

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

2013



# Leen Gate Industrial & Welding Supplies (Scotland) Limited

## Annual report for the year ended 31 December 2013

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## Directors' report for the year ended 31 December 2013

### Principal activities

The company's principal activity is and has been throughout the current and preceding year the sale and distribution of welding consumables and equipment.

### Business review

The directors are pleased with the results and financial position of the company as turnover and profit increased during the year, despite an increasingly competitive environment.

Overall, the results have remained strong. The company will continue to concentrate on improving profit levels and building upon its existing customer base for the following year.

The directors refer to levels of turnover and gross and net margins 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.

### Dividends

An interim dividend of £250,000 was paid on the company's ordinary £1.00 shares on 20 November 2013 (2012: £100,000 interim dividend).

The directors do not recommend the payment of a final dividend for the year ended 31 December 2013.

### Directors

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

Mr J. Bland	appointed alternate director to C. Tuhme 18 November 2013
Mr A. J. Bridger	
Mr G. Gill	
Mr S. Hudson	
Mrs C. Tuhme	

The directors are not subject to retirement by rotation.

### 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.

## Directors' report for the year ended 31 December 2013 (continued)

### Auditor

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

By order of the Board



S Kelly  
Secretary

3 September 2014

Redfield Road, Lenton, Nottingham, NG7 2UJ

## 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.

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 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 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 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 2013 set out on pages 6 to 15. 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 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 web-site at [www.frc.org.uk/auditscopeUKprivate](http://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 2013 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 Leen Gate Industrial & Welding Supplies (Scotland) 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; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.



Andrew Sills

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 The Embankment

Neville Street

Leeds

LS1 4DW

3 September 2014

**Profit and loss account for the year ended 31 December 2013**

	Note	2013	2012
In £			
Turnover	[2]	3,886,227	3,761,445
Cost of sales		(2,848,009)	(2,768,115)
Gross profit		1,038,218	993,330
Administrative expenses		(814,456)	(791,238)
Operating profit	[3]	223,762	202,092
Interest payable and similar charges	[4]	-	(6)
Profit on ordinary activities before taxation		223,762	202,086
Taxation	[5]	3,011	(56,748)
Profit for the financial year	[16]	226,773	145,338

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.

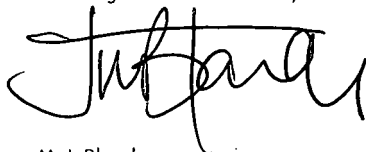
The notes on pages 8 to 15 form part of the financial statements.



## Balance sheet as at 31 December 2013

	Note	2013	2012
In £			
Fixed assets			
Intangible assets	[9]	-	6,479
Tangible assets	[10]	13,598	18,394
		13,598	24,873
Current assets			
Stocks	[11]	431,980	374,891
Debtors	[12]	993,315	734,517
Cash at bank and in hand		542,072	813,497
		1,967,367	1,922,905
Creditors: amounts falling due within one year	[13]	(871,256)	(814,842)
Net current assets		1,096,111	1,108,063
Net assets		1,109,709	1,132,936
Capital and reserves			
Called up share capital	[15]	1,000	1,000
Profit and loss account		1,108,709	1,131,936
Shareholders' funds	[16]	1,109,709	1,132,936

The financial statements on pages 6 to 15 were approved by the board of directors on the 3 September 2014 and were signed on its behalf by:



Mr J. Bland  
Director

## Notes to the financial statements for the year ended 31 December 2013

### [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.

The company's principal activity is and has been throughout the current and preceding year the sale and distribution of welding consumables and equipment.

#### 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

Operating lease rentals are charged to the profit and loss account 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.

## [1] Accounting policies (continued)

### 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 written 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

The cost of items of property, plant and equipment is its purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write-off over the expected useful economic lives of the asset concerned, the cost of property, plant and equipment, less any estimated residual values, which are adjusted, if appropriate, at each balance sheet date. The principal economic lives used for this purpose are:

Tenant Improvements	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

## [2] Turnover

Geographical market - In £	2013	2012
UK	3,691,189	3,756,607
Rest of the World	195,038	4,838
	<b>3,886,227</b>	<b>3,761,445</b>

## [3] Operating profit

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

In £	2013	2012
Staff costs [note 8]	448,166	398,492
Operating lease charges:		
Land and buildings	24,983	40,357
Motor vehicles	22,917	17,209
Depreciation and other amounts written off tangible fixed assets	6,505	11,313
Loss on disposal of tangible fixed assets	1,068	664
Amortisation and other amounts written off intangible assets	6,479	11,771
Audit of financial statements	6,000	7,500

**[4] Interest**

Interest payable and similar charges		
In £	2013	2012
Hire purchase interest paid	-	6

**[5] Tax on profit on ordinary activities**

In £	2013	2012
<b>a) Analysis of charge in year</b>		
<b>Current tax</b>		
UK corporation tax on profits of the year	-	56,587
Adjustment in respect of previous years	1,968	121
	<b>1,968</b>	<b>56,708</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,253)	(427)
Adjustment to tax charge in respect of previous year	2,274	467
Total deferred tax	<b>(4,979)</b>	<b>40</b>
<b>Tax on profit on ordinary activities</b>	<b>(3,011)</b>	<b>56,748</b>
<b>b) factors affecting tax for the year</b>		

The tax assessed for the year is different to the rate of corporation tax in the UK of 23.25% (2012: 24.5%).

The differences are explained below:

Profit on ordinary activities before taxation	223,762	202,086
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 23.25% (2012: 24.5%)	52,025	49,511
<b>Effects of:</b>		
Expenses not deductible for tax purposes	14,237	6,812
Depreciation for period in excess of capital allowances	-	1,072
Short term timing differences	-	(808)
Adjustment to tax charge in respect of previous year	1,968	121
Group relief for nil consideration	(66,262)	-
<b>Current tax charge for the year (as above)</b>	<b>1,968</b>	<b>56,708</b>

**c) Factors that may affect future tax charges**

Finance Act 2013 included provisions to reduce the main rate of corporation tax to 21% from 1 April 2014 and to further reduce the main rate of corporation tax to 20% from 1 April 2015. Both pieces of legislation were enacted by parliament on 17 July 2013.

## [6] Dividends

An interim dividend of £250,000 was paid during the financial year (2012: £100,000).

## [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 £	2013	2012
Remuneration and other emoluments	66,046	69,047
Pension contributions	2,486	2,301
	<b>68,532</b>	<b>71,348</b>

## [8] Employees

### [a] Average number of employees

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

	2013	2012
Management and sales	16	14

### [b] Employment costs

In £	2013	2012
Wages and salaries	395,521	348,422
Social security costs	44,765	41,140
Pension costs	7,880	8,930
	<b>448,166</b>	<b>398,492</b>

**[9] Fixed assets - Intangible assets**

In £	Goodwill
<b>Cost</b>	
At 1 January 2013 and 31 December 2013	117,770
<b>Amortisation</b>	
At 1 January 2013	111,221
Amortised during the year	6,479
At 31 December 2013	117,700
<b>Net book value</b>	
At 31 December 2013	-
At 1 January 2013	6,479

**[10] Fixed assets - Tangible assets**

In £	Tenants improvements	Plant and Machinery	Fixtures, fittings and equipment	Motor vehicles	Total
<b>Cost</b>					
At 1 January 2013	22,600	6,184	57,614	54,646	141,044
Additions	-	537	1,335	2,590	4,462
Disposals	-	-	-	(41,026)	(41,026)
At 31 December 2013	22,600	6,721	58,949	16,210	104,480
<b>Depreciation</b>					
At 1 January 2013	22,600	5,693	47,240	47,117	122,650
Charge for the year	-	216	2,224	4,065	6,505
Disposals	-	-	-	(38,274)	(38,274)
At 31 December 2013	22,600	5,909	49,464	12,908	90,881
<b>Net book value</b>					
At 31 December 2013	-	812	9,485	3,302	13,599
At 1 January 2013	-	491	10,374	7,529	18,394

**[11] Stocks**

In £	2013	2012
Finished goods and goods for resale	431,980	374,891

## [12] Debtors

In £	2013	2012
Amounts falling due within one year:		
Trade debtors	937,618	705,263
Amounts owed by group undertakings	21,312	6,382
Other debtors	23,937	17,194
Deferred tax	10,448	5,678
	<b>993,315</b>	<b>734,517</b>

## [13] Creditors

In £	2013	2012
Amounts falling due within one year		
Trade creditors	584,062	482,072
Amounts owed to group undertakings	183,473	230,995
Other taxes and social security costs	41,262	53,265
Other creditors	62,459	48,510
	<b>871,256</b>	<b>814,842</b>

## [14] Deferred tax

In £	2013	2012
Arising from accelerated capital allowances	2,748	2,799
Other short term timing differences	7,700	2,670
	<b>10,448</b>	<b>5,469</b>
At 1 January	5,469	5,509
Deferred tax debit- see [note 5]	4,979	(40)
At 31 December - see [note 12]	<b>10,448</b>	<b>5,469</b>

## [15] Share capital

In £	2013	2012
Authorised, allotted and fully paid		
1,000 Ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>

# [16] Reconciliation of movements in shareholders' funds

In £	2013	2012
Profit for the financial year	226,773	145,338
Dividends	(250,000)	(100,000)
Total	(23,227)	45,338
Opening shareholders' funds	1,132,936	1,087,598
Closing shareholders' funds	1,109,709	1,132,936

# [17] Financial Commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating lease commitments expiring as follows:

	As at 31 December 2013	As at 31 December 2013	As at 31 December 2012	As at 31 December 2012
In £ millions	Land and buildings	Other	Land and buildings	Other
Within one year	-	4,527	6,750	2,881
Within two to five years	24,000	10,774	-	15,813
After five years	-	-	24,000	-
Total	24,000	15,301	30,750	18,694

# [18] Related party disclosures

## Sale of goods

During the year the company sold goods to associated subsidiary undertakings totalling £52,527 (2012: £30,847).

No sales of goods were made to the immediate parent undertaking.

## Purchases

During the year the company purchased goods from associated subsidiary undertakings totalling £191,264 (2012: £143,043).

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 £53,052 (2012: £130,052).



# [18] Related party disclosures (continued)

## Balances with related parties

At 31 December 2013 the following balances with related parties were held;

In £	2013	2012
Amounts due from associated subsidiary undertakings	21,312	6,382
Split by;		
BOC Limited	18,734	884
Industrial and Welding Management Limited	162	2,627
Future Industrial & Welding Supplies Limited	1,101	1,326
Other group balances	1,315	1,545
In £	2013	2012
Amounts due to associated subsidiary undertakings	21,699	21,028
Split by;		
BOC Limited	8,453	8,129
Gaffney Industrial & Welding Supplies Limited	4,082	1,359
Leengate Valves Limited	-	1,506
Future Industrial & Welding Supplies Limited	174	938
Leengate Industrial & Welding Supplies (North East) Ltd	2,321	1,426
Industrial and Welding Management Limited	619	2,356
Industrial & Welding Supplies (North West) Limited	3,912	4,992
Welder Equipment Services Limited	1,302	-
Other group balances	836	322
In £	2013	2012
Amounts due to immediate parent undertaking	161,774	209,967

# [19] Ultimate parent undertaking

The company is a wholly-owned 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.