

Registration Number 2481967

Rock Welding Supplies Limited
Directors' Report and Financial Statements
for the year ended 30 September 2002



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

Rock 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
Auditors	Hobsons Chartered Accountants Alexandra House 43 Alexandra Street Nottingham NG5 1AY
Bankers	National Westminster Bank Plc 16 South Parade Nottingham NG1 2JX

Rock Welding Supplies Limited

Contents

	Page
Directors' report	1
Auditors' report	2
Profit and loss account	3
Balance sheet	4
Cash flow statement	5
Notes to the financial statements	6 - 12

Rock Welding Supplies Limited
Directors' report
for the year ended 30 September 2002

The directors present their report and the financial statements for the year ended 30 September 2002.

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	
	2002	2001
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:

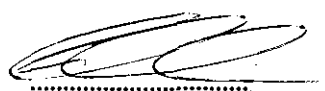
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the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

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 4.7.2003 and signed on its behalf by



R. C. Godley
Secretary

Rock Welding Supplies Limited

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

We have audited the financial statements of Rock Welding Supplies Limited for the year ended 30 September 2002 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

7 July 2003

Rock Welding Supplies Limited

**Profit and loss account
for the year ended 30 September 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	2	1,731,297	1,644,736
Cost of sales		(1,286,936)	(1,206,783)
Gross profit		<u>444,361</u>	<u>437,953</u>
Administrative expenses		(432,798)	(427,606)
Operating profit	3	<u>11,563</u>	<u>10,347</u>
Other interest receivable and similar income		4,111	7,029
Interest payable and similar charges	5	(526)	(598)
Profit on ordinary activities before taxation		<u>15,148</u>	<u>16,778</u>
Tax on profit on ordinary activities	8	(7,345)	(7,146)
Retained profit for the year		<u>7,803</u>	<u>9,632</u>
Retained profit brought forward		454,558	444,926
Retained profit carried forward		<u><u>462,361</u></u>	<u><u>454,558</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 Welding Supplies Limited

Balance sheet as at 30 September 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	9	114,978	126,147
Current assets			
Stocks	10	150,438	147,564
Debtors	11	465,682	397,446
Cash at bank and in hand		243,340	288,499
		<u>859,460</u>	<u>833,509</u>
Creditors: amounts falling due within one year	12	<u>(493,897)</u>	<u>(494,240)</u>
Net current assets		365,563	339,269
Total assets less current liabilities		480,541	465,416
Creditors: amounts falling due after more than one year	13	(8,220)	(898)
Net assets		<u>472,321</u>	<u>464,518</u>
Capital and reserves			
Called up share capital	14	9,960	9,960
Profit and loss account		462,361	454,558
Equity shareholders' funds	15	<u>472,321</u>	<u>464,518</u>

The financial statements were approved by the Board on 4.7.2003 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 Welding Supplies Limited

Cash flow statement for the year ended 30 September 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		11,563	10,347
Depreciation		20,364	18,500
(Increase) in stocks		(2,874)	11,562
(Increase) in debtors		(76,502)	179,076
Increase in creditors		6,520	(136,540)
Net cash outflow from operating activities		<u>(40,929)</u>	<u>82,945</u>
Cash flow statement			
Net cash outflow from operating activities		(40,929)	82,945
Returns on investments and servicing of finance	19	3,585	6,431
Taxation	19	(4,888)	(30,907)
Capital expenditure	19	(9,195)	(13,758)
		<u>(51,427)</u>	<u>44,711</u>
Financing	19	6,268	(4,835)
Decrease in cash in the year		<u>(45,159)</u>	<u>39,876</u>
Reconciliation of net cash flow to movement in net debt (Note 20)			
Decrease in cash in the year		(45,159)	39,876
Cash outflow from increase in debts and lease financing		7,837	4,835
Change in net debt resulting from cash flows		<u>(37,322)</u>	<u>44,711</u>
New finance leases and hire purchase contracts		(14,105)	-
Movement in net debt in the year		<u>(51,427)</u>	<u>44,711</u>
Net funds at 1 October 2001		282,415	237,704
Net funds at 30 September 2002		<u>230,988</u>	<u>282,415</u>

Rock Welding Supplies Limited
Notes to the financial statements
for the year ended 30 September 2002

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:

Property improvements	-	10% straight line
Plant and machinery	-	20% reducing balance
Fixtures and 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 and work in progress is valued at the lower of cost and net realisable value.

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

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

1.6. Pensions

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

2. Turnover

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

Rock Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2002

3. Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	17,345	20,420
Loss on disposal of tangible fixed assets	3,019	(1,920)
Auditors' remuneration	2,750	2,950
	<u> </u>	<u> </u>
4. Interest receivable and similar income	2002	2001
	£	£
Bank interest	4,111	7,029
	<u> </u>	<u> </u>
5. Interest payable and similar charges	2002	2001
	£	£
Hire purchase interest	526	598
	<u> </u>	<u> </u>
6. Employees		
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:	2002	2001
	Number	Number
Management and sales	8	8
	<u> </u>	<u> </u>
Employment costs	2002	2001
	£	£
Wages and salaries	192,515	187,715
Social security costs	19,366	21,791
Other pension costs	6,398	6,017
	<u>218,279</u>	<u>215,523</u>
	<u> </u>	<u> </u>
6.1. Directors' emoluments	2002	2001
	£	£
Remuneration and other emoluments	134,794	134,731
Pension contributions	3,400	3,400
	<u>138,194</u>	<u>138,131</u>
	<u> </u>	<u> </u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	2

Rock Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2002

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 £6,398 (2001 - £6,017).

8. Tax on profit on ordinary activities

Analysis of charge in period	2002 £	2001 £
UK corporation tax at 30.00% (2001 - 30.00%)	7,345	6,914
Under provision in previous year	-	232
Total current tax charge	<u>7,345</u>	<u>7,146</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:

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>15,148</u>	<u>16,778</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 September 2001 : 30%)	4,544	5,033
Expenses not deductible for tax purposes	1,902	406
Depreciation for period in excess of capital allowances	899	1,475
Adjustments to tax charge in respect of previous periods	-	232
Current tax charge for period	<u>7,345</u>	<u>7,146</u>

Rock Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2002

9.	Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
	Cost					
	At 1 October 2001	77,269	4,995	18,149	78,360	178,773
	Additions	-	-	236	15,159	15,395
	Disposals	-	-	-	(16,390)	(16,390)
	At 30 September 2002	<u>77,269</u>	<u>4,995</u>	<u>18,385</u>	<u>77,129</u>	<u>177,778</u>
	Depreciation					
	At 1 October 2001	7,253	1,798	11,939	31,636	52,626
	Charge for the year	1,727	639	1,813	13,166	17,345
	Disposals	-	-	-	(7,171)	(7,171)
	At 30 September 2002	<u>8,980</u>	<u>2,437</u>	<u>13,752</u>	<u>37,631</u>	<u>62,800</u>
	Net book values					
	At 30 September 2002	<u>68,289</u>	<u>2,558</u>	<u>4,633</u>	<u>39,498</u>	<u>114,978</u>
	At 30 September 2001	<u>70,016</u>	<u>3,197</u>	<u>6,210</u>	<u>46,724</u>	<u>126,147</u>

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

Asset description	2002		2001	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>11,369</u>	<u>3,790</u>	<u>9,219</u>	<u>3,073</u>

10.	Stocks	2002 £	2001 £
	Finished goods and goods for resale	<u>150,438</u>	<u>147,564</u>

Rock Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2002

11. Debtors	2002	2001
	£	£
Trade debtors	391,138	348,678
Amounts owed by group undertakings	65,527	35,830
Other debtors	9,017	12,938
	<u>465,682</u>	<u>397,446</u>
12. Creditors: amounts falling due within one year	2002	2001
	£	£
Net obligations under finance leases and hire purchase contracts	4,132	5,186
Trade creditors	195,408	293,275
Amounts owed to group undertaking	238,387	130,662
Corporation tax	(5,809)	-
Other taxes and social security costs	19,741	21,597
Other creditors	42,038	43,520
	<u>493,897</u>	<u>494,240</u>
13. Creditors: amounts falling due after more than one year	2002	2001
	£	£
Net obligations under finance leases and hire purchase contracts	8,220	898
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	4,132	5,186
Repayable between one and five years	8,220	898
	<u>12,352</u>	<u>6,084</u>
Finance charges and interest allocated to future accounting periods	(4,132)	(5,186)
	<u>8,220</u>	<u>898</u>

Obligations under finance leases and hire purchase contracts are secured on the assets acquired.

Rock Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2002

14. Share capital	2002	2001
	£	£
Authorised equity		
20,000 Ordinary shares of £1 each	20,000	20,000
	<hr/>	<hr/>
Allotted, called up and fully paid equity		
9,960 Ordinary shares of £1 each	9,960	9,960
	<hr/>	<hr/>
15. Reconciliation of movements in shareholders' funds	2002	2001
	£	£
Profit for the year	7,803	9,632
Opening shareholders' funds	464,518	454,886
	<hr/>	<hr/>
Closing shareholders' funds	472,321	464,518
	<hr/>	<hr/>

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 transaction with related parties occurred during the year.

Related parties	Sales	Purchases	Management & Administration charges
Intermediate parent undertaking	£Nil	£Nil	£115,000
Fellow subsidiary undertakings	£232,353	£144,388	£Nil

Purchases from group companies are at cost.

At 30th September 2002 there were the following balances with related parties:

Amounts due from fellow subsidiary undertakings	£65,527
Amounts due to fellow subsidiary undertakings	£63,043
Amounts due to intermediate parent undertakings	£175,344

Rock Welding Supplies Limited

Notes to the financial statements for the year ended 30 September 2002

18. 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.

19. Gross cash flows

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	4,111	7,029
Interest paid	(526)	(598)
	<u>3,585</u>	<u>6,431</u>
Taxation		
Corporation tax paid	(10,763)	(30,907)
Corporation tax repaid	5,875	-
	<u>(4,888)</u>	<u>(30,907)</u>
Capital expenditure		
Payments to acquire tangible assets	(15,395)	(34,758)
Receipts from sales of tangible assets	6,200	21,000
	<u>(9,195)</u>	<u>(13,758)</u>
Financing		
Capital element of finance leases and hire purchase contracts	6,268	(4,835)
	<u></u>	<u></u>

20. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	288,499	(45,159)	243,340
Finance leases and hire purchase contracts	<u>(6,084)</u>	<u>(6,268)</u>	<u>(12,352)</u>
Net funds	<u>282,415</u>	<u>(51,427)</u>	<u>230,988</u>