual Report
Leen Gate Industrial & Welding
Supplies (Scotland) Limited

2016

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Leen Gate Industrial & Welding Supplies (Scotland) Limited

Annual report and financial statements for the year ended 31 December 2016

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Directors' Report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Principal activities

The company's principal activities are and have been throughout the current and preceding year the sale and distribution of welding consumables and equipment.

Business review

Due to the difficult trading environment, sales and profit margins decreased during the year under review. Overall, the company remains strong and is focused on improving profit levels and building upon its existing customer base.

The directors refer to levels of turnover, profit margins and net asset value as the company's key performance indicators.

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

Dividend

An interim dividend of £250,000 was paid on the company's ordinary £1.00 shares on 22 December 2016 (2015: £100,000).

The directors do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: £nil).

Directors

The directors of the company during and after the year under review were:

Mr J. Bland	Resigned 21 December 2016
Mr A.J. Bridger	Resigned 30 June 2016
Mr G. Gill	
Mr S. Hudson	Resigned 30 June 2016
Mrs S Williams	Appointed 21 December 2016

The directors are not subject to retirement by rotation.

Strategic Report

The company was entitled to an exemption from disclosing a strategic report pursuant to Section 414A(2) of the Companies Act 2006 for the year ended 31 December 2016.

Political contributions

The company made no political or charitable donations during the year.

Directors' report for the year ended 31 December 2016 (continued)

Disclosure of information to auditor

The directors holding office at the date of approval of this Director's 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

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board


S Kelly
Secretary

27 October 2017

10 Priestley Road, Surrey Research Park, Guildford, Surrey, GU2 7XY

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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 LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

We have audited the financial statements of Leen Gate Industrial & Welding Supplies (Scotland) Limited for the year ended 31 December 2016 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), including FRS 101 *Reduced Disclosure Framework*.

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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEEN
GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED**
(continued)

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Matthew Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

31 October 2017

Profit and loss account for the year ended 31 December 2016

	Note	2016	2015
Turnover	[2]	2,442,826	3,193,004
Cost of sales		(1,782,597)	(2,365,231)
Gross profit		660,229	827,773
Administrative expenses	[3]	(606,697)	(702,352)
Operating Profit		53,532	125,421
Profit on ordinary activities before taxation		53,532	125,421
Tax on profit on ordinary activities	[4]	(10,889)	68,470
Profit for the financial year		42,643	193,891

The notes on pages 9 to 16 form an integral part of the financial statements.

All of the above relates to continuing operations.

The company has no items of other comprehensive income in the year other than those included in the profit and loss account above and therefore no separate statement of comprehensive income has been prepared.

Balance sheet as at 31 December 2016

	Note	2016	2015
Fixed assets			
Tangible assets	[8]	25,200	34,658
		<u>25,200</u>	<u>34,658</u>
Current assets			
Stocks	[9]	251,568	294,761
Debtors: amounts falling due within one year	[10]	501,173	551,257
Cash at bank and in hand		316,457	405,576
		<u>1,069,198</u>	<u>1,251,594</u>
Creditors: amounts falling due within one year	[11]	(473,117)	(457,614)
Net current assets		<u>596,081</u>	<u>793,980</u>
Total assets less current liabilities		<u>621,281</u>	<u>828,638</u>
Net assets		<u>621,281</u>	<u>828,638</u>
Capital and reserves			
Called up share capital	[13]	1,000	1,000
Profit and loss account		620,281	827,638
Shareholders' funds		<u>621,281</u>	<u>828,638</u>

The notes on pages 9 to 16 form an integral part of the financial statements.

The financial statements on pages 6 to 16 were approved by the board of directors on 21 October 2017 and were signed on its behalf by:


 Mrs S Williams
 Director

Statement of changes in equity for the year ending 31 December 2016

	Called up share capital	Profit and loss account	Total equity
Balance at 1 January 2016	1,000	827,638	828,638
Profit	-	42,643	42,643
Total comprehensive income for the period	-	42,643	42,643
Dividends	-	(250,000)	(250,000)
Total contributions by and distributions to owners	-	(250,000)	(250,000)
Balance at 31 December 2016	1,000	620,281	621,281

	Called up share capital	Profit and loss account	Total equity
Balance at 1 January 2015	1,000	733,747	734,747
Profit	-	193,891	193,891
Total comprehensive income for the period	-	193,891	193,891
Dividends	-	(100,000)	(100,000)
Total contributions by and distributions to owners	-	(100,000)	(100,000)
Balance at 31 December 2015	1,000	827,638	828,638

The notes on pages 9 to 16 form an integral part of the financial statements.

Notes to the financial statements for the year ended 31 December 2016

[1] Accounting policies

Leen Gate Industrial & Welding Supplies (Scotland) Limited is a company incorporated in England and Wales and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Linde AG, includes the company in its consolidated financial statements. The consolidated financial statements of Linde AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Klosterhofstrasse 1, 80331 Munich, Germany.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures :

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned members of the Linde AG Group;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Linde AG include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out in this note have been applied consistently in preparing these financial statements for the year ended 31 December 2016 and the year ended 31 December 2015.

[1] Accounting policies (*continued*)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss or as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

The use of the going concern basis of 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.

1.3 Functional currency

The functional currency of Leen Gate Industrial & Welding Supplies (Scotland) Limited is sterling and the accounts are prepared using its functional currency, which is the currency of the primary economic environment in which it operates.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis or on a reducing balance basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Tenant improvements straight line over 6 years
- Plant and machinery 20% reducing balance
- Fixtures, fittings and equipment straight line over 4 years/ 15% reducing balance
- Motor vehicles straight line over 4 years/ 25% reducing balance

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

[1] Accounting policies (*continued*)

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.7 Turnover

The total turnover of the company for the year has been derived from its principal activity mainly undertaken in the UK, with some from the Rest of the World. Turnover is recognised as the total invoice value, excluding value added tax, of sales made during the year.

1.8 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

[2] Turnover

In £	2016	2015
UK	2,422,176	3,166,694
Rest of the world	20,650	26,310
	2,442,826	3,193,004

[3] Expenses and auditor's remuneration

Included in profit are the following:

In £	2016	2015
Operating lease charges:		
Land and buildings	35,949	37,500
Motor vehicles	37,587	37,468
Depreciation	6,408	7,842
Auditor's remuneration:		
Audit of these financial statements	6,600	6,288
	86,544	89,098

[4] Tax on profit on ordinary activities

In £	2016	2015
a) Analysis of (credit)/ charge in year		
UK Corporation tax		
Current tax on profits of the period	10,746	20,233
Adjustment in respect of previous years	(4)	(94,244)
	10,742	(74,011)
Deferred tax		
Origination and reversal of timing differences	(623)	5,521
Effect of changes in tax rates	770	127
Adjustment to tax charge in respect of previous year	-	(107)
Total deferred tax	147	5,541
Tax on profit on ordinary activities	10,889	(68,470)
b) Factors affecting tax for the year		
The tax assessed for the period is different to the rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:		
Profit on ordinary activities before taxation	53,532	125,421
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 20% (2015: 20.25%)	10,706	25,398
Effects of:		
Expenses not deductible for tax purposes	(583)	356
Effect of changes in tax rates	770	127
Adjustment to tax charge in respect of previous year	(4)	(94,351)
Current tax charge for the year (as above)	10,889	(68,470)

c) Factors that may affect future tax charges

The Finance (No 2) Act 2015 s7 included provisions to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016 s46 included provisions to reduce the main rate of corporation tax with effect from 1 April 2020 to 17%. The effect of these changes has been reflected in the above figures.

[5] Employee numbers

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2016	2015
Management and sales	11	14

[6] Employee costs

Employee costs		
In £	2016	2015
Wages and salaries	299,323	378,839
Social security costs	26,787	34,453
Pension costs	6,097	8,284
	332,207	421,576

[7] Directors' remuneration

In £	2016	2015
Directors' remuneration	6,400	83,349
Pension costs	242	3,034
	6,642	86,383

Certain directors of the company are employed as managers or directors by Industrial Supplies & Services Limited, Leen Gate Industrial & Welding Supplies (Scotland) 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, Leen Gate Industrial & Welding Supplies (Scotland) Limited or BOC Limited. Consequently, they have not been disclosed in this note. However, a charge is made by one or more of those companies and the remuneration disclosed above relates to charges for qualifying services performed by one or more of the company's directors.

[8] Tangible assets

a) Tangible assets					
In £	Tenants improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
Cost					
At 1 January 2016	22,600	19,876	79,224	16,210	137,910
Disposals	-	(199)	(25,057)	(16,210)	(41,466)
At 31 December 2016	22,600	19,677	54,167	-	96,444
Depreciation					
At 1 January 2016	22,600	9,127	56,223	15,302	103,252
Charged during the year	-	2,148	3,831	430	6,409
Disposals	-	(199)	(22,486)	(15,732)	(38,417)
At 31 December 2016	22,600	11,076	37,568	-	71,244
Net book value					
At 1 January 2016	-	10,749	23,001	908	34,658
At 31 December 2016	-	8,601	16,599	-	25,200

[9] Stocks

In £	2016	2015
Finished goods	251,568	294,761

[10] Debtors

In £	2016	2015
Amounts falling due within one year:		
Amounts owed by group undertakings	15,236	28,481
Trade debtors	469,011	504,737
Deferred tax asset	1,622	1,769
Prepayments and accrued income	15,304	16,270
	501,173	551,257

All intercompany loans are made on an arms length basis and attract interest at a rate equivalent to market rate. Those which are non interest bearing, or bear interest at a lower than market rate have been measured at fair value.

[11] Creditors

In £	2016	2015
Amounts falling due within one year:		
Trade creditors	308,420	288,054
Amounts owed to group undertakings	64,727	88,998
Other creditors	58,432	32,569
Corporation tax	10,742	20,233
Other taxation and social security	30,796	27,760
	473,117	457,614

All intercompany loans are made on an arms length basis and attract interest at a rate equivalent to market rate. Those which are non interest bearing, or bear interest at a lower than market rate have been measured at fair value.

[12] Deferred tax

In £	2016	2015
Arising from accelerated capital allowances	1,897	1,743
Other short term timing differences	(275)	26
Deferred tax asset	1,622	1,769
At 1 January	1,769	7,310
Deferred tax charge	(147)	(5,541)
At 31 December	1,622	1,769

[13] Capital and reserves

Share Capital		
In £	2016	2015
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

The sole holder of the ordinary shares is entitled to receive dividends as declared from time to time and is entitled to receive one vote per share at general meetings of the company.

[14] Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

In £	2016	2015
Less than one year	35,098	29,535
Between one and five years	41,803	41,488
	76,901	71,023

The company leases a number of motor vehicles under operating leases. Land and buildings have been considered separately for lease classification.

[15] Related party transactions

In accordance with FRS 101.8, the company is exempt from disclosing transactions with entities that are part of Linde AG, or investees of Linde AG qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

The following transactions and balances relate to related parties, which are not wholly owned subsidiaries.

Sale of goods

During the year the company sold goods to non-wholly owned subsidiaries totalling £891 (2015: £488).

Purchases

During the year the company purchased goods from non-wholly owned subsidiaries totalling £22,322 (2015: £23,324).

At 31 December 2016 the following balances were held;

In £	2016	2015
Amounts due from non-wholly owned associated undertakings	225	173
Split by:		
Welder Equipment Services Limited	-	173
Gaffney Industrial & Welding Supplies Limited	225	-
In £	2016	2015
Amounts due to non-wholly owned associated undertakings	2,516	5,131
Split by:		
Gaffney Industrial & Welding Supplies Limited	1,207	3,547
Welder Equipment Services Limited	1,309	1,584

[16] Ultimate parent undertaking and parent company of larger group

The company is a wholly-owned subsidiary of Industrial Supplies & Services Limited, a company registered in England & Wales.

The ultimate parent company and controlling party is Linde AG, Klosterhofstrasse 1, 80331 Munich, Germany.

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