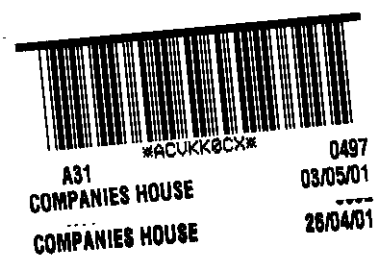


**LEEN GATE WELDING SUPPLIES LIMITED**

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 SEPTEMBER 2000**

REGISTERED NUMBER: 2350403



**LEEN GATE WELDING SUPPLIES LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

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Detailed profit and loss statement	15 - 16

**LEEN GATE WELDING SUPPLIES LIMITED**

**COMPANY INFORMATION  
AT 30 SEPTEMBER 2000**

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**DIRECTORS**

R. C. Godley  
M. J. Giles  
N. J. Biggs

**SECRETARY**

R. C. Godley

**REGISTERED OFFICE**

Redfield Road  
Lenton  
Nottingham  
NG7 2UJ

**AUDITORS**

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

**PRINCIPAL BANKERS**

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

## **LEEN GATE WELDING SUPPLIES LIMITED**

### **DIRECTORS' REPORT**

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The directors present their annual report with the financial statements of the company for the year ended 30 September 2000.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review was that of suppliers and repairers of welding equipment in conjunction with the supply of associated welding products.

#### **REVIEW OF THE BUSINESS**

The net loss after providing for taxation amounted to £27,617.

#### **DIRECTORS AND THEIR INTERESTS**

R. C. Godley held 200 £1 ordinary shares in Leen Gate Welding Group Limited at 30th September 2000 and 1st October 1999.

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

		<b>Number of Shares</b>	
		<b>2000</b>	<b>1999</b>
R. C. Godley	Ordinary shares of £1 each	-	-
M. J. Giles	Ordinary shares of £1 each	1,000	1,000
N. J. Biggs	Ordinary shares of £1 each	1,000	1,000

#### **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.

**LEEN GATE WELDING SUPPLIES LIMITED**

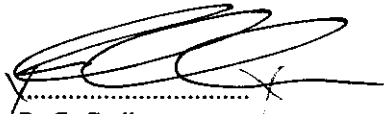
**DIRECTORS' REPORT**

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**AUDITORS**

The auditors, Hobsons, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board:

  
.....  
R. C. Godley  
Secretary

Date: 2 APR 2001

**LEEN GATE WELDING SUPPLIES LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS**

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We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 9.

**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.

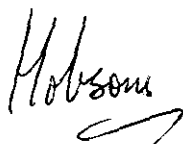
**BASIS OF OPINION**

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Date: 2 April 2001

**LEEN GATE WELDING SUPPLIES LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	Notes	2000 £	1999 £
<b>TURNOVER</b>		1,215,884	1,094,265
Cost of sales		835,516	822,413
<b>GROSS PROFIT</b>		380,368	271,852
Administrative expenses		390,139	267,611
<b>OPERATING (LOSS) / PROFIT</b>	2	(9,771)	4,241
Interest payable and similar charges	3	(17,846)	(4,641)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(27,617)	(400)
Tax on loss on ordinary activities	6	-	(1,574)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(27,617)	(1,974)

**Continuing operations**

None of the company's activities were discontinued during the above two financial years.

**Total recognised gains and losses**

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


The notes on pages 7 to 14 form part of these financial statements.

**LEEN GATE WELDING SUPPLIES LIMITED****BALANCE SHEET  
AT 30 SEPTEMBER 2000**

	Notes	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Intangible assets	7		59,375		73,750
Tangible assets	8		62,885		57,466
			<u>122,260</u>		<u>131,216</u>
<b>CURRENT ASSETS</b>					
Stocks	9	147,492		123,007	
Debtors	10	306,586		467,330	
Cash at bank and in hand		2,655		1,166	
		<u>456,733</u>		<u>591,503</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	(377,505)		(587,795)	
<b>NET CURRENT ASSETS</b>			<u>79,228</u>		<u>3,708</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>201,488</u>		<u>134,924</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12		(104,132)		(9,951)
<b>NET ASSETS</b>			<u>97,356</u>		<u>124,973</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		10,000		10,000
Profit and loss account	17		87,356		114,973
<b>TOTAL SHAREHOLDERS' FUNDS</b>	18		<u>97,356</u>		<u>124,973</u>

22 APR 2001

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

  
 R. C. Godley  
 Director



## **LEEN GATE WELDING SUPPLIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000**

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#### **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 year.

##### **Goodwill**

Goodwill is amortised on a straight line basis through the profit and loss account over the directors' estimate of its useful economic life of 10 years.

##### **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	10% on cost
Plant and machinery	20% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

##### **Stocks**

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

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.

##### **Pension costs**

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

**LEEN GATE WELDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000****2. OPERATING (LOSS) / PROFIT**

Operating (loss) / profit	2000 £	1999 £
<b>After charging:</b>		
Depreciation of fixed assets	12,194	9,469
Depreciation of leased assets	4,076	8,583
Loss on disposal of tangible assets	8	1,578
Amortisation of intangible assets	6,875	1,250
Auditors' remuneration	2,950	2,800
Operating lease rentals		
Land and buildings	26,681	12,322
Motor vehicles	19,952	10,853

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £	1999 £
On amounts payable to group undertakings	15,323	2,387
On bank loans and overdrafts	1,698	1,345
Lease finance charges and hire purchase interest	825	909
	<u>17,846</u>	<u>4,641</u>

**4. INFORMATION ON DIRECTORS AND EMPLOYEES**

	2000 £	1999 £
<b>Staff costs</b>		
Wages and salaries	177,776	130,256
Social security costs	15,632	13,493
Other pension costs	3,518	5,519
	<u>196,926</u>	<u>149,268</u>

	2000 No.	1999 No.
The average number of employees during the year was made up as follows:		
Management and sales	<u>12</u>	<u>9</u>

**LEEN GATE WELDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000****4. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)**

	2000 £	1999 £
<b>Directors' emoluments</b>		
Emoluments	64,987	60,114
Pension contributions to money purchase (defined contribution) schemes	2,482	2,208
	<u>67,469</u>	<u>62,322</u>
	<b>2000 No.</b>	<b>1999 No.</b>
During the year the following number of directors:		
Accrued benefits under money purchase (defined contribution) pension schemes	<u>2</u>	<u>2</u>

**5. PENSION COSTS****Money purchase (defined contribution) pension scheme**

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,518 (1999: £5,519).

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2000 £	1999 £
The taxation charge comprises:		
Corporation tax at 30% (1999 - 30%)	-	1,585
Adjustment in respect of prior years	-	(11)
	<u>-</u>	<u>1,574</u>

# LEEN GATE WELDING SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

### 7. INTANGIBLE FIXED ASSETS

	<b>Goodwill £</b>
<b>Cost:</b>	
At 1 October 1999	75,000
Additions	4,500
Disposals	(12,000)
	<hr/>
At 30 September 2000	67,500
	<hr/>
<b>Amortisation:</b>	
At 1 October 1999	1,250
Charge for year	6,875
	<hr/>
At 30 September 2000	8,125
	<hr/>
<b>Net book value:</b>	
At 30 September 2000	<u>59,375</u>

### 8. TANGIBLE FIXED ASSETS

	<b>Land and buildings £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost:</b>					
At 1 Oct. 99	4,266	19,759	15,031	59,731	98,787
Additions	16,350	-	5,348	-	21,698
Disposals	(4,266)	-	(2,693)	-	(6,959)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 Sep. 00	16,350	19,759	17,686	59,731	113,526
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>					
At 1 Oct. 99	4,265	6,723	8,563	21,771	41,322
Charge for year	1,226	2,607	2,947	9,490	16,270
On disposals	(4,265)	-	(2,686)	-	(6,951)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 Sep. 00	1,226	9,330	8,824	31,261	50,641
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>					
At 30 Sep. 00	<u>15,124</u>	<u>10,429</u>	<u>8,862</u>	<u>28,470</u>	<u>62,885</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 Sep. 99	<u>1</u>	<u>13,036</u>	<u>6,469</u>	<u>37,960</u>	<u>57,466</u>

	<b>2000 £</b>	<b>1999 £</b>
<b>Analysis of net book value of land and buildings:</b>		
Tenant's improvements to property	<u>15,124</u>	<u>1</u>

**LEEN GATE WELDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000****8. TANGIBLE FIXED ASSETS - (continued)**

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

	2000 £	1999 £
Net book values:		
Motor vehicles	12,229	25,750

**9. STOCKS**

	2000 £	1999 £
Finished goods and goods for resale	147,492	123,007

**10. DEBTORS**

	2000 £	1999 £
Trade debtors	281,857	445,773
Amounts owed by group undertakings	13,527	12,617
Other debtors	11,202	8,940
	306,586	467,330

**11. CREDITORS: amounts falling due within one year**

	2000 £	1999 £
Bank loans and overdrafts	106,871	93,914
Net obligations under finance leases and hire purchase contracts	5,819	8,179
Trade creditors	117,331	182,727
Amounts owed to group undertakings	121,435	265,230
Corporation tax	-	1,585
Other taxes and social security costs	20,755	30,162
Other creditors	5,294	5,998
	377,505	587,795

Bank overdrafts amounting to £106,871 (1999 £93,914) are secured by a charge over book debts.

**LEEN GATE WELDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000****12. CREDITORS: amounts falling due after more than one year**

	2000 £	1999 £
Amounts owed to group undertakings	100,000	-
Net obligations under finance leases and hire purchase contracts	4,132	9,951
	<u>104,132</u>	<u>9,951</u>

**13. BORROWINGS**

	2000 £	1999 £
<b>The company's borrowings are repayable as follows</b>		
Up to one year and on demand	<u>106,871</u>	<u>93,914</u>

**14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	2000 £	1999 £
<b>The company's net obligations are repayable as follows:</b>		
Within one year or on demand	5,819	8,179
In two to five years	4,132	9,951
	<u>9,951</u>	<u>18,130</u>
Included in current liabilities	(5,819)	(8,179)
	<u>4,132</u>	<u>9,951</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired

**LEEN GATE WELDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000****15. RELATED PARTY DISCLOSURES**

The following transactions with related parties occurred during the year.

Related parties	Sales	Purchases	Management & Administration charges
Intermediate parent undertakings	£Nil	£Nil	£8,150
Fellow subsidiary undertakings	£41,462	£121,146	£Nil

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

The company has leased two motor vehicles during the year from its intermediate parent undertaking at a cost of £7,988.

At 30th September 2000 there were the following balances with related parties:

Amounts owed by fellow subsidiary undertakings	£10,780
Amounts owed to intermediate parent undertaking	£2,747
Amounts owed to fellow subsidiary undertakings	£27,436
Amounts owed to intermediate parent undertaking	£193,999

**16. SHARE CAPITAL**

	2000 £	1999 £
<b>Authorised:</b>		
<b>Equity interests:</b>		
Ordinary shares of £1 each	20,000	20,000
<b>Allotted, called up and fully paid:</b>		
<b>Equity interests:</b>		
Ordinary shares of £1 each	10,000	10,000

**17. PROFIT AND LOSS ACCOUNT**

	2000 £	1999 £
Retained profit as at 1 October 1999	114,973	116,947
Loss for the year	(27,617)	(1,974)
Retained profit as at 30 September 2000	87,356	114,973

**LEEN GATE WELDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000****18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000 £	1999 £
Loss for the year	(27,617)	(1,974)
Opening shareholders' funds	124,973	126,947
Closing shareholders' funds	97,356	124,973
Represented by:-		
Equity interests	97,356	124,973

**19. CONTINGENT LIABILITIES**

The company has entered into an agreement with the minority ordinary shareholders whereby upon death, retirement or termination of employment of the shareholders the company (or its parent company) shall repurchase the ordinary shares at a price as determined by the Articles of Association.

**20. REVENUE COMMITMENTS**

At the year 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	
	2000 £	1999 £	2000 £	1999 £
Within one year	23,000	23,800	6,712	6,849
More than one year and less than five years	-	-	-	17,112
	23,000	23,800	6,712	23,961

**21. ULTIMATE PARENT COMPANY**

The company is an 80% owned subsidiary of Leen Gate Welding Group Ltd, a company registered in England and Wales.

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