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Company No: 1994660

**SAF WELDING PRODUCTS LIMITED**

Annual Report

Year ended 31 December 2000



**PKF**

**PKF**

PANNELL HOUSE  
159 CHARLES STREET  
LEICESTER LE1 1LD

# **SAF WELDING PRODUCTS LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	J Fere G Missiaen W Spray
<b>Secretary</b>	C Boundy
<b>Company Number</b>	1994660
<b>Registered Office</b>	25 North Row London W1R 1DJ
<b>Auditors</b>	PKF Pannell House 159 Charles Street Leicester LE1 1LD

**SAF WELDING PRODUCTS LIMITED**

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**SAF WELDING PRODUCTS LIMITED  
DIRECTORS' REPORT  
YEAR ENDED 31 DECEMBER 2000**

The directors submit their report and the financial statements for the year ended 31 December 2000.

**Results and dividends**

The loss for the year, after taxation, amounted to £12,217 (1999 - £393,963 profit).

The directors do not recommend the payment of a dividend.

**Principal activity and review of business**

The principal activity of the company during the year was the sale and distribution of SAF Welding products in the U.K. and Eire as part of its franchised area.

The principal activity of the subsidiary undertakings is disclosed in note 25.

On 14 January 2000, the company acquired the remainder of the share capital of Welding Supplies (Sheffield) Limited and its subsidiaries and their trading activities were transferred to this company. The subsidiary undertakings are now dormant.

The directors are pleased with the turnover achieved in the year but disappointed with the resulting losses. This is attributable to the difficult market conditions prevailing during the year. The directors believe that the company is well placed to take advantage of any upturn in the market.

**Directors**

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary £1 shares	
	2000	1999
J Fere	-	-
G Missiaen	-	-
W Spray	-	-

The directors had interests in the shares of other group companies throughout the year as follows:

J Fere:	68 shares in L'Air Liquide, France
G Missiaen:	90 shares in L'Air Liquide, France, 1 share in Safmatic, France, 5 shares in Fresa, France, 1 share in SAF Belux, Belgium and 1 share in SAF, France.
W Spray:	35 shares in L'Air Liquide, France

**Political and charitable contributions**

During the year the company made charitable donations amounting to £323.

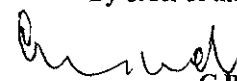
**Fixed Assets**

Details of fixed assets are shown in notes 8, 9 and 10 to the financial statements.

**Auditors**

Pannell Kerr Forster changed its name to PKF on 1 November 2000 and has signed its audit report in its new name. PKF is eligible for re-appointment as auditor to the company and a resolution proposing its re-appointment will be proposed at the Annual General Meeting.

By order of the board

  
C. Boundy  
Secretary

17 December 2001

**SAF WELDING PRODUCTS LIMITED**  
**STATEMENT OF 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 and the group, and of the profit or loss of the group 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;
- 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 the group, and 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
SAF WELDING PRODUCTS LIMITED**

We have audited the financial statements of SAF Welding Products Limited for the year ended 31 December 2000 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group's and the company's affairs as at 31 December 2000 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

LEICESTER, UK  
17 December 2001

  
PKF  
Registered Auditors

**SAF WELDING PRODUCTS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £	1999 £
<b>TURNOVER</b>	2	5,057,224	4,591,507
Change in stocks of finished goods and work in progress		700,658	193,769
Other operating income		-	424,967
Raw materials		(4,120,056)	(3,374,457)
Staff costs	5	(748,022)	(478,813)
Depreciation and amortisation		(84,757)	(51,016)
Other operating charges		(648,517)	(693,679)
<b>OPERATING PROFIT</b>	3	156,530	612,278
Interest receivable and similar items		1,036	3,304
Interest payable and similar items	6	(164,677)	(111,135)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(7,111)	504,447
<b>TAXATION</b>	7	(5,106)	(110,484)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(12,217)	393,963

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

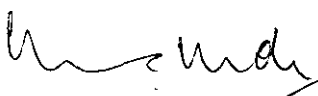
**SAF WELDING PRODUCTS LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2000**

	Notes	2000 £	1999 £
<b>FIXED ASSETS</b>			
Intangible	8	312,827	-
Tangible	9	200,046	89,314
Investments	10	-	170,010
		<u>512,873</u>	<u>259,324</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,773,021	1,072,363
Debtors	12	2,378,556	1,594,270
Cash at bank and in hand		4,147	2,770
		<u>4,155,724</u>	<u>2,669,403</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(3,562,578)</u>	<u>(1,920,326)</u>
<b>NET CURRENT ASSETS</b>		<u>593,146</u>	<u>749,077</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,106,019</u>	<u>1,008,401</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>(123,183)</u>	<u>(13,348)</u>
<b>NET ASSETS</b>		<u>982,836</u>	<u>995,053</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	950,000	950,000
Profit and loss account	18	32,836	45,053
<b>SHAREHOLDERS' FUNDS</b>	19	<u>982,836</u>	<u>995,053</u>

The financial statements were approved by the board on 17 December 2001

Signed on behalf of the board of directors

  
W SPRY Director

  
SECRETARY

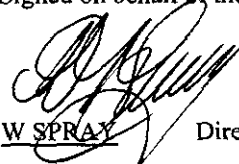


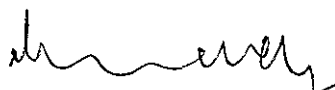
**SAF WELDING PRODUCTS LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 2000**

	Notes	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible	9	200,046	89,314
Investments	10	834,450	170,010
		<u>1,034,496</u>	<u>259,324</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,773,021	1,072,363
Debtors	12	2,378,556	1,594,270
Cash at bank and in hand		4,147	2,770
		<u>4,155,724</u>	<u>2,669,403</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(4,084,201)</u>	<u>(1,920,326)</u>
<b>NET CURRENT ASSETS</b>		<u>71,523</u>	<u>749,077</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,106,019</u>	<u>1,008,401</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>(123,183)</u>	<u>(13,348)</u>
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Called up share capital	17	950,000	950,000
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<b>SHAREHOLDERS' FUNDS</b>	19	<u>982,836</u>	<u>995,053</u>

The financial statements were approved by the board on 17 December 2001

Signed on behalf of the board of directors

  
W SPRAY Director

  
SECRETARY

**SAF WELDING PRODUCTS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2000**

	2000 £	1999 £
<b>Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>		
Operating profit	156,530	612,278
Amortisation of intangible assets	15,600	-
Depreciation of tangible fixed assets	55,884	60,083
Loss/(profit) on sale of fixed assets	13,274	(9,067)
Decrease in debtors	36,457	19,879
Increase in stocks	(266,490)	(193,769)
Increase/(decrease) in creditors	798,862	(1,305,596)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>810,117</u>	<u>(816,192)</u>
 <b>CASH FLOW STATEMENT (note 20)</b>		
Net cash inflow/(outflow) from operating activities	810,117	(816,192)
Returns on investments and servicing of finance	(163,641)	(107,831)
Taxation	(126,254)	-
Capital expenditure	34,501	(186,902)
Acquisitions and disposals	(833,136)	-
	<u>(278,413)</u>	<u>(1,110,925)</u>
<b>Financing</b>	92,294	917,906
<b>Decrease in cash</b>	<u>(186,119)</u>	<u>(193,019)</u>
 <b>Reconciliation of net cash flow to movement in net debt (note 21)</b>		
Decrease in cash in the period	(186,119)	(193,019)
New loans	(103,171)	-
Finance lease and hire purchase agreements	(22,338)	22,094
<b>Change in net debt</b>	<u>(311,628)</u>	<u>(170,925)</u>
Net (debt)/funds at 1 January 2000	(46,687)	124,238
<b>Net debt at 31 December 2000</b>	<u>(358,315)</u>	<u>(46,687)</u>

**SAF WELDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

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

**(b) Basis of consolidation**

The financial statements of the company and its group undertakings have been consolidated to 31 December 2000. The profit and loss of the company is not presented as permitted by Section 230 of the Companies Act 1985.

**(c) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

**(d) Goodwill**

Goodwill represents the difference between purchase consideration over the fair value of the net separable assets acquired. Goodwill arising on acquisitions is treated as an intangible asset in the balance sheet and stated at cost less amortisation. Goodwill is amortised on a straight line basis over its useful economic life of 20 years.

**(e) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	25 - 33 %
Plant, machinery and office equipment	10 - 33 %
Freehold property	2 %

Freehold land is not depreciated.

**(f) Finance and operating leases**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The instalments payable under each agreement are apportioned between capital and revenue to write off the finance charge in equal instalments over the period of the agreement.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

**(g) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

**(h) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or at the contracted forward rates. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction or at contracted forward rates. Exchange differences are taken into account in arriving at the operating profit.

**SAF WELDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**1 ACCOUNTING POLICIES - CONTINUED**

**(i) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**(j) Pensions**

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

**2 TURNOVER**

The group engages in only one class of business.

Turnover is analysed by geographical market as follows:

	2000 £	1999 £
United Kingdom	5,041,199	4,521,848
European Union	16,025	69,659
Total	<u>5,057,224</u>	<u>4,591,507</u>

**3 OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2000 £	1999 £
Amortisation of intangible assets	15,600	-
Depreciation of tangible fixed assets:		
- owned by the group	51,882	44,527
- held under finance lease or hire purchase contracts	4,002	15,556
Audit fees	5,600	5,400
Operating lease rentals:		
- plant & machinery	7,251	1,745
- other	73,625	72,992
Loss/(profit) on disposal of tangible fixed assets	13,274	(9,067)
Exceptional insurance claim - stock damage	-	(95,000)
	<u>                    </u>	<u>                    </u>

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

	2000 £	1999 £
Directors' emoluments	57,231	55,797
Contributions to money purchase pension schemes	4,235	4,367
	<u>                    </u>	<u>                    </u>

The numbers of directors who were members of company pension schemes were:

	No	No
Defined benefit schemes	1	1
	<u>                    </u>	<u>                    </u>

**SAF WELDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**5 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows:

	2000	1999
	£	£
Wages and salaries	672,502	428,473
Social security costs	55,866	39,765
Other pension costs	19,654	10,575
	<u>748,022</u>	<u>478,813</u>

The average monthly number of employees, including executive directors, during the year was:

	No.	No.
Sales and distribution	15	13
Administration and management	17	10
	<u>32</u>	<u>23</u>

**6 INTEREST PAYABLE AND SIMILAR ITEMS**

	2000	1999
	£	£
Bank loans and overdrafts	12,045	219
Interest payable to group companies	143,683	104,471
Finance charges under finance lease and hire purchase contracts	6,149	6,445
Other interest	2,800	-
	<u>164,677</u>	<u>111,135</u>

**7 TAXATION**

	2000	1999
	£	£
Current year taxation		
UK corporation tax at 30.2% (1999 - 30.2%)	(1,591)	110,484
Adjustments in respect of prior periods		
Corporation tax	6,697	-
	<u>5,106</u>	<u>110,484</u>

**SAF WELDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**8 INTANGIBLE FIXED ASSETS**

**Group**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
Arising on acquisitions in the year	328,427
At 31 December 2000	<u>328,427</u>
<b>Amortisation</b>	
Charge for the year	15,600
At 31 December 2000	<u>15,600</u>
<b>Net book amount</b>	
At 31 December 2000	<u>312,827</u>
At 31 December 1999	<u><u>-</u></u>

**SAF WELDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**9 TANGIBLE FIXED ASSETS**

**Group and Company**

	Freehold land and buildings £	Plant, machinery and office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2000	-	285,095	90,350	375,445
Additions	-	42,440	-	42,440
Disposals	-	(3,544)	(177,597)	(181,141)
Acquisition of subsidiaries	99,519	148,195	141,383	389,097
<b>At 31 December 2000</b>	<b>99,519</b>	<b>472,186</b>	<b>54,136</b>	<b>625,841</b>
<b>Depreciation</b>				
At 1 January 2000	-	220,512	65,619	286,131
Charge for year	-	31,984	23,900	55,884
On disposals	-	(1,744)	(122,397)	(124,141)
Acquisition of subsidiaries	-	134,874	73,047	207,921
<b>At 31 December 2000</b>	<b>-</b>	<b>385,626</b>	<b>40,169</b>	<b>425,795</b>
<b>Net book amount</b>				
<b>At 31 December 2000</b>	<b>99,519</b>	<b>86,560</b>	<b>13,967</b>	<b>200,046</b>
At 31 December 1999	-	64,583	24,731	89,314

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

	2000 £	1999 £
Office equipment	-	830
Motor vehicles	6,670	18,873
	<b>6,670</b>	<b>19,703</b>

**SAF WELDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**10 FIXED ASSET INVESTMENTS**

Group and Company	Shares in subsidiary undertakings £	Other investments £	Total £
<b>Cost</b>			
At 1 January 2000	-	170,010	170,010
Additions	680,040	-	680,040
Transfer of other investments	170,010	(170,010)	-
At 31 December 2000	<u>850,050</u>	<u>-</u>	<u>850,050</u>
<b>Provisions</b>			
At 1 January 2000	-	-	-
Charge to profit and loss	15,600	-	15,600
At 31 December 2000	<u>15,600</u>	<u>-</u>	<u>15,600</u>
<b>Net book amount</b>			
At 31 December 2000	<u>834,450</u>	<u>-</u>	<u>834,450</u>
At 31 December 1999	<u>-</u>	<u>170,010</u>	<u>170,010</u>

During the year, the company acquired the remainder of the issued share capital of Welding Supplies (Sheffield) Limited and its subsidiary undertakings. Details of the acquisition are given in note 25.

Details of subsidiary undertakings are given in note 25.

**11 STOCKS**

	<b>GROUP</b>		<b>COMPANY</b>	
	2000 £	1999 £	2000 £	1999 £
Finished goods	<u>1,773,021</u>	<u>1,072,363</u>	<u>1,773,021</u>	<u>1,072,363</u>

**12 DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	2000 £	1999 £	2000 £	1999 £
<b>Due within one year</b>				
Trade debtors	2,272,944	1,437,261	2,272,944	1,437,261
Amounts due from group undertakings	2,985	20,638	2,985	20,638
Other debtors	52,321	110,692	52,321	110,692
Prepayments and accrued income	50,306	25,679	50,306	25,679
	<u>2,378,556</u>	<u>1,594,270</u>	<u>2,378,556</u>	<u>1,594,270</u>



**SAF WELDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**13 CREDITORS:**

**Amounts falling due within one year**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans				
and overdrafts	219,099	24,103	219,099	24,103
Trade creditors	322,835	140,616	322,835	140,616
Amounts owed to				
group undertakings	2,760,657	1,415,058	3,282,280	1,415,058
Corporation tax	-	110,484	-	110,484
Other tax and social				
security	150,668	129,521	150,668	129,521
Net obligations under finance lease and				
hire purchase contracts				
(note 16)	20,180	12,006	20,180	12,006
Accruals and				
deferred income	89,139	88,538	89,139	88,538
	<u>3,562,578</u>	<u>1,920,326</u>	<u>4,084,201</u>	<u>1,920,326</u>

The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company.

**14 CREDITORS:**

**Amounts falling due after more than one year**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans (note 15)	95,671	-	95,671	-
Net obligations under finance lease and				
hire purchase contracts				
(note 16)	27,512	13,348	27,512	13,348
	<u>123,183</u>	<u>13,348</u>	<u>123,183</u>	<u>13,348</u>

**15 LOANS**

Loans fall due for payment as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans				
Within one year	7,500	-	7,500	-
Between one and two years	30,000	-	30,000	-
Between two and five years	65,671	-	65,671	-
	<u>103,171</u>	<u>-</u>	<u>103,171</u>	<u>-</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.

The bank loan is repayable by monthly instalments and interest is charged at 2% over the bank's base lending rate.

**SAF WELDING PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**16 FINANCE LEASES**

Net obligations under finance lease and hire purchase agreements fall due as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	20,180	12,006	20,180	12,006
Between two and five years	27,512	13,348	27,512	13,348
	<u>47,692</u>	<u>25,354</u>	<u>47,692</u>	<u>25,354</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

**17 SHARE CAPITAL**

	<b>Authorised</b>	<b>Allotted, called up and fully paid</b>	
	<b>£</b>	<b>No.</b>	<b>£</b>
At 1 January 2000 and 31 December 2000			
Ordinary shares of £1 each	1,700,000	950,000	950,000
	<u>1,700,000</u>	<u>950,000</u>	<u>950,000</u>

**18 RESERVES**

**Profit and loss account**

	<b>£</b>
At 1 January 2000	45,053
Loss for the year	(12,217)
	<u>32,836</u>
At 31 December 2000	<u>32,836</u>

The profit of the group for the year consists of the following:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Retained by the company	32,836	45,053
Retained by subsidiary undertakings	-	-
	<u>32,836</u>	<u>45,053</u>

**19 SHAREHOLDERS' FUNDS**

**GROUP AND COMPANY**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Shareholders' funds at 1 January 2000	995,053	(338,910)
Loss for the year	(12,217)	393,963
Other movements:		
New shares issued	-	940,000
	<u>982,836</u>	<u>995,053</u>
Shareholders' funds at 31 December 2000	<u>982,836</u>	<u>995,053</u>

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**20 GROSS CASH FLOWS**

	2000 £	1999 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,036	3,304
Interest paid	(158,528)	(104,690)
Interest element of finance lease rentals	(6,149)	(6,445)
	<u>(163,641)</u>	<u>(107,831)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(9,225)	(28,692)
Payments to acquire fixed asset investments	-	(170,010)
Receipts from sales of tangible fixed assets	43,726	11,800
	<u>34,501</u>	<u>(186,902)</u>
<b>Acquisitions and disposals</b>		
Payments to acquire subsidiary	(680,040)	-
Cash acquired with subsidiary	102,595	-
Bank overdraft acquired with subsidiary	(255,691)	-
	<u>(833,136)</u>	<u>-</u>
<b>Financing</b>		
Issue of share capital	-	940,000
New loans	103,171	-
Capital element of finance lease rentals	(10,877)	(22,094)
	<u>92,294</u>	<u>917,906</u>

**21 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 January 2000 £	Cash flows £	Other changes £	At 31 December 2000 £
Cash at bank and in hand	2,770	1,377	-	4,147
Bank loans and overdrafts	(24,103)	(187,496)	-	(211,599)
Debt due within 1 year	-	(7,500)	-	(7,500)
Debt due after 1 year	-	(95,671)	-	(95,671)
Finance leases	(25,354)	10,877	(33,215)	(47,692)
Total	<u>(46,687)</u>	<u>(278,413)</u>	<u>(33,215)</u>	<u>(358,315)</u>

**SAF WELDING PRODUCTS LIMITED**  
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**22 OTHER COMMITMENTS**

At 31 December 2000, the group and the company had annual commitments under operating leases as follows:

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
<b>Expiry date:</b>				
Between 1 and 5 years	-	8,250	61,560	36,510
In more than 5 years	64,000	64,000	-	-
	<u>64,000</u>	<u>64,000</u>	<u>-</u>	<u>-</u>

**23 TRANSACTIONS WITH RELATED PARTIES**

As SAF Welding Products Limited is wholly owned by L'Air Liquide group and the consolidated accounts of L'Air Liquide are publicly available in France, advantage has been taken of the exemption offered by Financial Reporting Standard 8 from the requirement to disclose transactions with other group companies.

**24 PENSION COSTS**

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is shown in note 5.

**25 SUBSIDIARY UNDERTAKINGS**

On 14 January 2000, the company acquired the remainder of the issued share capital of Welding Supplies (Sheffield) Limited and its subsidiary undertakings. The book and fair value of net assets at the date of acquisition were as follows:-

	Book Value				Fair value adjustment	Total Fair value
	Welding Supplies (Sheffield) Limited	Carbon & Allied Products (UK) Limited	Welding Supplies (Chesterfield) Limited	Meredeen Limited		
	£	£	£	£	£	£
Tangible fixed assets	155,182	25,994	-	-	-	181,176
Stock	343,381	90,787	-	-	-	434,168
Debtors	647,639	168,528	2	-	-	816,169
Cash at bank	45	102,595	-	-	-	102,640
Creditors	(467,360)	(280,359)	-	(9,120)	-	(756,839)
Bank overdraft	(255,691)	-	-	-	-	(255,691)
	<u>423,196</u>	<u>107,545</u>	<u>2</u>	<u>(9,120)</u>	<u>-</u>	<u>521,623</u>

**SAF WELDING PRODUCTS LIMITED**  
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**24 SUBSIDIARY UNDERTAKINGS - CONTINUED**

	£
Satisfied by:	
Cash	850,050
	<hr/> <hr/>
Goodwill on acquisition	(328,427)
	<hr/> <hr/>

SAF Welding Products Limited owns 100% of the issued share capital of the following:

<b>Name</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Shareholders' funds/(deficit)</b>	<b>Profit for the year</b>
Welding Supplies (Sheffield) Limited	Great Britain	Dormant	£429,763	£NIL
Carbon & Allied Products (UK) Limited	Great Britain	Dormant	£107,545	£NIL
Meredeem Limited	Great Britain	Dormant	£(9,120)	£NIL
Welding Supplies (Chesterfield) Limited	Great Britain	Dormant	£2	£NIL

**26 PARENT UNDERTAKING AND CONTROLLING PARTY**

In the opinion of the directors, the ultimate parent company is L'Air Liquide, a company incorporated in France. A copy of the consolidated financial statements of the group can be obtained from Siege Social, 75 Quai D'Orsay, 75321, Paris, France.

The company is ultimately controlled by L'Air Liquide.