

Registration Number 2481967

Rock Industrial & Welding Supplies Limited

Directors' Report and Financial Statements

for the year ended 30 September 2003

**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 2003

The directors present their report and the financial statements for the year ended 30 September 2003.

Change of name

On 8 October 2003 the company changed its name from Rock Welding Supplies Limited to Rock Industrial & Welding Supplies Limited.

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	
	2003	2002
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:

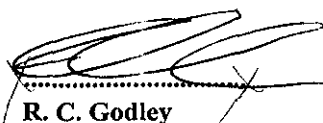
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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 ~~12 July 2004~~ 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 2003 set out on pages 3 to 12. 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 members, 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 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 the 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 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.

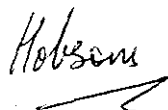
Basis of audit opinion

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 2003 and of its profit 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

9 July 2004

Rock Industrial & Welding Supplies Limited

**Profit and loss account
for the year ended 30 September 2003**

		Continuing operations	
		2003	2002
	Notes	£	£
Turnover	2	1,702,994	1,731,297
Cost of sales		(1,242,907)	(1,286,936)
Gross profit		<u>460,087</u>	<u>444,361</u>
Administrative expenses		(403,536)	(432,798)
Operating profit	3	<u>56,551</u>	<u>11,563</u>
Other interest receivable and similar income	4	3,468	4,111
Interest payable and similar charges	5	(859)	(526)
Profit on ordinary activities before taxation		<u>59,160</u>	<u>15,148</u>
Tax on profit on ordinary activities	8	(20,041)	(7,345)
Retained profit for the year		<u>39,119</u>	<u>7,803</u>
Retained profit brought forward		462,361	454,558
Retained profit carried forward		<u><u>501,480</u></u>	<u><u>462,361</u></u>

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

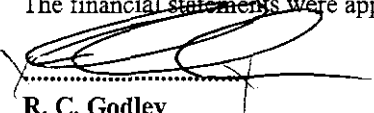
The notes on pages 6 to 12 form an integral part of these financial statements.

Rock Industrial & Welding Supplies Limited

Balance sheet as at 30 September 2003

		2003		2002	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		109,938		114,978
Current assets					
Stocks	10	133,961		150,438	
Debtors	11	481,529		465,682	
Cash at bank and in hand		241,682		243,340	
		<u>857,172</u>		<u>859,460</u>	
Creditors: amounts falling due within one year	12	<u>(451,833)</u>		<u>(493,897)</u>	
Net current assets			405,339		365,563
Total assets less current liabilities			<u>515,277</u>		<u>480,541</u>
Creditors: amounts falling due after more than one year	13		(3,837)		(8,220)
Net assets			<u>511,440</u>		<u>472,321</u>
Capital and reserves					
Called up share capital	14		9,960		9,960
Profit and loss account			501,480		462,361
Equity shareholders' funds	15		<u>511,440</u>		<u>472,321</u>

The financial statements were approved by the Board on 23 July 2004 and signed on its behalf by


R. C. Godley
Director

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

Rock Industrial & Welding Supplies Limited

Cash flow statement for the year ended 30 September 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		56,551	11,563
Depreciation		17,481	20,364
Decrease in stocks		16,477	(2,874)
(Increase) in debtors		(15,847)	(76,502)
(Decrease) in creditors		(68,277)	6,520
Net cash inflow from operating activities		<u>6,385</u>	<u>(40,929)</u>
Cash flow statement			
Net cash inflow from operating activities		6,385	(40,929)
Returns on investments and servicing of finance	19	2,609	3,585
Taxation	19	5,954	(4,888)
Capital expenditure	19	(12,441)	4,910
		<u>2,507</u>	<u>(37,322)</u>
Financing	19	(4,164)	(7,837)
Decrease in cash in the year		<u>(1,657)</u>	<u>(45,159)</u>
Reconciliation of net cash flow to movement in net funds (Note 20)			
Decrease in cash in the year		(1,657)	(45,159)
Cash outflow from increase in debts and lease financing		4,164	7,837
Change in net funds resulting from cash flows		<u>2,507</u>	<u>(37,322)</u>
New finance leases and hire purchase contracts		-	(14,105)
Movement in net funds in the year		<u>2,507</u>	<u>(51,427)</u>
Net funds at 1 October 2002		230,988	282,415
Net funds at 30 September 2003		<u>233,495</u>	<u>230,988</u>

Rock Industrial & Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2003

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.

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 2003**

3. Operating profit	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	16,002	17,345
Loss on disposal of tangible fixed assets	1,479	3,019
Auditors' remuneration	3,200	2,750
	<hr/>	<hr/>
and after crediting:		
Profit on foreign currencies	(935)	-
	<hr/>	<hr/>
4. Interest receivable and similar income	2003	2002
	£	£
Bank interest	3,468	4,111
	<hr/>	<hr/>
5. Interest payable and similar charges	2003	2002
	£	£
Hire purchase interest	859	526
	<hr/>	<hr/>
6. Employees		
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:	2003	2002
	Number	Number
Management and sales	7	8
	<hr/>	<hr/>
Employment costs	2003	2002
	£	£
Wages and salaries	179,359	192,515
Social security costs	21,090	19,366
Other pension costs	5,917	6,398
	<hr/>	<hr/>
	206,366	218,279
	<hr/>	<hr/>

Rock Industrial & Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2003

6.1. Directors' emoluments	2003	2002
	£	£
Remuneration and other emoluments	134,526	134,794
Pension contributions	3,450	3,400
	<u>137,976</u>	<u>138,194</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 schema. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £5,917 (2002 - £6,398).

8. Tax on profit on ordinary activities

Analysis of charge in period	2003	2002
	£	£
Current tax		
UK corporation tax	20,186	7,345
Prior period adjustments	(145)	-
Total current tax charge	<u>20,041</u>	<u>7,345</u>
Tax on profit on ordinary activities	<u>20,041</u>	<u>7,345</u>

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:

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>59,160</u>	<u>15,148</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 September 2002 : 30%)	17,748	4,544
Expenses not deductible for tax purposes (primarily goodwill amortisation)	1,732	996
Capital allowances for period in excess of depreciation	706	1,805
Adjustments to tax charge in respect of previous periods	(145)	-
Current tax charge for period	<u>20,041</u>	<u>7,345</u>

Rock Industrial & Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2003

9. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2002	77,269	4,995	18,385	77,129	177,778
Additions	-	-	366	12,975	13,341
Disposals	-	-	-	(4,230)	(4,230)
At 30 September 2003	<u>77,269</u>	<u>4,995</u>	<u>18,751</u>	<u>85,874</u>	<u>186,889</u>
Depreciation					
At 1 October 2002	8,980	2,437	13,752	37,631	62,800
Charge for the year	1,727	512	1,239	12,524	16,002
On disposals	-	-	-	(1,851)	(1,851)
At 30 September 2003	<u>10,707</u>	<u>2,949</u>	<u>14,991</u>	<u>48,304</u>	<u>76,951</u>
Net book values					
At 30 September 2003	<u>66,562</u>	<u>2,046</u>	<u>3,760</u>	<u>37,570</u>	<u>109,938</u>
At 30 September 2002	<u>68,289</u>	<u>2,558</u>	<u>4,633</u>	<u>39,498</u>	<u>114,978</u>

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

Asset description	2003		2002	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>8,527</u>	<u>2,842</u>	<u>11,369</u>	<u>3,790</u>
10. Stocks			2003 £	2002 £
Finished goods and goods for resale			<u>133,961</u>	<u>150,438</u>
11. Debtors			2003 £	2002 £
Trade debtors			440,218	391,138
Amounts owed by group undertakings			36,374	65,527
Other debtors			4,937	9,017
			<u>481,529</u>	<u>465,682</u>

Rock Industrial & Welding Supplies Limited

**Notes to the financial statements
for the year ended 30 September 2003**

12. Creditors: amounts falling due within one year	2003 £	2002 £
Net obligations under finance leases and hire purchase contracts	4,351	4,132
Trade creditors	236,313	195,408
Amounts owed to group undertaking	114,350	238,387
Corporation tax	20,185	(5,809)
Other taxes and social security costs	36,795	19,741
Other creditors	39,839	42,038
	<u>451,833</u>	<u>493,897</u>
13. Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under finance leases and hire purchase contracts	3,837	8,220
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	4,351	4,132
Repayable between one and five years	3,837	8,220
	<u>8,188</u>	<u>12,352</u>
Finance charges and interest allocated to future accounting periods	(4,351)	(4,132)
	<u>3,837</u>	<u>8,220</u>
14. Share capital	2003 £	2002 £
Authorised equity		
20,000 Ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid equity		
9,960 Ordinary shares of £1 each	9,960	9,960

Rock Industrial & Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2003

15. Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the year	39,119	7,803
Opening shareholders' funds	472,321	464,518
Closing shareholders' funds	<u>511,440</u>	<u>472,321</u>

16. 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.

17. Related party transactions

The following transactions with related parties occurred during the year.

Related parties	Sales	Purchases	Management & administration charges
Intermediate parent undertaking	£Nil	£Nil	£92,500
Fellow subsidiary undertakings	£165,385	£113,662	£Nil

All sales and purchases from group companies are at cost.

At 30 September 2003 there were the following balances with related parties:

Amounts due from intermediate parent undertaking	£Nil
Amounts due from fellow subsidiary undertakings	£36,374
Amounts due to intermediate parent undertaking	£91,946
Amounts due to fellow subsidiary undertakings	£22,404

18. Ultimate parent undertaking

The company is a 75% subsidiary of Leengate Welding Group Limited, a company registered in England & Wales. The ultimate parent company is The BOC Group plc, a company registered in England & Wales.

Rock Industrial & Welding Supplies Limited

**Notes to the financial statements
for the year ended 30 September 2003**

19. Gross cash flows

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	3,468	4,111
Interest paid	(859)	(526)
	<u>2,609</u>	<u>3,585</u>
Taxation		
Corporation tax paid	-	(10,763)
Corporation tax repaid	5,954	5,875
	<u>5,954</u>	<u>(4,888)</u>
Capital expenditure		
Payments to acquire tangible assets	(13,341)	(1,290)
Receipts from sales of tangible assets	900	6,200
	<u>(12,441)</u>	<u>4,910</u>
Financing		
Capital element of finance leases and hire purchase contracts	(4,164)	(7,837)

20. Analysis of changes in net debt

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	243,340	(1,658)	241,682
Finance leases and hire purchase contracts	<u>(12,352)</u>	<u>4,164</u>	<u>(8,188)</u>
Net debt	<u>230,988</u>	<u>2,506</u>	<u>233,494</u>