

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

2014

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# Leen Gate Industrial & Welding Supplies (Scotland) Limited

## Annual report for the year ended 31 December 2014

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## Directors' report for the year ended 31 December 2014

### 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 net 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 £700,000 was paid on the company's ordinary £1.00 shares on 28 November 2014 (2013: £250,000 interim dividend).

The directors do not recommend the payment of a final dividend for the year ended 31 December 2014.

### Directors

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

Mr J. Bland	resigned as alternate director to C. Tuhme 1 November 2014 appointed as director 24 November 2014
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Mr A. J. Bridger

Mr G. Gill

Mr S. Hudson

Mrs C. Tuhme	resigned 1 November 2014
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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 by them 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 2014 (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

21 September 2015

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.

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 2014 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 2014 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 from the requirement to prepare 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

23 September 2015

**Profit and loss account for the year ended 31 December 2014**

	Note	2014	2013
In £			
Turnover	[2]	4,209,141	3,886,227
Cost of sales		(3,101,987)	(2,848,009)
Gross profit		1,107,154	1,038,218
Administrative expenses		(684,734)	(814,456)
Profit on ordinary activities before taxation		422,420	223,762
Taxation	[4]	(97,382)	3,011
Profit for the financial year	[14]	325,038	226,773

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.

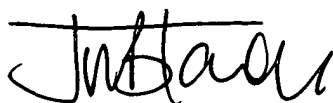
The notes on pages 8 to 15 form part of the financial statements.



## Balance sheet as at 31 December 2014

	Note	2014	2013
In £			
Fixed assets			
Tangible assets	[8]	16,363	13,598
Current assets			
Stocks	[9]	382,000	431,980
Debtors	[10]	882,433	993,315
Cash at bank and in hand		275,959	542,072
		1,540,392	1,967,367
Creditors: amounts falling due within one year	[11]	(822,008)	(871,256)
Net current assets		718,384	1,096,111
Net assets		734,747	1,109,709
Capital and reserves			
Called up share capital	[13]	1,000	1,000
Profit and loss account		733,747	1,108,709
Shareholders' funds	[14]	734,747	1,109,709

The financial statements on pages 6 to 15 were approved by the board of directors on the **21** September 2015 and were signed on its behalf by:



Mr J. Bland  
Director

**Notes to the financial statements for the year ended 31 December 2014****[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 wholly-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 £	2014	2013
UK	3,691,189	3,691,189
Rest of the World	517,952	195,038
	<b>4,209,141</b>	<b>3,886,227</b>

## [3] Operating profit

[i] Operating profit is stated after charging the following items:

In £	2014	2013
Staff costs [note 7]	397,077	448,166
Operating lease charges:		
Land and buildings	31,214	24,983
Motor vehicles	24,203	22,917
Depreciation and other amounts written off tangible fixed assets	4,529	6,505
Loss on disposal of tangible fixed assets	-	1,068
Amortisation and other amounts written off intangible assets	-	6,479
Audit of financial statements	6,180	6,000

#### [4] Tax on profit on ordinary activities

In £	2014	2013
<b>a) Analysis of charge in year</b>		
<b>Current tax</b>		
UK corporation tax on profits of the year	94,244	-
Adjustment in respect of previous years	-	1,968
	<b>94,244</b>	<b>1,968</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,853)	(7,253)
Adjustment to tax charge in respect of previous year	4,991	2,274
Total deferred tax	<b>3,138</b>	<b>(4,979)</b>
<b>Tax on profit on ordinary activities</b>	<b>97,382</b>	<b>(3,011)</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 21.5% (2013: 23.25%).

The differences are explained below:

Profit on ordinary activities before taxation	422,420	223,762
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 21.5% (2013: 23.25%)	90,820	52,025
Effects of:		
Expenses not deductible for tax purposes	2,344	14,237
Depreciation for period in excess of capital allowances	(319)	-
Short term timing differences	1,399	-
Adjustment to tax charge in respect of previous year	-	1,968
Group relief for nil consideration	-	(66,262)
<b>Current tax charge for the year (as above)</b>	<b>94,244</b>	<b>1,968</b>

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

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

## [5] Dividends

An interim dividend of £700,000 was paid during the financial year (2013: £250,000).

## [6] 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 £	2014	2013
Remuneration and other emoluments	70,890	66,046
Pension contributions	2,599	2,486
	<b>73,489</b>	<b>68,532</b>

## [7] Employees

### [a] Average number of employees

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

	2014	2013
Management and sales	16	16

### [b] Employment costs

In £	2014	2013
Wages and salaries	352,661	395,521
Social security costs	35,323	44,765
Pension costs	9,093	7,880
	<b>397,077</b>	<b>448,166</b>

# [8] Fixed assets - Tangible assets

In £	Tenants improvements	Plant and Machinery	Fixtures, fittings and equipment	Motor vehicles	Total
<b>Cost</b>					
At 1 January 2014	22,600	6,721	58,949	16,210	104,480
Additions	-	1,880	5,413	-	7,293
Disposals	-	-	-	-	-
At 31 December 2014	22,600	8,601	64,362	16,210	111,773
<b>Depreciation</b>					
At 1 January 2014	22,600	5,909	49,464	12,908	90,881
Charge for the year	-	544	2,107	1,878	4,529
Disposals	-	-	-	-	-
At 31 December 2014	22,600	6,453	51,571	14,786	95,410
<b>Net book value</b>					
At 31 December 2014	-	2,148	12,791	1,424	16,363
At 1 January 2014	-	812	9,485	3,302	13,598

# [9] Stocks

In £	2014	2013
Finished goods and goods for resale	382,000	431,980

# [10] Debtors

In £	2014	2013
<b>Amounts falling due within one year:</b>		
Trade debtors	839,442	937,618
Amounts owed by group undertakings	19,467	21,312
Other debtors	16,214	23,937
Deferred tax	7,310	10,448
	882,433	993,315

# [11] Creditors

In £	2014	2013
Amounts falling due within one year		
Trade creditors	577,924	584,062
Amounts owed to group undertakings	72,416	183,473
Other taxes and social security costs	50,101	41,262
Other creditors	27,323	62,459
Corporation tax	94,244	-
	<b>822,008</b>	<b>871,256</b>

# [12] Deferred tax

In £	2014	2013
Arising from accelerated capital allowances	2,208	2,748
Other short term timing differences	5,102	7,700
	<b>7,310</b>	<b>10,448</b>
At 1 January	10,448	5,469
Deferred tax debit- see [note 4]	(3,138)	4,979
At 31 December - see [note 10]	<b>7,310</b>	<b>10,448</b>

# [13] Share capital

In £	2014	2013
Authorised, allotted and fully paid		
1,000 Ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>

# [14] Reconciliation of movements in shareholders' funds

In £	2014	2013
Profit for the financial year	325,038	226,773
Dividends	(700,000)	(250,000)
Total	<b>(374,962)</b>	<b>(23,227)</b>
Opening shareholders' funds	1,109,709	1,132,936
Closing shareholders' funds	<b>734,747</b>	<b>1,109,709</b>

# [15] Financial Commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating lease commitments expiring as follows:

	As at 31 December 2014	As at 31 December 2014	As at 31 December 2013	As at 31 December 2013
In £	Land and buildings	Other	Land and buildings	Other
Within one year	-	5,647	-	4,527
Within two to five years	24,000	22,822	24,000	10,774
After five years	-	-	-	-
<b>Total</b>	<b>24,000</b>	<b>28,469</b>	<b>24,000</b>	<b>15,301</b>

# [16] Related party disclosures

## Sale of goods

During the year the company sold goods to associated subsidiary undertakings totalling £72,108 (2013: £52,527).

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

## Purchases

During the year the company purchased goods from associated subsidiary undertakings totalling £222,262 (2013: £191,264).

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 £51,641 (2013: £53,052).



# [16] Related party disclosures (continued)

## Balances with related parties

At 31 December 2014 the following balances with related parties were held;

In £	2014	2013
Amounts due from associated subsidiary undertakings	19,467	21,312
Split by;		
BOC Limited	7,135	18,734
Industrial Supplies & Services Limited	758	-
Industrial and Welding Management Limited	8,481	-
Future Industrial & Welding Supplies Limited	-	1,101
Leengate Industrial & Welding Supplies (North East) Limited	3,093	-
Other group balances	-	1,477
In £	2014	2013
Amounts due to associated subsidiary undertakings	50,578	21,699
Split by;		
BOC Limited	17,117	8,453
Gaffney Industrial & Welding Supplies Limited	-	4,082
Future Industrial & Welding Supplies Limited	4,081	174
Leengate Industrial & Welding Supplies (North East) Limited	643	2,321
Industrial and Welding Management Limited	22,179	619
Industrial & Welding Supplies (North West) Limited	3,530	3,912
Welder Equipment Services Limited	3,028	1,302
Other group balances	-	836
In £	2014	2013
Amounts due to immediate parent undertaking	21,838	161,774

# [17] 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.