

Annual Report Allweld Industrial & Welding Supplies Limited

2012



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20/09/2013
COMPANIES HOUSE

Allweld Industrial & Welding Supplies Limited

Annual report for the year ended 31 December 2012

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Directors' report for the year ended 31 December 2012

Principal activities

The company's principal activities are and have been throughout the current and preceding year the sale and distribution of welding consumables, safety and related industrial products and equipment

Business review

The directors review levels of turnover and gross margin as the key performance indicators

Sales and gross margin have increased in the year, however the net profit margin has decreased due to an increasingly competitive environment

The company is focussed towards improving gross and net profit levels and building upon its existing customer base for the following year

The principal risks and uncertainties for the business relate to the current economic climate and the impact that this has on the company's customers and supply chain

Dividends

No interim dividend was paid during the year (2011 £nil)

The directors do not recommend the payment of a final dividend for the year ended 31 December 2012 (2011 £nil)

Directors

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

| | |
|-----------------|----------------------------|
| Mr A J Bridger | appointed 12 March 2012 |
| Mr J G Hawthorn | |
| Mr S Hudson | appointed 12 March 2012 |
| Mrs C Tuhme | appointed 12 March 2012 |
| Mr R Walker | resigned 06 September 2012 |

The directors are not subject to retirement by rotation

Political and Charitable Contributions

The company has not made any political or charitable donations during the year

Disclosure of information to auditor

The directors holding office at the date of approval of this directors' report confirm that so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all steps that ought to have been taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Directors' report for the year ended 31 December 2012 (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board



S Kelly
Secretary

09 September 2013

Redfield Road, Lenton, Nottingham, Nottinghamshire, NG7 2UJ

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations

The Companies Act 2006 (the "Act") requires the directors to prepare financial statements for each financial year and they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Pursuant to the Act, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Act. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Allweld Industrial & Welding Supplies Limited

We have audited the financial statements of Allweld Industrial & Welding Supplies Limited for the year ended 31 December 2012 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeUKprivate.

Opinion on financial statements

In our opinion the financial statements

give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,

have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and

have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Allweld Industrial & Welding Supplies Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Sills
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
9 September 2013

Profit and loss account for the year ended 31 December 2012

| | Note | 2012 | 2011 |
|---|------|-----------|-----------|
| In £ | | | |
| Turnover | [2] | 577,347 | 552,248 |
| Cost of sales | | (397,595) | (386,231) |
| Gross profit | | 179,752 | 166,017 |
| Administrative expenses | | (210,024) | (275,081) |
| Operating loss | [3] | (30,272) | (109,064) |
| Interest payable and similar charges | [4] | (5,345) | (4,760) |
| Loss on ordinary activities before taxation | | (35,617) | (113,824) |
| Taxation | [5] | - | - |
| Loss for the financial year | [15] | (35,617) | (113,824) |

All of the above relates to continuing operations

The company has no recognised gains and losses in the year other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been prepared

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

Balance sheet as at 31 December 2012

| | Note | 2012 | 2011 |
|--|-------|------------------|------------------|
| Intangible assets | | | |
| Intangible assets | [9] | - | 62,341 |
| Tangible assets | | | |
| Tangible assets | [10] | 11,358 | 10,831 |
| | | 11,358 | 73,171 |
| Current assets | | | |
| Stocks | [11] | 57,468 | 77,674 |
| Debtors | [12] | 112,413 | 132,681 |
| Cash at bank and in hand | | 1,870 | 238 |
| | | 171,751 | 210,594 |
| Current liabilities | | | |
| Creditors amounts falling due within one year | [13] | (189,875) | (254,914) |
| Net current liabilities | | (18,124) | (44,320) |
| Total assets less current liabilities | | (6,766) | 28,851 |
| Long-term liabilities | | | |
| Creditors amounts falling due after more than one year | [13] | (160,000) | (160,000) |
| Net liabilities | | (166,766) | (131,149) |
| Capital and reserves | | | |
| Called up share capital | [14] | 1 | 1 |
| Profit and loss account | | (166,767) | (131,150) |
| Shareholders' deficit | [15] | (166,766) | (131,149) |

The financial statements on pages 6 to 15 were approved by the board of directors on 9 September 2013 and were signed on its behalf by

C. Muhme

Mrs C. Tuhme
Director

Notes to the financial statements for the year ended 31 December 2012

[1] Accounting policies

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

a) Basis of preparation

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

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependant for its working capital on funds provided to it by Industrial Supplies & Services Limited, the company's immediate parent undertaking. Industrial Supplies and Services Limited has indicated that for at least 12 months from the date of approval of these financial statements and for so long as the company remains part of the the Linde Group, it will continue to provide loan finance to or to procure that satisfactory alternative funding is made available to the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. 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 it will not do so.

Based on the indications from Industrial Supplies & Services Limited, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

b) Cash flow statement

The company is a 100% owned subsidiary of Linde AG, and is included in the consolidated financial statements of Linde AG, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (revised 1996).

The principal accounting policies are set out below.

c) Revenue recognition

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

d) Leases

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

e) Intangible fixed assets

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

f) Taxation

The charge for taxation is based on the result for the year. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on enacted or substantially enacted tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in different periods from those in which they are included in the financial statements.

[1] Accounting policies (continued)**g) Pensions**

The company operates a defined contribution scheme. Contributions for the defined contribution scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

h) Dividends

Final dividends proposed by the board of directors and unpaid at the year end are not recognised in the financial statements until they have been approved by a written resolution of the company's members.

i) Stock

Stock is valued at the lower of cost and net realisable value. Cost comprises purchase price. Net realisable value means estimated selling price less all further costs to be incurred in marketing, selling and distribution.

j) Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the net profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

k) Fixed asset

The cost of items of property, plant and equipment is its purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write-off over the expected useful economic lives of the asset concerned, the cost of property, plant and equipment, less any estimated residual values, which are adjusted, if appropriate, at each balance sheet date. The principal economic lives used for this purpose are:

| | |
|----------------------------------|---|
| Fixtures, fittings and equipment | 25% straight line / 15% reducing balance |
| Motor vehicles | 20% straight line new commercial vehicles / 25% reducing balance other vehicles |

[2] Turnover

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

[3] Operating Loss

[i] Operating loss is stated after charging/(crediting) the following items

| In £ | 2012 | 2011 |
|--|---------|---------|
| Staff costs [note 8] | 109,178 | 157,115 |
| Operating lease charges | | |
| Land and buildings | - | 17,667 |
| Depreciation and other amounts written off tangible fixed assets | 6,826 | 5,601 |
| Amortisation and other amounts written off intangible assets | 62,341 | 8,012 |
| Audit of financial statements and other services | 11,050 | 3,650 |

[4] Interest

| Interest payable and similar charges | | |
|---|--------------|--------------|
| In £ | 2012 | 2011 |
| On amounts payable to group companies | 4,344 | 4,320 |
| Bank interest payable | 1,001 | 440 |
| | 5,345 | 4,760 |

[5] Tax on profit on ordinary activities

| In £ | 2012 | 2011 |
|---|----------|-----------|
| a) Analysis of charge/(credit) in year | | |
| Current tax | | |
| UK corporation tax on profits of the year | (13,016) | (22,321) |
| Adjustment in respect of previous years | - | - |
| Group relief | 13,016 | 22,321 |
| Tax charge/(credit) on loss on ordinary activities | - | - |
| b) factors affecting tax for the year | | |
| The tax assessed for the year is different to the rate of corporation tax in the UK of 24.5% (2011 26.5%) | | |
| The differences are explained below | | |
| Loss on ordinary activities before taxation | (35,617) | (113,824) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 24.5% (2011 26.5%) | (8,726) | (30,163) |
| Effects of | | |
| Expenses not deductible for tax purposes | 77 | 367 |
| Depreciation for period in excess of capital allowances | 823 | 731 |
| Short term timing differences | (5,190) | 6,744 |
| Group relief for nil consideration | 13,016 | 22,321 |
| Current tax charge/(credit) for the year (as above) | - | - |

[5] Tax on profit on ordinary activities (continued)**c) Factors that may affect future tax charges**

Finance Act 2012 included provisions to reduce the main rate of corporation tax to 23% from 1 April 2013

The budget on 20 March 2013 announced changes to further reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. As these changes have not yet been substantially enacted by parliament their effect is not included in the figures above

[6] Dividends

There were no dividends paid during the financial year (2011: £nil)

[7] Directors emoluments

The 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 presented within the accounts of Industrial Supplies & Services Limited or BOC Limited and are not included in any of the figures in this note

[8] Employees**[a] Average number of employees**

The average monthly number of persons employed by the company during the year was

| | 2012 | 2011 |
|----------------------|------|------|
| Management and sales | 4 | 5 |

[b] Employment costs

| In £ | 2012 | 2011 |
|-----------------------|----------------|----------------|
| Wages and salaries | 98,625 | 140,233 |
| Social security costs | 9,869 | 14,146 |
| Pension costs | 684 | 2,736 |
| | 109,178 | 157,115 |

[9] Intangible assets

| In £ | Goodwill |
|--|----------|
| Cost | |
| At 1 January 2012 and 31 December 2012 | 80,383 |
| Amortisation | |
| At 1 January 2012 | 18,042 |
| Amortisation | 62,341 |
| At 31 December 2012 | 80,383 |
| Net book value | |
| At 31 December 2012 | - |
| At 1 January 2012 | 62,341 |

In 2009 the company acquired the trade and assets of Allweld Supplies (Thames Valley) Limited. The goodwill balance was written off in full this year, following an impairment review.

[10] Tangible assets

| In £ | Plant & Equipment | Fixtures, fittings & computers | Motor vehicles | Total |
|-----------------------|-------------------|--------------------------------|----------------|--------|
| Cost | | | | |
| At 1 January 2012 | - | 18,960 | 7,019 | 25,979 |
| Additions | 7,353 | - | - | 7,353 |
| At 31 December 2012 | 7,353 | 18,960 | 7,019 | 33,332 |
| Depreciation | | | | |
| At 1 January 2012 | - | 8,888 | 6,260 | 15,148 |
| Charge for the year | 3,064 | 3,762 | - | 6,826 |
| At 31 December 2012 | 3,064 | 12,650 | 6,260 | 21,974 |
| Net book value | | | | |
| At 31 December 2012 | 4,289 | 6,310 | 759 | 11,358 |
| At 1 January 2012 | - | 10,072 | 759 | 10,831 |

[11] Stocks

| In £ | 2012 | 2011 |
|-------------------------------------|--------|--------|
| Finished goods and goods for resale | 57,468 | 77,674 |

[12] Debtors

| In £ | 2012 | 2011 |
|-------------------------------------|----------------|----------------|
| Amounts falling due within one year | | |
| Trade debtors | 83,322 | 98,062 |
| Amounts owed by group undertakings | 28,883 | 34,267 |
| Other debtors | 208 | 352 |
| | 112,413 | 132,681 |

[13] Creditors

| In £ | 2012 | 2011 |
|---------------------------------------|----------------|----------------|
| Amounts falling due within one year | | |
| Bank loans and overdrafts | - | 49,354 |
| Trade creditors | 71,123 | 149,423 |
| Amounts owed to group undertakings | 90,278 | 27,351 |
| Other taxes and social security costs | 16,158 | 7,239 |
| Other creditors | 12,316 | 21,547 |
| | 189,875 | 254,914 |

The company's bank holds as a security a debenture dated 21 September 2009. In addition Industrial Supplies and Services Limited, the parent company, has given a guarantee limited to £65,000.

Interest is charged on bank loans and overdrafts at an average rate of 2%.

| In £ | 2012 | 2011 |
|--|---------|---------|
| Amounts falling due after more than one year | | |
| Amounts owed to group undertakings | 160,000 | 160,000 |

[14] Share capital

| In £ | 2012 | 2011 |
|----------------------------------|-------|-------|
| Authorised | | |
| 1,000 Ordinary Shares of £1 each | 1,000 | 1,000 |
| Allotted and fully paid | | |
| 1 Ordinary Share of £1 each | 1 | 1 |

[15] Reconciliation of movements in shareholders' deficit

| In £ | 2012 | 2011 |
|-------------------------------|------------------|------------------|
| Loss for the financial year | (35,617) | (113,824) |
| Opening shareholders' deficit | (131,149) | (17,325) |
| Closing shareholders' deficit | (166,766) | (131,149) |

[16] Financial Commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating lease commitments expiring as follows

| | As at 31 December 2012 | As at 31 December 2011 |
|------------------|---------------------------|---------------------------|
| In £ | Land and buildings | Land and buildings |
| After five years | - | 26,500 |

[17] Pensions**Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £684 (2011: £2,736)

[18] Related party disclosures**Sale of goods**

During the year the company sold goods to associated companies totalling £117,016 (2011: £83,143)

In addition, the company received commission from an associated companies totalling £49,167 (2011: £15,268)

No sale of goods were made to the immediate parent undertaking

Purchases

During the year the company purchased goods from associated companies totalling £75,560 (2011: £101,466)

No goods were purchased from the immediate parent undertaking

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

Management and administration charges

During the year, the company incurred management and administration charges from the immediate parent undertaking totalling £9,986 (2011: £9,986)

[18] Related party disclosures (continued)

Balances with related parties

At 31 December 2012 the following balances with related parties were held,

| In £ | 2012 | 2011 |
|--|--------|--------|
| Amounts due from associated companies | 27,700 | 34,267 |
| Split by, | | |
| BOC Ltd | 19,358 | 18,920 |
| Industrial & Welding Management Limited | 4,661 | 6,504 |
| Wessex Industrial & Welding Supplies Limited | 3,681 | 5,249 |
| Other group balances | 0 | 3,594 |

| In £ | 2012 | 2011 |
|---|-------|------|
| Amounts due from immediate parent undertaking | 1,183 | - |

| In £ | 2012 | 2011 |
|--|--------|--------|
| Amounts due to associated companies | 75,287 | 16,345 |
| Split by, | | |
| BOC Ltd | 70,479 | 3,152 |
| Wessex Industrial & Welding Supplies Limited | 3,744 | 10,409 |
| Welder Equipment Services Limited | 966 | 1,149 |
| Other group balances | 98 | 1,635 |

| In £ | 2012 | 2011 |
|---|---------|---------|
| Amounts due to immediate parent undertaking | 174,991 | 171,006 |

[19] Ultimate parent undertaking

The company is a wholly-owned subsidiary of Industrial Supplies & Services Limited, a company registered in England & Wales

The ultimate parent company is Linde AG, Klosterhofstrasse 1, 80331 Munich, Germany

Linde AG is the smallest and largest group to consolidate these financial statements. Copies of Linde AG's consolidated financial statements can be obtained from that company at Klosterhofstrasse 1, 80331 Munich, Germany