

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE PERIOD
FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998**

REGISTERED NUMBER: 3492467



LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998

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LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

**COMPANY INFORMATION
AS AT 30 SEPTEMBER 1998**

DIRECTORS

M. J. Karkut
R. C. Godley
G. Gill
J. Calderwood

SECRETARY

R. C. Godley

REGISTERED OFFICE

Redfield Road
Lenton
Nottingham
NG7 2UJ

AUDITORS

Hobson Phillips & Sharpe
Chartered Accountants
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

PRINCIPAL BANKERS

National Westminster Bank Plc
Smiths Branch
16 South Parade
Nottingham
NG1 2JX

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the period ended 30 September 1998.

PRINCIPAL ACTIVITIES

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

The company was incorporated on 14 January 1998.

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to £1,304.

The directors are satisfied with the results of the company's first period of trade.

DIRECTORS AND THEIR INTERESTS

M. J. Karkut has held 1,250 £1 ordinary shares in Leen Gate Welding Group Limited the company's parent company for the full financial year.

R. C. Godley has held 250 £1 ordinary shares in Leen Gate Welding Limited Group the company's parent company for the full financial year.

The directors in office in the period and their beneficial interests in the company at the balance sheet date (or on appointment if later) were as follows:

		Number of Shares 1998
M. J. Karkut	Ordinary shares of £1 each	-
R. C. Godley	Ordinary shares of £1 each	-
G. Gill	Ordinary shares of £1 each	125
J. Calderwood	Ordinary shares of £1 each	125

Directors appointed during the period:

M. J. Karkut 14 January 1998

R. C. Godley 14 January 1998

G. Gill 30 March 1998

J. Calderwood 30 March 1998

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LEENGATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

DIRECTORS' REPORT

AUDITORS

Hobson Phillips & Sharpe were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985 are willing to be re-appointed.

On behalf of the board:



R. C. Godley
Director

Date: 2.2.99

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Hobson Phillips & Sharpe
Chartered Accountants
Registered Auditors
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

Date signed: 15th March 1999

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998

	Notes	1998 £
TURNOVER		507,003
Cost of sales		366,815
GROSS PROFIT		140,188
Administrative expenses		137,928
OPERATING PROFIT	2	2,260
Interest payable and similar charges	3	(2,548)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(288)
Tax on loss on ordinary activities	4	(1,016)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,304)

Continuing operations

None of the company's activities were acquired or discontinued during the above financial period.

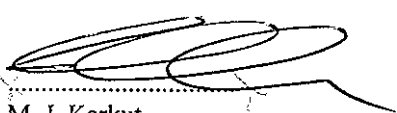
Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above financial period.

LEENGATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED**BALANCE SHEET
AT 30 SEPTEMBER 1998**

	Notes	£	1998 £
FIXED ASSETS			
Tangible assets	6		42,643
CURRENT ASSETS			
Stocks	7	95,254	
Debtors	8	240,684	
Cash at bank and in hand		523	
		<u>336,461</u>	
CREDITORS: amounts falling due within one year	9	<u>(372,313)</u>	
NET CURRENT LIABILITIES			(35,852)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,791</u>
CREDITORS: amounts falling due after more than one year	10		<u>(7,095)</u>
NET LIABILITIES			<u>(304)</u>
CAPITAL AND RESERVES			
Called up share capital	13		1,000
Profit and loss account			<u>(1,304)</u>
TOTAL SHAREHOLDERS' FUNDS	14		<u>(304)</u>

Approved by the board of directors on 2.2.99 and signed on its behalf by:


M. J. Karkut
Director

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the period.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Tenant's improvements to property	Straight line over the 6 year term of the lease
Plant and machinery	20% reducing balance
Office furniture and fittings	15% reducing balance
Office equipment	25% straight line
Motor vehicles	25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost comprises purchase price only.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998**

2. OPERATING PROFIT

Operating profit	1998 £
After charging:	
Depreciation of fixed assets	7,056
Auditors' remuneration	2,600
Operating lease rentals	
Land and buildings	10,627
Motor vehicles	4,034

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £
On bank loans and overdrafts	1,960
Lease finance charges and hire purchase interest	588
	<u>2,548</u>

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	1998 £
The taxation charge comprises:	
UK corporation tax at 31%	1,016

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998 £
Staff costs	
Wages and salaries	72,408
Social security costs	6,256
	<u>78,664</u>

	1998 No.
The average monthly number of employees during the year was made up as follows:	
Management and sales	<u>5</u>

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998

5. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)

	1998 £
Directors' emoluments	
Remuneration for management services (including pension contributions)	<u>39,482</u>
The division of directors' emoluments excluding pension contributions is as follows:	
Remuneration of highest paid director	<u>24,442</u>
No directors contributed to company pension schemes during the year.	

6. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:					
Additions	<u>15,100</u>	<u>1,160</u>	<u>10,999</u>	<u>22,440</u>	<u>49,699</u>
Depreciation:					
Charge for period	<u>1,678</u>	<u>154</u>	<u>1,485</u>	<u>3,739</u>	<u>7,056</u>
Net book value:					
At 30 Sep. 98	<u>13,422</u>	<u>1,006</u>	<u>9,514</u>	<u>18,701</u>	<u>42,643</u>

	1998 £
Analysis of net book value of land and buildings:	
Tenant's improvements to property	<u>13,422</u>

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

	1998 £
Net book values:	
Motor vehicles	<u>15,176</u>
Depreciation charge for the period:	
Motor vehicles	<u>1,059</u>

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998**

7. STOCKS

	1998 £
Finished goods and goods for resale	<u>95,254</u>

8. DEBTORS

	1998 £
Trade debtors	213,893
Amounts owed by group undertakings	24,980
Other debtors	1,811
	<u>240,684</u>

9. CREDITORS: amounts falling due within one year

	1998 £
Bank loans and overdrafts	97,268
Net obligations under finance leases and hire purchase contracts	4,987
Trade creditors	184,174
Amounts owed to group undertakings	71,595
Corporation tax	1,016
Other taxes and social security costs	3,773
Other creditors	9,500
	<u>372,313</u>

Bank overdrafts amounting to £97,268 are secured by a charge over book debts.

10. CREDITORS: amounts falling due after more than one year

	1998 £
Net obligations under finance leases and hire purchase contracts	<u>7,095</u>

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998

11. BORROWINGS

	1998 £
The company's borrowings are repayable as follows	
Up to one year and on demand	<u>97,268</u>

12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1998 £
The company's net obligations are repayable as follows:	
Within one year or on demand	4,987
In two to five years	<u>7,095</u>
	12,082
Included in current liabilities	<u>(4,987)</u>
	<u>7,095</u>
Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.	

13. SHARE CAPITAL

	1998 £
Authorised:	
Equity interests:	
1,000 Ordinary shares of £1 each	<u>1,000</u>
Allotted, called up and fully paid:	
Equity interests:	
1,000 Ordinary shares of £1 each	<u>1,000</u>

2 £1 Ordinary shares were allotted on 14 January 1998. A further 998 £1 Ordinary shares were allotted on 2nd February 1998.

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £
Loss for the financial period	(1,304)
Opening shareholders' funds	1,000
Closing shareholders' funds	<u>(304)</u>
Represented by:-	
Equity interests	<u>(304)</u>

15. RELATED PARTY DISCLOSURES

The following transactions with related parties occurred during the year.

Related parties	Sales	Purchases	Administration charge
Intermediate parent undertakings	£Nil	£Nil	£5,000
Fellow subsidiary	£31,519	£48,552	£Nil

During the year the company has paid £4,034 to its intermediate parent company for motor vehicle leasing costs.

All purchases and sales of goods to group companies are at cost.

At 30th September 1998 there were the following balances with related parties:

Amounts owed by fellow subsidiary undertakings	£24,230
Amounts due to fellow subsidiary undertakings	£14,967
Amounts due to intermediate parent undertaking	£56,628
Amounts owed by intermediate parent undertakings	£750

LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 14 JANUARY 1998 TO 30 SEPTEMBER 1998

16. REVENUE COMMITMENTS

At the period end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings	Other
	1998	1998
	£	£
Within one year	-	1,834
More than five years	15,680	-
	<u>15,680</u>	<u>1,834</u>

17. ULTIMATE PARENT COMPANY

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

The ultimate parent company is The BOC Group plc, a company registered in England and Wales.