

Rock Industrial & Welding Supplies Limited
Directors' Report and Financial Statements
for the year ended 30 September 2004



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

Rock Industrial & Welding Supplies Limited

Company information

Directors	R. C. Godley S. P. Evans P. R. Davies
Secretary	R. C. Godley
Company number	2481967
Registered office	Redfield Road Lenton Nottingham NG7 2UJ
Registered Auditors	Hobsons Chartered Accountants Alexandra House 43 Alexandra Street Nottingham NG5 1AY
Bankers	National Westminster Bank Plc 16 South Parade Nottingham NG1 2JX

Rock Industrial & Welding Supplies Limited

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Rock Industrial & Welding Supplies Limited

Directors' report for the year ended 30 September 2004

The directors present their report and the financial statements for the year ended 30 September 2004.

Principal activity and review of the business

The principal activity of the company in the year under review was that of retailers of welding equipment and materials.

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	
	2004	2003
R. C. Godley	-	-
S. P. Evans	1,245	1,245
P. R. Davies	1,245	1,245

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:

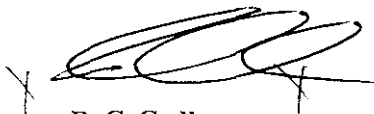
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the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

Registered 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 28 June 2005 and signed on its behalf by


R. C. Godley
Secretary

Rock Industrial & Welding Supplies Limited

Independent auditors' report to the shareholders of Rock Industrial & Welding Supplies Limited

We have audited the financial statements of Rock Industrial & Welding Supplies Limited for the year ended 30 September 2004 set out on pages 3 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hobsons

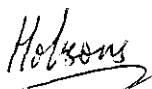
Chartered Accountants and Registered Auditors

Alexandra House

43 Alexandra Street

Nottingham NG5 1AY

28 June 2005



Rock Industrial & Welding Supplies Limited

Profit and loss account for the year ended 30 September 2004

		Continuing operations	
		2004	2003
	Notes	£	£
Turnover	2	2,172,715	1,702,994
Cost of sales		(1,654,215)	(1,242,907)
Gross profit		<u>518,500</u>	<u>460,087</u>
Administrative expenses		(455,288)	(403,536)
Operating profit	3	<u>63,212</u>	<u>56,551</u>
Other interest receivable and similar income	4	4,073	3,468
Interest payable and similar charges	5	(585)	(859)
Profit on ordinary activities before taxation		<u>66,700</u>	<u>59,160</u>
Tax on profit on ordinary activities	8	(18,636)	(20,041)
Retained profit for the year		<u>48,064</u>	<u>39,119</u>
Retained profit brought forward		<u>501,480</u>	<u>462,361</u>
Retained profit carried forward		<u><u>549,544</u></u>	<u><u>501,480</u></u>

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

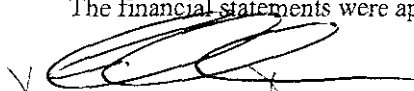
The notes on pages 6 to 13 form an integral part of these financial statements.

Rock Industrial & Welding Supplies Limited

**Balance sheet
as at 30 September 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		111,826		109,938
Current assets					
Stocks	10	175,807		133,961	
Debtors	11	566,544		481,529	
Cash at bank and in hand		225,240		241,682	
		<u>967,591</u>		<u>857,172</u>	
Creditors: amounts falling due within one year	12	<u>(514,837)</u>		<u>(451,833)</u>	
Net current assets			<u>452,754</u>		<u>405,339</u>
Total assets less current liabilities			564,580		515,277
Creditors: amounts falling due after more than one year	13		<u>(5,076)</u>		<u>(3,837)</u>
Net assets			<u>559,504</u>		<u>511,440</u>
Capital and reserves					
Called up share capital	14		9,960		9,960
Profit and loss account			549,544		501,479
Equity shareholders' funds	15		<u>559,504</u>		<u>511,440</u>

The financial statements were approved by the Board on 28 June 2005 and signed on its behalf by


R. C. Godley
Director

The notes on pages 6 to 13 form an integral part of these financial statements.

Rock Industrial & Welding Supplies Limited

**Cash flow statement
for the year ended 30 September 2004**

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		63,212	56,551
Depreciation		13,804	17,481
(Increase) in stocks		(41,846)	16,477
(Increase) in debtors		(85,015)	(15,847)
Increase in creditors		49,156	(68,277)
Net cash outflow from operating activities		<u>(689)</u>	<u>6,385</u>
Cash flow statement			
Net cash outflow from operating activities		(689)	6,385
Returns on investments and servicing of finance	20	3,488	2,609
Taxation	20	(9,000)	5,954
Capital expenditure	20	(2,989)	(12,441)
		(9,190)	2,507
Financing	20	(7,254)	(4,164)
Decrease in cash in the year		<u>(16,444)</u>	<u>(1,657)</u>
Reconciliation of net cash flow to movement in net debt (Note 21)			
Decrease in cash in the year		(16,444)	(1,657)
Cash outflow from increase in debts and lease financing		7,254	4,164
Change in net debt resulting from cash flows		(9,190)	2,507
New finance leases and hire purchase contracts		(12,703)	-
Movement in net debt in the year		(21,893)	2,507
Net funds at 1 October 2003		233,493	230,986
Net funds at 30 September 2004		<u>211,600</u>	<u>233,493</u>

Rock Industrial & Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2004

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. 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:

Land and buildings	-	10% straight line
Plant and machinery	-	20% reducing balance
Fixtures, fittings	-	20% reducing balance
Computer equipment	-	25% straight line
Motor vehicles	-	25% reducing balance

1.4. 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.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

Cost comprises purchase price or direct production cost together with attributable production and other overhead.

Net realisable value means estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling & distribution.

1.6. Pensions

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

1.7. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

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

Rock Industrial & Welding Supplies Limited

**Notes to the financial statements
for the year ended 30 September 2004**

3. Operating profit	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	13,469	16,002
Loss on disposal of tangible fixed assets	335	1,479
Loss on foreign currencies	5,060	(935)
Operating lease rentals		
- Motor vehicles	6,396	-
Auditors' remuneration	3,400	3,200
	<u> </u>	<u> </u>
 4. Interest receivable and similar income	 2004	 2003
	£	£
Bank interest	4,073	3,468
	<u> </u>	<u> </u>
 5. Interest payable and similar charges	 2004	 2003
	£	£
Hire purchase interest	585	859
	<u> </u>	<u> </u>
 6. Employees		
Number of employees	2004	2003
The average monthly numbers of employees (including the directors) during the year were:	Number	Number
Management and sales	7	7
	<u> </u>	<u> </u>
 Employment costs	 2004	 2003
	£	£
Wages and salaries	196,696	179,359
Social security costs	25,487	21,090
Other pension costs	14,625	5,917
	<u> </u>	<u> </u>
	<u>236,808</u>	<u>206,366</u>

Rock Industrial & Welding Supplies Limited

Notes to the financial statements
for the year ended 30 September 2004

6.1. Directors' emoluments	2004	2003
	£	£
Remuneration and other emoluments	137,766	134,526
Pension contributions	10,946	3,450
	<u>148,712</u>	<u>137,976</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>

7. 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 £14,625 (2003 - £5,917).

Rock Industrial & Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2004

8. Tax on profit on ordinary activities

Analysis of charge in period	2004	2003
	£	£
UK corporation tax	18,491	20,186
Adjustments in respect of previous periods	(11,041)	(145)
Amounts payable to fellow subsidiary undertakings in respect of tax saved by group relief	11,186	-
	<u>18,636</u>	<u>20,041</u>

The corporation tax payable for the year ended 2003 has been reduced by £11,186 because of group relief received from fellow subsidiary undertakings for which an amount of £11,186 is payable.

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>66,700</u>	<u>59,160</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 September 2003 : 30%)	20,010	17,748
Effects of:		
Expenses not deductible for tax purposes	1,040	1,732
Capital allowances for period in excess of depreciation	(2,559)	706
Adjustments to tax charge in respect of previous periods	145	(145)
Current tax charge for period	<u>18,636</u>	<u>20,041</u>

Rock Industrial & Welding Supplies Limited

**Notes to the financial statements
for the year ended 30 September 2004**

9. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2003	77,269	4,995	18,752	85,874	186,890
Additions	-	-	7,672	15,038	22,710
Disposals	-	-	-	(34,490)	(34,490)
At 30 September 2004	<u>77,269</u>	<u>4,995</u>	<u>26,424</u>	<u>66,422</u>	<u>175,110</u>
Depreciation					
At 1 October 2003	10,707	2,949	14,992	48,304	76,952
Charge for the year	368	408	1,646	11,047	13,469
On disposals	-	-	-	(27,137)	(27,137)
At 30 September 2004	<u>11,075</u>	<u>3,357</u>	<u>16,638</u>	<u>32,214</u>	<u>63,284</u>
Net book values					
At 30 September 2004	<u>66,194</u>	<u>1,638</u>	<u>9,786</u>	<u>34,208</u>	<u>111,826</u>
At 30 September 2003	<u>66,562</u>	<u>2,046</u>	<u>3,760</u>	<u>37,570</u>	<u>109,938</u>

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

Asset description	2004		2003	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>19,554</u>	<u>4,013</u>	<u>8,527</u>	<u>2,842</u>
10. Stocks			2004	2003
			£	£
Finished goods and goods for resale			<u>175,807</u>	<u>133,961</u>
11. Debtors			2004	2003
			£	£
Trade debtors			493,494	440,218
Amounts owed by group undertakings			65,574	36,374
Other debtors			7,476	4,937
			<u>566,544</u>	<u>481,529</u>

Rock Industrial & Welding Supplies Limited

**Notes to the financial statements
for the year ended 30 September 2004**

12.	Creditors: amounts falling due within one year	2004 £	2003 £
	Net obligations under finance leases and hire purchase contracts	8,562	4,351
	Trade creditors	296,606	236,313
	Amounts owed to group undertaking	120,210	114,350
	Corporation tax	18,636	20,185
	Other taxes and social security costs	28,263	36,795
	Other creditors	42,560	39,839
		<u>514,837</u>	<u>451,833</u>
13.	Creditors: amounts falling due after more than one year	2004 £	2003 £
	Net obligations under finance leases and hire purchase contracts	<u>5,076</u>	<u>3,837</u>
	Net obligations under finance leases and hire purchase contracts		
	Repayable within one year	5,053	4,351
	Repayable between one and five years	5,545	3,837
		<u>10,598</u>	<u>8,188</u>
	Finance charges and interest allocated to future accounting periods	(5,053)	(4,351)
		<u>5,545</u>	<u>3,837</u>
14.	Share capital	2004 £	2003 £
	Authorised		
	20,000 Ordinary shares of 1 each	<u>20,000</u>	<u>20,000</u>
	Allotted, called up and fully paid		
	9,960 Ordinary shares of 1 each	<u>9,960</u>	<u>9,960</u>
15.	Reconciliation of movements in shareholders' funds	2004 £	2003 £
	Profit for the year	48,064	39,119
	Opening shareholders' funds	511,440	472,321
	Closing shareholders' funds	<u>559,504</u>	<u>511,440</u>

Rock Industrial & Welding Supplies Limited

**Notes to the financial statements
for the year ended 30 September 2004**

16. Financial commitments

At 30 September 2004 the company had annual commitments operating leases as follows:

	2004	Other	2003
	£		£
Expiry date:			
Between one and five years	5,980		-

17. 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.

18. Related party transactions

The following transactions with related parties occurred during the year.

Related parties	Sales	Purchases	Management & administration charges
Intermediate parent undertaking	£Nil (2003 £Nil)	£Nil (2003 £Nil)	£65,000 (2003 £92,500)
Fellow subsidiary undertakings	£344,339 (2003 £165,385)	£153,383 (2003 £113,662)	£Nil (2003 £Nil)

All sales and purchases from group companies are at cost.

At 30 September 2004 there were the following balances with related parties:

	2004	2003
Amounts due from intermediate parent undertaking	£Nil	£Nil
Amounts due from fellow subsidiary undertakings	£65,574	£36,374
Amounts due to intermediate parent undertaking	£58,846	£91,946
Amounts due to fellow subsidiary undertakings	£61,364	£22,404

Rock Industrial & Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2004

19. 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 & Wales.

20. Gross cash flows

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	4,073	3,468
Interest paid	(585)	(859)
	<u>3,488</u>	<u>2,609</u>
Taxation		
Corporation tax paid	(9,000)	-
Corporation tax repaid	-	5,954
	<u>(9,000)</u>	<u>5,954</u>
Capital expenditure		
Payments to acquire tangible assets	(10,007)	(13,341)
Receipts from sales of tangible assets	7,018	900
	<u>(2,989)</u>	<u>(12,441)</u>
Financing		
Capital element of finance leases and hire purchase contracts	<u>(7,254)</u>	<u>(4,164)</u>

21. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	<u>241,682</u>	<u>(16,444)</u>		<u>225,238</u>
Finance leases and hire purchase contracts	<u>(8,189)</u>	<u>7,254</u>	<u>(12,703)</u>	<u>(13,638)</u>
Net funds	<u>233,493</u>	<u>(9,190)</u>	<u>(12,703)</u>	<u>211,600</u>