

Leen Gate Industrial & Welding Supplies (Scotland) Limited

Directors' Report and Financial Statements

for the year ended 30 September 2001



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COMPANIES HOUSE 16/07/02

**Hobsons
Chartered Accountants
Registered Auditors
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY**

Leen Gate Industrial & Welding Supplies (Scotland) Limited

Company Information

Directors	R. C. Godley G. Gill J. Calderwood
Secretary	R. C. Godley
Company Number	3492467
Registered Office	Redfield Road Lenton Nottingham NG7 2UJ
Auditors	Hobsons Alexandra House 43 Alexandra Street Nottingham NG5 1AY
Bankers	National Westminster Bank Plc Smiths Branch 16 South Parade Nottingham NG1 2JX

Leen Gate Industrial & Welding Supplies (Scotland) Limited

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Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Directors' Report
for the year ended 30 September 2001**

The directors present their report and the financial statements for the year ended 30 September 2001.

Principal Activity and Review of the Business

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

Results And Dividends

The results for the year are set out on page 3.

The directors do not recommend payment of a final dividend.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2001	2000
R. C. Godley	-	-
G. Gill	125	125
J. Calderwood	125	125

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

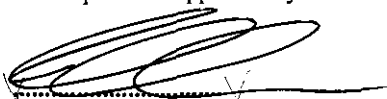
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hobsons be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 3 July 2002 and signed on its behalf by



**R. C. Godley
Secretary**

Leen Gate Industrial & Welding Supplies (Scotland) Limited

Auditors' Report to the Shareholders of Leen Gate Industrial & Welding Supplies (Scotland) Limited

We have audited the financial statements on pages 3 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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

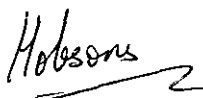
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and 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 that 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 the company's affairs as at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Hobsons
Chartered Accountants and
Registered Auditors
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY**

8 July 2002

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Profit and Loss Account
for the year ended 30 September 2001**

		Continuing operations	
	Notes	2001 £	2000 £
Turnover	2	1,514,816	1,274,221
Cost of sales		(1,130,741)	(969,961)
Gross profit		<u>384,075</u>	<u>304,260</u>
Administrative expenses		(339,021)	(270,875)
Operating profit	3	<u>45,054</u>	<u>33,385</u>
Interest payable and similar charges	4	(13,767)	(15,964)
Profit on ordinary activities before taxation		<u>31,287</u>	<u>17,421</u>
Tax on profit on ordinary activities	7	(12,766)	(8,985)
Retained profit for the year		<u>18,521</u>	<u>8,436</u>
Accumulated (loss) brought forward		(1,132)	(9,568)
Retained profit/(loss) carried forward		<u><u>17,389</u></u>	<u><u>(1,132)</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 12 form an integral part of these financial statements.

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Balance Sheet
as at 30 September 2001**

		2001		2000	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	8		7,572		-
Tangible assets	9		40,339		22,431
			<u>47,911</u>		<u>22,431</u>
Current Assets					
Stocks	10	210,919		113,731	
Debtors	11	595,960		383,591	
Cash at bank and in hand		1,150		255	
		<u>808,029</u>		<u>497,577</u>	
Creditors: amounts falling due within one year	12	<u>(837,551)</u>		<u>(520,140)</u>	
Net Current Liabilities			<u>(29,522)</u>		<u>(22,563)</u>
Total Assets Less Current Liabilities			<u>18,389</u>		<u>(132)</u>
Capital and Reserves					
Called up share capital	13		1,000		1,000
Profit and loss account			17,389		(1,132)
Equity Shareholders' Funds	14		<u>18,389</u>		<u>(132)</u>

The financial statements were approved by the Board on 3 July 2002 and signed on its behalf by



R. C. Godley
Director

The notes on pages 6 to 12 form an integral part of these financial statements.

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Cash Flow Statement
for the year ended 30 September 2001**

	Notes	2001 £	2000 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		45,054	33,385
Depreciation		8,136	7,424
(Increase) in stocks		(97,188)	15,647
(Increase) in debtors		(212,369)	67,531
Increase in creditors		224,147	(56,912)
Net cash outflow from operating activities		<u>(32,220)</u>	<u>67,075</u>
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(32,220)	67,075
Returns on investments and servicing of finance	18	(13,767)	(15,964)
Taxation	18	(9,134)	(867)
Capital expenditure	18	(33,616)	(200)
		<u>(88,737)</u>	<u>50,044</u>
Financing	18	(1,821)	(5,274)
Decrease in cash in the year		<u>(90,558)</u>	<u>44,770</u>
Reconciliation of net cash flow to movement in net debt (Note 19)			
Decrease in cash in the year		(90,558)	44,770
Cash inflow from decrease in debts and lease financing		1,821	5,274
		<u>(88,737)</u>	<u>50,044</u>
Change in net debt resulting from cash flows		(88,737)	50,044
Net debt at 1 October 2000		<u>(136,167)</u>	<u>(186,211)</u>
Net debt at 30 September 2001		<u>(224,904)</u>	<u>(136,167)</u>

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

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

1.5. 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 profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Stock

Stocks are valued 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.

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

3. Operating profit	2001	2000
	£	£
Amortisation of goodwill	128	-
Depreciation of fixed assets	8,364	4,777
Depreciation of leased assets	-	2,647
Operating lease rentals		
- Motor vehicles	13,911	15,494
- Land and buildings	19,594	15,680
Auditors' remuneration	3,188	3,100
and after crediting:		
Profit on disposal of tangible fixed assets	356	-
	<u> </u>	<u> </u>
4. Interest payable and similar charges	2001	2000
	£	£
On amounts payable to group companies	2,641	2,891
On bank loans and overdrafts	11,106	12,822
Hire purchase interest	20	251
	<u>13,767</u>	<u>15,964</u>
5. Employees		
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:		
	2001	2000
	Number	Number
Management and sales	8	7
	<u> </u>	<u> </u>
Employment costs	2001	2000
	£	£
Wages and salaries	139,259	122,532
Social security costs	13,935	11,875
Other pension costs	1,098	1,073
	<u>154,292</u>	<u>135,480</u>
5.1. Directors' emoluments	2001	2000
	£	£
Remuneration and other emoluments	71,238	69,150
	<u>71,238</u>	<u>69,150</u>

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

6. Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £1,098 (2000 - £1,073).

7. Taxation	2001 £	2000 £
UK current year taxation		
UK Corporation Tax	12,390	8,985
Prior years		
UK Corporation Tax	376	-
	<u>12,766</u>	<u>8,985</u>

8. Intangible fixed assets

	Goodwill £	Total £
Cost		
Additions	7,700	7,700
At 30 September 2001	<u>7,700</u>	<u>7,700</u>
Provision for diminution in value		
Charge for year	128	128
At 30 September 2001	<u>128</u>	<u>128</u>
Net book values		
At 30 September 2001	<u>7,572</u>	<u>7,572</u>

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

9. Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2000	15,100	1,160	11,199	16,940	44,399
Additions	-	4,500	12,204	10,212	26,916
Disposals	-	(1,160)	-	-	(1,160)
At 30 September 2001	<u>15,100</u>	<u>4,500</u>	<u>23,403</u>	<u>27,152</u>	<u>70,155</u>
Depreciation					
At 1 October 2000	6,718	516	5,735	8,999	21,968
On disposals	-	(516)	-	-	(516)
Charge for the year	2,520	900	2,813	2,131	8,364
At 30 September 2001	<u>9,238</u>	<u>900</u>	<u>8,548</u>	<u>11,130</u>	<u>29,816</u>
Net book values					
At 30 September 2001	<u>5,862</u>	<u>3,600</u>	<u>14,855</u>	<u>16,022</u>	<u>40,339</u>
At 30 September 2000	<u>8,382</u>	<u>644</u>	<u>5,464</u>	<u>7,941</u>	<u>22,431</u>

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

Asset description	2001		2000	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Motor vehicles	<u>-</u>	<u>-</u>	<u>7,941</u>	<u>2,647</u>

10. Stocks

	2001	2000
	£	£
Finished goods and goods for resale	<u>210,919</u>	<u>113,731</u>

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

11. Debtors	2001	2000
	£	£
Trade debtors	550,986	350,170
Amounts owed by group undertakings	36,208	23,242
Other debtors	8,766	10,179
	<u>595,960</u>	<u>383,591</u>
 12. Creditors: amounts falling due within one year	 2001	 2000
	£	£
Bank overdraft	226,054	134,601
Net obligations under finance leases and hire purchase contracts	-	1,821
Trade creditors	340,846	222,133
Amounts owed to group undertaking	142,372	118,144
Corporation tax	12,390	8,783
Other taxes and social security costs	15,580	21,131
Other creditors	100,309	13,527
	<u>837,551</u>	<u>520,140</u>
 Bank overdrafts amounting to £226,054 (2000 £134,601) are secured by a charge over book debts.		
 13. Share capital	 2001	 2000
	£	£
Authorised equity		
1,000 Ordinary shares of £1 each	1,000	1,000
 Allotted, called up and fully paid equity		
1,000 Ordinary shares of £1 each	1,000	1,000

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

14. Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Profit for the year	18,521	8,436
Opening shareholders' funds	(132)	(8,568)
	<u>18,389</u>	<u>(132)</u>

15. Financial commitments

At 30 September 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2001	2000	2001	2000
	£	£	£	£
Expiry date:				
Between one and five years	<u>15,680</u>	<u>15,680</u>	<u>12,000</u>	<u>15,000</u>

16. Related party transactions

The following transactions with related parties occurred during the year.

Related Parties	Sales	Purchases	Administration charge
Intermediate parent undertakings	£Nil	£Nil	£32,381
Fellow subsidiary	£83,355	£149,610	£Nil

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

At the 30th September 2001 there were the following balances with related parties:

Amounts owed by fellow subsidiary undertakings	£33,637
Amounts due to fellow subsidiary undertakings	£74,050
Amounts due to intermediate parent undertakings	£68,322
Amounts owed by intermediate parent undertakings	£2,571

Leen Gate Industrial & Welding Supplies (Scotland) Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

17. Ultimate parent undertaking

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.

18. Gross Cash Flows	2001 £	2000 £
Returns on investments and servicing of finance		
Interest paid	(13,767)	(15,964)
Taxation		
Corporation tax paid	(9,134)	(867)
Capital expenditure		
Payments to acquire intangible assets	(7,700)	-
Payments to acquire tangible assets	(28,737)	(3,652)
Receipts from sales of tangible assets	1,000	-
	<u>(35,437)</u>	<u>(3,652)</u>
Financing		
Capital element of finance leases and hire purchase contracts	-	(1,822)

19. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	255	895	1,150
Overdrafts	(134,601)	(91,453)	(226,054)
	<u>(134,346)</u>	<u>(90,558)</u>	<u>(224,904)</u>
Finance leases and hire purchase contracts	(1,821)	1,821	-
Net funds	<u>(136,167)</u>	<u>(88,737)</u>	<u>(224,904)</u>