

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

2017

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Leen Gate Industrial & Welding Supplies (Scotland) Limited

Annual report and financial statements for the year ended 31 December 2017

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Directors' report for the year ended 31 December 2017

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

Principal activities and business review

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

The company was able to deliver a profit after tax for the year of £106,985 (2016: £42,643)

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.

Position of the company's business at the year ended 31 December 2017

As at 31 December 2017 the company held net current assets of £507,464 (2016: £596,081) and net assets of £528,266 (2016: £621,281).

Dividends

An interim dividend of £200,000 was paid on the company's ordinary £1.00 shares on 22 December 2017 (2016: £250,000).

The directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: £nil).

Directors

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

Mr G. Gill

Mrs S. A. Williams

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 2017.

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 K Kelly
Secretary

11 September 2018

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

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

Opinion

We have audited the financial statements of Leen Gate Industrial & Welding Supplies (Scotland) Limited ("the company") for the year ended 31 December 2017 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

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

17 September 2018

Profit and loss account for the year ended 31 December 2017

in £	Note	2017	2016
Turnover	[2]	2,643,362	2,442,826
Cost of sales		(2,017,932)	(1,782,597)
Gross profit		625,430	660,229
Administrative expenses	[3]	(492,601)	(606,697)
Operating Profit		132,829	53,532
Profit on ordinary activities before taxation		132,829	53,532
Tax on profit on ordinary activities	[4]	(25,844)	(10,889)
Profit for the financial year		106,985	42,643

The notes on pages 9 to 17 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 2017

in £	Note	31.12.2017	31.12.2016
Fixed assets			
Tangible assets	[8]	20,802	25,200
		20,802	25,200
Current assets			
Stocks	[9]	194,700	251,568
Debtors: amounts falling due within one year	[10]	559,018	501,173
Cash at bank and in hand		126,265	316,457
		879,983	1,069,198
Creditors: amounts falling due within one year	[11]	(372,519)	(473,117)
Net current assets		507,464	596,081
Total assets less current liabilities		528,266	621,281
Net assets		528,266	621,281
Capital and reserves			
Called up share capital	[13]	1,000	1,000
Profit and loss account		527,266	620,281
Shareholders' funds		528,266	621,281

The notes on pages 9 to 17 form an integral part of the financial statements.

The financial statements on pages 6 to 17 were approved by the board of directors on 11 September 2018 and were signed on its behalf by:


Mrs S. A. Williams
Director

Statement of changes in equity for the year ending 31 December 2017

In £	Called up share capital	Profit and loss account	Total equity
Balance at 1 January 2017	1,000	620,281	621,281
Profit	-	106,985	106,985
Total comprehensive income for the period	-	106,985	106,985
Dividends	-	(200,000)	(200,000)
Total contributions by and distributions to owners	-	(200,000)	(200,000)
Balance at 31 December 2017	1,000	527,266	528,266

In £	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

The notes on pages 9 to 17 form an integral part of the financial statements.

Notes to the financial statements for the year ended 31 December 2017

[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 2017 and the year ended 31 December 2016.

[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 £	2017	2016
UK	2,634,791	2,422,176
Rest of the world	8,571	20,650
	2,643,362	2,442,826

[3] Expenses and auditor's remuneration

Included in profit are the following:		
In £	2017	2016
Operating lease charges:		
Land and buildings	23,454	35,949
Motor vehicles	42,687	37,587
Depreciation	4,398	6,408
Auditor's remuneration:		
Audit of these financial statements	6,755	6,600

[4] Tax on profit on ordinary activities

In £	2017	2016
a) Analysis of (credit)/ charge in year		
UK Corporation tax		
Current tax on profits of the period	26,855	10,746
Adjustment in respect of previous years	577	(4)
	27,432	10,742
Deferred tax		
Origination and reversal of timing differences	(1,177)	(623)
Effect of changes in tax rates	138	770
Adjustment to tax charge in respect of previous year	(549)	-
Total deferred tax	(1,588)	147
Tax on profit on ordinary activities	25,844	10,889
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 19.25% (2016: 20%). The differences are explained below:		
Profit on ordinary activities before taxation	132,829	53,532
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19.25% (2016: 20%)	25,565	10,706
Effects of:		
Expenses not deductible for tax purposes	113	(583)
Effect of changes in tax rates	138	770
Adjustment to tax charge in respect of previous year	28	(4)
Current tax charge for the year (as above)	25,844	10,889

c) Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for the accounting period are taxed at an effective rate of 19.25%. The standard rate of Corporation Tax in the UK is due to change from 19% to 17% with effect from 1 April 2020. The company's deferred tax assets and liabilities have been valued accordingly.

[5] Employee numbers

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

	2017	2016
Management and sales	9	11

[6] Employee costs

Employee costs		
In £	2017	2016
Wages and salaries	243,832	299,323
Social security costs	23,539	26,787
Pension costs	4,778	6,097
	272,149	332,207

[7] Directors' remuneration

In £	2017	2016
Directors' remuneration	6,400	6,400
Pension costs	242	242
	6,642	6,642

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. 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

Tangible assets				
In £	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Total
Cost				
At 1 January 2017	22,600	19,676	54,167	96,443
Disposals	-	-	-	-
At 31 December 2017	22,600	19,676	54,167	96,443
Depreciation				
At 1 January 2017	22,600	11,076	37,567	71,243
Charged during the year	-	1,716	2,682	4,398
Disposals	-	-	-	-
At 31 December 2017	22,600	12,792	40,249	75,641
Net book value				
At 1 January 2017	-	8,600	16,600	25,200
At 31 December 2017	-	6,884	13,918	20,802

[9] Stocks

In £	2017	2016
Finished goods	194,700	251,568

[10] Debtors

In £	2017	2016
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	29,624	15,236
Trade debtors	518,067	469,011
Other debtors	8,116	-
Deferred tax asset	3,211	1,622
Prepayments and accrued income	-	15,304
	559,018	501,173

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 £	2017	2016
<i>Amounts falling due within one year:</i>		
Trade creditors	243,105	308,420
Amounts owed to group undertakings	70,890	64,727
Other creditors	-	58,432
Corporation tax	26,855	10,742
Other taxation and social security	31,669	30,796
	372,519	473,117

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 £	2017	2016
Arising from accelerated capital allowances	1,532	1,897
Other short term timing differences	1,679	(275)
Deferred tax asset	3,211	1,622
At 1 January	1,622	1,769
Deferred tax charge	1,589	(147)
At 31 December	3,211	1,622

[13] Capital and reserves

Share Capital		
In £	2017	2016
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 £	2017	2016
Less than one year	40,760	35,098
Between one and five years	2,440	41,803
	43,200	76,901

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 £3,200 (2016: £891).

Purchases

During the year the company purchased goods from non-wholly owned subsidiaries totalling £2,278 (2016: £22,322).

At 31 December 2017 the following balances were held;

In £	2017	2016
Amounts due from non-wholly owned associated undertakings	-	225
Split by:		
Gaffney Industrial & Welding Supplies Limited	-	225

In £	2017	2016
Amounts due to non-wholly owned associated undertakings	3,333	2,516
Split by:		
Gaffney Industrial & Welding Supplies Limited	2,219	1,207
Welder Equipment Services Limited	1,114	1,309

[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.