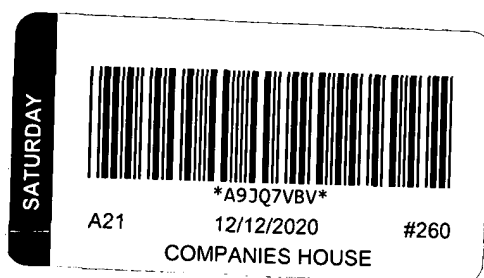


**Red-D-Arc Limited**

**Annual report and financial statements**

**Registered number 02117903**

**Year ended 31 December 2019**



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## Strategic report

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

### Principal activities

The principal activity during the period of the Company was that of the sale and hire of rotating and positioning equipment.

### Business review

The results for the year are to be found in the Profit and Loss Account on page 7.

Turnover decreased to £6,119,734 from £6,162,392 and Operating Loss was £165,887 compared to £64,439 in the previous period. The results on ordinary activities before taxation decreased from a loss of £45,007 to a loss of £224,641 and the company had a loss for the year after taxation of £110,106 (2018: loss £67,974).

The performance in the period is in line with the expectations of the directors and reflects the ongoing trading performance of the company. The reason for the increased loss in this period compared to prior period is mainly due to a foreign exchange gain recognized in prior year of £104,845 compared to current year gain of only £466.

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly.

### Analysis of financial key performance indicators

The company has a set number of Key Performance Indicators (KPI's) to assist management in monitoring and evaluating the performance of the business including:

- Gross profit on turnover
- Net margin on turnover
- Earnings Before Interest and Taxes

### Principal risks and uncertainties

The principal risks and uncertainties facing the company are competitive and financial risks.

- *Economic risk*

The business is closely tied to non-residential construction. As such a steep down-turn in this sector will have a material impact on financial performance of the company.

In addition, trading is influenced by the macro-economic environment in the UK and abroad. Demand in the market is sensitive to economic conditions generally including economic growth, interest rate movements, inflation, unemployment and demographic trends.

- *Exposure credit and liquidity risk*

Company policies are aimed at minimising credit risk and require that credit is only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The company regularly uses credit check resources, such as D&B, to help minimize risk.

- *Currency risk*

The company transacts primarily in GBP and Euros and holds cash in both currencies. The exposure is limited to short term trade receivables and payables. As such, the company has deemed this to be an acceptable level of risk and does not employ hedging strategies.

- *Brexit risk*

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. The Company is aware of the following potential impact of Brexit:

UK exports and imports will face additional tariffs affecting cross border transactions. However, we cannot predict the unknowable factors or all possible future implications in relation to Brexit.

- *COVID-19*

The anticipated impact of COVID-19 on the operations and its financial resources is a drop on sales of 15% in 2020, however the Company will have sufficient funds to meet its liabilities as they fall due for that period.

- *Competition risk*

The sales platform emphasizes quality of customer service vs. competitors. This approach is aimed to mitigate against aggressive pricing. This allows us to maintain a competitive and profitable pricing structure.


- *Reputation risk*

The company will continue to monitor complaints, understand root causes for negative feedback and aggressively address misrepresentations or misconceptions in the media and in the on-line consumer arena.

**Future developments**

Red-D-Arc's primary objective continues to grow the current business and integrate RDA welder and generator rentals into the business model and plans for 2020/21 moves this objective forward. The increase in sales and profitability continues to be driven by domestic UK power projects and other non-domestic energy projects – and was supplied by additional investment into the rental fleet. We expect demand to continue to rise, at a moderate pace, and to further increase investment in welders and generators as the business develops, with emphasis on expanding our presence via dealers in international markets that are rapidly expanding including Saudi Arabia and Australia.

By order of the board



N Droin  
Director

## Directors' report

### Directors

Directors who held office during the period were as follows:

RA McCrorie  
N Droin

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Going Concern

Notwithstanding a loss for the year then ended of £110,106, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and in downside cases funding from its intermediate parent company, Airgas Inc., to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Airgas Inc. supporting repayment of the amounts currently due to Red-D-Arc (UK) Limited, which at 31 December 2019 amounted to £2,111,380, and providing additional financial support during that period. Airgas Inc. has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is aware; and the directors have taken all the steps that they ought to have 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



N Droin  
Director

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

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 are responsible for 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, and 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 Red-D-Arc Limited**

### **Opinion**

We have audited the financial statements of Red-D-Arc Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss account and Other Comprehensive Income, 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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, 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](http://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.



**Julie Breakell (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants* Gateway House  
Tollgate  
Chandlers Ford  
SO53 3TG

8 December 2020



**Profit and loss account and Other Comprehensive Income**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>2019</b> £	<b>2018</b> £
<b>Turnover</b>	<b>3</b>	<b>6,119,734</b>	<b>6,162,392</b>
Cost of sales		(4,317,211)	(3,759,213)
<b>Gross profit</b>		<b>1,802,523</b>	<b>2,403,179</b>
Administrative expenses		(1,968,410)	(2,467,618)
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(165,887)</b>	<b>(64,439)</b>
Interest receivable and other income	7	12,460	107,107
Interest payable and similar charges	8	(71,214)	(87,675)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(224,641)</b>	<b>(45,007)</b>
Tax on (loss)/profit on ordinary activities	9	114,535	(22,967)
<b>(Loss)/profit for the financial year</b>		<b>(110,106)</b>	<b>(67,974)</b>
<b>Total comprehensive income for the year</b>		<b>(110,106)</b>	<b>(67,974)</b>

The notes on pages 10 to 18 form part of these financial statements.

**Balance sheet**  
*at 31 December 2019*

	<i>Note</i>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
		<b>£</b>	<b>£</b>	<b>restated *</b>	<b>restated *</b>
				<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	10		14,461,193		15,916,302
<b>Current assets</b>					
Stocks	11	611,903		953,673	
Debtors	12	5,981,178		6,110,444	
Cash at bank and in hand		39,184		139,609	
		<u>6,632,265</u>		<u>7,203,726</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,906,003)</u>		<u>(4,649,990)</u>	
<b>Net current assets</b>			<u>3,726,262</u>		<u>2,553,736</u>
<b>Total assets less current liabilities</b>			<u>18,187,455</u>		<u>18,470,038</u>
<b>Creditors: amounts falling due after more than one year</b>			-		-
<b>Provisions for liabilities</b>	14		<u>(1,261,035)</u>		<u>(1,433,512)</u>
<b>Net assets</b>			<u>16,926,420</u>		<u>17,036,526</u>
<b>Capital and reserves</b>					
Called up share capital	15		1,000		1,000
Profit and loss account			<u>16,925,420</u>		<u>17,035,526</u>
<b>Shareholders' funds</b>			<u>16,926,420</u>		<u>17,036,526</u>

\*See note 2

These financial statements were approved by the board of directors on 1 December 2020 and were signed on its behalf by:

  
**N. Droin**  
Director

The notes on pages 10 to 18 form part of these financial statements.

## Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 Jan 2018	1,000	17,103,500	17,104,500
Loss for the year	-	(67,974)	(67,974)
<b>Total comprehensive income for the period</b>	-	(67,974)	(67,974)
<b>Balance at 31 December 2018</b>	<b>1,000</b>	<b>17,035,526</b>	<b>17,036,526</b>

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2019	1,000	17,035,526	17,036,526
Loss for the year	-	(110,106)	(110,106)
<b>Total comprehensive income for the period</b>	-	(110,106)	(110,106)
<b>Balance at 31 December 2019</b>	<b>1,000</b>	<b>16,925,420</b>	<b>16,926,420</b>

The notes on pages 10 to 18 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Basis of preparation***

Red-D-Arc Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is Sterling.

The Company's ultimate parent undertaking, L'Air Liquide S.A, includes the Company in its consolidated financial statements the accounts of which can be obtained from the address given in note 17. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of Cash Flow Statement and related notes. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### ***Going concern***

Notwithstanding a loss for the year then ended of £110,106, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and in downside cases funding from its intermediate parent company, Airgas Inc., to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Airgas Inc. supporting repayment of the amounts currently due to Red-D-Arc (UK) Limited, which at 31 December 2019 amounted to £2,111,380, and providing additional financial support during that period. Airgas Inc. has indicated its intention to continue to make available such funds as are needed by the company, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives using the straight line method as follows:

Fixtures and fittings – 10 years

Motor vehicles – 5 years

Plant and machinery – 5 to 12 years

## **Notes (continued)**

### **1 Accounting Policies (continued)**

#### ***Foreign currencies***

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### ***Stocks***

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

#### ***Employee benefits***

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### ***Interest receivable and Interest payable***

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### ***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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

## Notes (continued)

### 1 Accounting Policies (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

#### Turnover

Turnover is the amount invoiced by the company for the following activities:

- Direct sales of equipment where revenue is recognized at point of dispatch
- Rental income where revenue is recognized on an accrual basis when earned
- Service revenue is recognized when the work is completed

### 2 Prior year restatements and reclassifications

In preparing the financial statements for the current year, the comparative figures for the year ended December 31, 2018 have been restated. The impact of these prior year adjustments is detailed below.

#### Prior Year Adjustment A- Reclassification of Loan balance owed to group undertakings

The prior year reclassification relates to the change in presentation of the payable loan balance of £3,711,380 as at 31 December 2018 owed to group undertakings. In prior year, the payable balance of the loan owed to group undertakings was disclosed as part of the total balance of the creditors due after more than one year. However amounts owed by group undertakings are unsecured, and are repayable on demand therefore reclassified to creditors due within one year. There is no impact on profit and loss for the year ended 31 December 2018 or reserves or the net assets for the company as at that date.

<u>Before restatement:</u>	2019	2018
	£	£
Creditors: amounts falling due within one year	2,111,380	3,711,380
Loan amount owed to group undertakings	2,111,380	-
Creditors: amounts falling due after more than one year		
Loan amount owed to group undertakings	-	3,711,380
<u>After restatement:</u>	2019	2018
	£	£
		As restated*
Creditors: amounts falling due within one year		
Loan amount owed to group undertakings	2,111,380	3,711,380
Creditors: amounts falling due after more than one year		
Loan amount owed to group undertakings	-	-

## Notes (continued)

### Prior year restatements and reclassifications (continued)

#### Prior Year Adjustment B- Reclassification of cash in cash pooling

In the prior year, a balance of £2,699,796 was classified as cash and cash equivalents, however it has been identified that £2,560,187 of this balance relates to a cash pooling arrangement operated and managed by L'Air Liquide S.A. and therefore it should be classified as an Intercompany Debtor. As such, a reclassification has been made to decrease the cash and cash equivalents and increase the intercompany debtors included in the debtors balance as at 31 December 2018 by £2,560,187.

	2019 £	2018 £
<u>Before restatement:</u>		
Amounts owed from group undertakings	3,824,314	1,168,192
Cash at bank and in hand	39,184	2,699,796
<u>After restatement:</u>		
	2019 £	2018 £ As restated*
Amounts owed from group undertakings	3,824,314	3,728,379
Cash at bank and in hand	39,184	139,609

#### Prior Year Adjustment C – Directors remuneration

In the prior year the company received services from a Director and a payment of £118,900 was made and the remuneration expense was recognised within the payroll costs but not disclosed within the Directors Remuneration note. As such this has been specifically disclosed within Note 5 as a restatement for the year ended 31 December 2018.

### 3 Analysis of turnover

	2019 £	2018 £
<i>By geographical market</i>		
UK	3,442,967	3,732,473
Rest of Europe and Scandinavia	480,108	392,451
Middle East	1,770,142	1,452,727
Rest of the world	426,517	584,741
	<u>6,119,734</u>	<u>6,162,392</u>

### 4 Expenses and auditor's remuneration

	2019 £	2018 £
<i>Included in the profit are the following:</i>		
Auditor's remuneration:		
Audit of these financial statements	45,730	43,000
Depreciation	1,869,215	1,718,908
(Profit) on disposal of fixed assets	(9,395)	(2,095)
Hire of other assets - land and buildings	191,893	190,653
	<u>1,996,443</u>	<u>1,949,466</u>

## Notes (continued)

### 5 Remuneration of directors

One of company's directors was directly employed by the parent company Airgas Inc. in the current and prior period. The director received no remuneration from this Company in the current nor in the prior period.

The remuneration of the other director that provided services is disclosed as per the below;

	2019 £	2018 £ As restated*
Director's remuneration:		
Remuneration for qualifying services (see note 2)	144,008	118,990

### 6 Staff numbers and costs

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

	Number of employees	
	2019	2018
Management	2	2
Administration	3	3
Selling	3	4
Operations	16	17
	<u>24</u>	<u>26</u>

The aggregate payroll costs of these persons were as follows:

	2019 £	2018 £
Wages and salaries	930,029	1,086,263
Social security costs	113,316	122,724
Pension costs	26,637	21,090
	<u>1,069,982</u>	<u>1,230,077</u>

### 7 Other net interest receivable and similar income

	2019 £	2018 £
Foreign exchange gain and Interest	12,460	107,107



## Notes (continued)

### 8 Other interest payable and similar charges

	2019 £	2018 £
Inter-company interest	71,214	87,675

### 9 Taxation

#### Analysis of charge in period

	2019 £	2018 £
<i>UK corporation tax at 19% (2018: 19%)</i>		
Current tax on income for the period	57,961	20,951
Adjustment to tax charge in respect of prior years	(19)	-
Total current tax	57,942	20,951
Double tax relief	(57,961)	(20,951)
	(19)	-
<i>Foreign tax</i>		
Current tax on income for the period	57,961	46,393
Total current tax	57,942	46,393
<i>Deferred tax</i>		
Current period	(109,354)	(23,309)
Rate difference	-	(117)
Adjustment in respect of prior years	(63,123)	-
Total deferred tax	(172,477)	(23,426)
Total tax credit	(114,535)	22,967

#### Reconciliation of effective rate tax

	2019 £	2018 £
(Loss)/profit for the year	(110,106)	(67,974)
Total tax expense	(114,535)	22,967
(Loss)/profit for the year before tax	(224,641)	(45,007)
Current tax credit at 19% (2018: 19%)	(42,682)	(8,551)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,651	3,394
Other timing differences	122	(61)
Foreign tax credits	-	25,442
Chargeable gains	-	-

**Notes (continued)**  
**Taxation (continued)**

Adjustment to deferred tax	(50,258)	2,743
Group relief claimed	(25,367)	-
Prior year adjustment	-	-
	<hr/>	<hr/>
Total tax credit – see above	(114,534)	22,967
	<hr/>	<hr/>

**10 Tangible fixed assets**

	Plant and Machinery £	Fixtures and Equipment £	Motor Vehicles £	Total £
<i>Cost</i>				
At 1 January 2019	25,719,879	301,318	382,458	26,403,655
Additions	2,867,571	5,985	-	2,873,556
Disposals	(3,862,582)	-	(49,298)	(3,911,880)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	24,724,868	307,303	333,160	25,365,331
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2019	9,977,434	230,766	279,153	10,487,353
Charge for year	1,804,432	17,924	46,859	1,869,215
On disposals	(1,411,070)	-	(41,360)	(1,452,430)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	10,370,796	248,690	284,652	10,904,138
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2019	14,354,072	58,613	48,508	14,461,193
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	15,742,445	70,552	103,305	15,916,302
	<hr/>	<hr/>	<hr/>	<hr/>

**11 Stocks**

	2019 £	2018 £
Finished goods and goods for resale	611,903	953,673
	<hr/>	<hr/>

## Notes (continued)

### 12 Debtors

	2019 £	2018 £ As restated*
Trade debtors	1,566,648	1,584,421
Other debtors	26,950	268,244
Amount owed from group undertakings (restated, see note 2)	3,824,314	3,728,379
Corporation tax recoverable	364,011	390,750
Prepayments and accrued income	199,155	138,650
	<u>5,981,178</u>	<u>6,110,444</u>

### 13 Creditors: amounts falling due within one year

	2019 £	2018 £ As restated*
Trade creditors	208,647	416,545
Amount owed to group undertakings	465,532	353,450
VAT	75,673	91,657
Other creditors	4,115	4,303
Accruals and deferred income	40,656	72,655
Loan amount owed to group undertakings (restated, see note 2)	<u>2,111,380</u>	<u>3,711,380</u>
	<u>2,906,003</u>	<u>4,649,990</u>

Note: The loan is repayable on demand with an interest rate of 1.79%.

### 14 Provisions for liabilities – deferred tax

	2019 £	2018 £
At beginning of year/period	1,433,512	1,456,938
Movement in the year/period	(172,477)	(23,426)
	<u>1,261,035</u>	<u>1,433,512</u>

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date. Reductions in the UK corporation tax rate from 20% to 19% effective from 1 April 2017 and a subsequent further reduction to 18% with effect from 1 April 2020 were substantively enacted in Finance (No.2) Bill 2015 on 26 October 2015. The rate was further reduced to 17% with effect from 1 April 2020 by Finance Act 2016 which received Royal Assent on 15 September 2016.'

## Notes (continued)

Deferred tax is recognized without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 15 Called up share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

### 16 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2019 £	2018 £
Within one year	183,769	183,162
Between 2 and 5 years	633,360	512,720
	<u>817,129</u>	<u>695,882</u>

During the period £191,893 recognised as an expense in the profit and loss account in respect of operating leases (2018: £190,653).

### 17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of RED-D ARC (UK) Limited incorporated in England & Wales.

The largest group in which the results of the Company are consolidated is that headed by L'Air Liquide S.A. at 75 Quai d'Orsay 75321 Paris, incorporated in France. The financial statements of L'Air Liquide S.A. are available to the public and may be obtained from [www.airliquid.com](http://www.airliquid.com).