

7. Fixed assets – intangible assets

	Goodwill £ million	Negative Goodwill £ million	Other intangibles £ million	Total £ million
<i>Gross book value</i>				
At 1 October 2001	73.1	(20.4)	6.0	58.7
Exchange adjustment	(6.7)	(0.8)	(0.1)	(7.6)
Acquired during the year	117.3	(5.0)	0.6	112.9
At 30 September 2002	183.7	(26.2)	6.5	164.0
<i>Amortisation</i>				
At 1 October 2001	8.8	(1.1)	2.9	10.6
Exchange adjustment	(0.8)	–	(0.1)	(0.9)
Impairment	–	(3.8)	–	(3.8)
Provided during the year	8.8	(2.0)	0.6	7.4
At 30 September 2002	16.8	(6.9)	3.4	13.3
<i>Net book value</i>				
At 1 October 2001	64.3	(19.3)	3.1	48.1
At 30 September 2002	166.9	(19.3)	3.1	150.7

The increase in positive goodwill represents the excess of the fair value of the purchase price over the provisional fair value of the net assets of businesses acquired. The increase in negative goodwill represents the excess of the provisional fair value of the net assets of businesses acquired over the fair value of the purchase price. The most significant amounts are as follows:

<i>Business acquired</i>	Positive Goodwill £ million	Negative Goodwill £ million	Amortisation period Years
<i>2002</i>			
Seiko Instruments Inc – turbomolecular pumps business	60.2	–	20
Unique Gas and Petrochemicals Public Company Limited	17.5	–	20
Enron Teesside Operations Limited – industrial assets	9.6	–	15
Hydromatix Inc	5.6	–	15
Semco	4.4	–	15
Minorities in Osaka Sanso Kogyo KK	–	(5.0)	10
<i>2001</i>			
Remaining 50 per cent of joint ventures in Venezuela and Chile	7.5	–	12
UK Fluorogas	8.2	–	15
Minorities in Osaka Sanso Kogyo KK	–	(20.4)	10
<i>2000</i>			
Kachina Semiconductor Services	7.9	–	15
<i>1999</i>			
Chemical management division of FSI International Inc	16.4	–	15

Amortisation periods are those over which it is estimated that the value of the business acquired will exceed the value of the identifiable net assets of the business acquired.

8. Fixed assets – tangible assets

a) Group summary

	Land and buildings¹ £ million	Plant, machinery and vehicles £ million	Cylinders £ million	Construction in progress £ million	Total £ million
<i>Gross book value</i>					
At 1 October 2001	704.8	4,437.3	606.7	308.1	6,056.9
Exchange adjustment	(33.5)	(222.0)	(38.4)	(18.5)	(312.4)
Capital expenditure²	17.8	143.1	45.4	148.0	354.3
Disposals	(26.8)	(106.1)	(20.2)	(0.1)	(153.2)
Transfers	9.5	218.1	9.3	(236.9)	–
Acquisitions/disposals of businesses	42.9	19.2	17.3	0.3	79.7
At 30 September 2002	714.7	4,489.6	620.1	200.9	6,025.3
<i>Depreciation</i>					
At 1 October 2001	222.8	2,390.1	275.4	–	2,888.3
Exchange adjustment	(5.5)	(112.5)	(16.6)	–	(134.6)
Provided during the year	35.3	242.6	45.6	–	323.5
Impairment	37.4	7.2	–	–	44.6
Disposals	(13.4)	(89.8)	(16.0)	–	(119.2)
Disposals of businesses	(0.4)	(4.3)	–	–	(4.7)
At 30 September 2002	276.2	2,433.3	288.4	–	2,997.9
<i>Net book value at 1 October 2001</i>					
Owned assets	448.4	2,038.1	295.5	308.1	3,090.1
Leased assets	33.6	9.1	35.8	–	78.5
	482.0	2,047.2	331.3	308.1	3,168.6
<i>Net book value at 30 September 2002³</i>					
Owned assets	407.4	2,047.8	299.8	200.9	2,955.9
Leased assets⁴	31.1	8.5	31.9	–	71.5
	438.5	2,056.3	331.7	200.9	3,027.4

1. Net book value of land and buildings at cost was £405.4 million (2001: £407.6 million).

2. Subsidiary undertakings only. Capital expenditure of joint ventures and associates is given in note 1.

3. Net book value includes net interest capitalised of £63.8 million (2001: £67.7 million). The tax effect of this is included in the deferred tax provision.

4. Leased assets are shown net of accumulated depreciation of £111.0 million (2001: £105.6 million).

b) Depreciation and operating lease rentals

	2002 £ million	2001 £ million	2000 £ million
Depreciation on leased assets included above	8.5	6.8	6.7
Amortisation of capitalised interest included above	4.2	3.0	4.0
Operating lease rentals			
– hire of plant and machinery	7.7	15.0	8.1
– property rent	23.1	25.0	26.4
– other	14.0	11.9	10.8

c) Regional analysis

The Group has numerous manufacturing, distribution and office facilities which are located in some 50 countries. At 30 September 2002, the Group's property, plant and equipment, comprising land and buildings, plant, machinery, vehicles and cylinders was located regionally as follows:

	£ million	%
Europe (mainly the UK)	1,024.7	34
Americas (mainly the US)	978.4	32
Africa	178.3	6
Asia/Pacific	846.0	28
	3,027.4	100

The above amounts are stated at cost net of accumulated depreciation.

8. Fixed assets – tangible assets continued

d) Asset revaluations

Following the adoption of FRS15 – Tangible fixed assets in 2000, land and buildings are no longer revalued (see Accounting policies on page 72). The net book value of properties revalued in earlier years was £136.4 million. Properties not revalued were £302.1 million.

e) Parent summary

	Land and buildings £ million	Plant, machinery and vehicles £ million	Total £ million
<i>Gross book value</i>			
At 1 October 2001	14.3	18.9	33.2
Capital expenditure	–	0.1	0.1
Disposals	–	(3.3)	(3.3)
At 30 September 2002	14.3	15.7	30.0
<i>Depreciation</i>			
At 1 October 2001	3.3	11.1	14.4
Provided during the year	0.4	1.3	1.7
Disposals	–	(0.1)	(0.1)
At 30 September 2002	3.7	12.3	16.0
<i>Net book value</i>			
At 1 October 2001	11.0	7.8	18.8
At 30 September 2002	10.6	3.4	14.0

f) Net book value of land and buildings at 30 September 2002

	Group £ million	Parent £ million
Freehold property	407.4	10.6
Leasehold property – long-term	27.4	–
– short-term	3.7	–
	438.5	10.6

g) Capital commitments

	Group		Parent	
	2002 £ million	2001 £ million	2002 £ million	2001 £ million
Against which orders had been placed	33.3	96.0	–	2.5
Authorised but not committed	66.7	80.4	–	–
	100.0	176.4	–	2.5

The Group's share of its joint ventures' and associates' capital commitments was:

	2002 £ million	2001 £ million
Against which orders had been placed	3.1	2.4
Authorised but not committed	8.6	4.0
	11.7	6.4

9. Fixed assets – investments

a) Group

	Goodwill of associates £ million	Group share of net assets of joint ventures £ million	Group share of net assets of associates £ million	Group loans to joint ventures and associates £ million	Other investments at cost £ million	Own shares at cost £ million	Provisions against other investments £ million	Total £ million
At 1 October 2001								
– previously reported	–	212.2	47.1	106.7	33.5	59.5	(1.8)	457.2
Prior year adjustment	–	(7.4)	–	–	–	–	–	(7.4)
At 1 October 2001 – restated	–	204.8	47.1	106.7	33.5	59.5	(1.8)	449.8
Exchange adjustment	(0.6)	(12.7)	(4.1)	(7.8)	(2.8)	0.1	0.4	(27.5)
Acquisitions/additions	8.7	10.1	6.0	20.9	21.6	–	–	67.3
Associates becoming subsidiaries	–	–	(3.2)	(1.1)	–	–	–	(4.3)
Disposals/repayments	–	–	(0.3)	(0.7)	(6.9)	(17.1)	(0.2)	(25.2)
Increase in net assets	–	3.3	3.8	–	–	–	–	7.1
Other	–	–	0.1	–	1.8	–	(0.5)	1.4
At 30 September 2002	8.1	205.5	49.4	118.0	47.2	42.5	(2.1)	468.6

i) Joint ventures

The cost of investment in joint ventures was £116.9 million (2001: £107.6 million) and the attributable profit before tax was £40.1 million (2001: £34.2 million, 2000: £40.2 million). There were no significant fair value adjustments on acquisitions.

ii) Associates

The cost of investment in associates was £15.1 million (2001: £8.3 million) and the attributable profit before tax was £9.4 million (2001: £10.5 million, 2000: £5.6 million).

Goodwill of associates arose on the combination of the BOC Process Plants business with Linde Engineering. This represents the difference between the fair value of the consideration paid and the provisional fair value of the net assets acquired. This goodwill will be amortised over a period of 15 years. There were no significant fair value adjustments on acquisitions.

iii) Own shares

For share-based incentive schemes which do not use new issue shares, options are satisfied by the transfer of shares held in trust for the purpose. At 30 September 2002, options over 5.4 million shares were outstanding under these schemes, for which 4.6 million shares in the company were held pending exercise.

Loans and advances for the purchase of shares in trust have been made either by the company or its subsidiaries. If the value of shares in trust is insufficient to cover the loans, the company and its subsidiaries will bear any loss. The company also bears administrative costs on an accruals basis.

Based on the company's share price at 30 September 2002 of 867.0p, the market value of own shares held in trust was £39.5 million. This compares with the acquisition cost shown above.

Own shares are shown as fixed asset investments for accounting purposes, in accordance with FRS5 and UITF Abstract 13. Information on share option schemes appears in the report on remuneration and in notes 6 and 12.

Dividends waived on the shares held in trust amounted to £1.8 million (2001: £1.2 million, 2000: £1.5 million).

iv) Related parties

During the year, interest income of £8.3 million (2001: £6.9 million, 2000: £6.5 million) was received from the Cantarell joint venture, a related party.

9. Fixed assets – investments continued

b) Valuation

	2002 £ million	2001 £ million
Listed on stock exchanges in the UK and overseas	91.1	112.5
Unlisted – equity at directors' valuation	244.9	237.1
– other at directors' valuation	132.6	107.6
Total book value	468.6	457.2
Market value of listed investments	123.1	152.7

c) Income

	2002 £ million	2001 £ million	2000 £ million
Listed securities	7.5	6.0	2.2
Unlisted securities	30.6	19.5	20.5
	38.1	25.5	22.7
Less: Dividends receivable from joint ventures	30.5	19.4	20.0
Dividends receivable from associates	3.4	4.1	2.1
Income from other fixed asset investments	4.2	2.0	0.6

d) Parent

	Investments in subsidiary undertakings £ million	Investments in related undertakings £ million	Amounts due from subsidiary undertakings £ million	Own shares at cost £ million	Other investments £ million	Provisions £ million	Total £ million
At 1 October 2001	1,142.8	250.1	1,278.8	44.9	–	(14.6)	2,702.0
Additions	345.3	8.7	396.3	–	13.9	(1.9)	762.3
Disposals/repayments	(18.0)	(250.1)	(343.2)	(8.6)	–	–	(619.9)
At 30 September 2002	1,470.1	8.7	1,331.9	36.3	13.9	(16.5)	2,844.4

10. Net current assets/(liabilities)

a) Stocks

	Group	
	2002 £ million	2001 £ million
Raw materials	67.8	81.2
Work in progress	47.8	59.5
Gases and other finished goods	159.0	164.7
Payments on account	(14.6)	(30.2)
	260.0	275.2

Amounts relating to long-term contracts included in work in progress were £0.2 million (2001: £1.3 million). There were no stocks held on the balance sheet of The BOC Group plc at either 30 September 2002 or 30 September 2001.

10. Net current assets/(liabilities) continued

b) Debtors falling due within one year

	Group		Parent	
	2002 £ million	2001 (restated) £ million	2002 £ million	2001 (restated) £ million
Trade debtors	601.2	589.5	–	–
Amounts due from subsidiary undertakings	–	–	485.8	382.1
Amounts due from joint ventures and associates	1.4	4.3	1.4	3.2
Other debtors	100.0	92.1	21.7	13.5
Prepayments and accrued income	31.2	27.4	6.7	9.8
	733.8	713.3	515.6	408.6

At 30 September 2002, trade debtors of £23.8 million (2001: £25.7 million) in subsidiary undertakings had been factored to third parties with limited recourse.

c) Debtors falling due after more than one year

	Group		Parent	
	2002 £ million	2001 (restated) £ million	2002 £ million	2001 (restated) £ million
Deposits	–	0.7	–	–
Deferred tax	7.9	8.4	–	–
Other debtors	20.4	12.2	–	–
	28.3	21.3	–	–

d) Cash at bank and in hand

Deposits	20.5	70.6	–	51.7
Cash at bank and in hand	165.0	162.9	–	–
	185.5	233.5	–	51.7

e) Borrowings and finance leases¹

Bank loans and overdrafts	196.7	187.9	178.9	119.1
Loans other than from banks	182.3	288.1	–	196.5
Finance leases	11.1	10.4	–	–
	390.1	486.4	178.9	315.6

1. Details of borrowings and finance leases are given in note 3.

f) Other creditors

Deposits and advance payments by customers	41.5	46.0	–	–
Trade creditors	367.3	318.4	–	–
Amounts due to subsidiary undertakings	–	–	906.6	639.9
Taxation – UK	69.0	63.9	–	–
– Overseas	78.5	75.0	–	–
Other taxes and social security payable	27.3	25.5	–	–
Other creditors	130.0	128.4	2.0	38.6
Accruals and deferred income	144.2	138.1	45.2	38.8
	857.8	795.3	953.8	717.3

11. Long-term liabilities

a) Borrowings and finance leases¹

	Group		Parent	
	2002 £ million	2001 £ million	2002 £ million	2001 £ million
Loans other than from banks	1,008.1	879.2	801.0	570.4
Bank loans	90.2	105.5	—	—
Finance leases	22.7	35.2	—	—
	1,121.0	1,019.9	801.0	570.4

1. Details of borrowings and finance leases are given in note 3.

b) Provisions for liabilities and charges

	Deferred tax £ million	Incentive and other employee provisions £ million	Uninsured losses £ million	Restructuring provisions £ million	Environmental £ million	Other £ million	Total £ million
At 1 October 2001 – previously reported	37.0	84.2	23.9	11.6	26.9	21.7	205.3
Prior year adjustment	257.3	(43.4)	—	—	—	—	213.9
At 1 October 2001 – restated	294.3	40.8	23.9	11.6	26.9	21.7	419.2
Exchange adjustment	(8.6)	(2.7)	(0.1)	(0.2)	(1.7)	(0.5)	(13.8)
Provided in the year	9.5	4.6	—	5.0	0.9	12.6	32.6
Released in the year	—	(1.1)	(3.9)	—	—	(2.4)	(7.4)
Utilised in the year	—	(4.8)	(0.5)	(7.9)	(3.3)	(2.8)	(19.3)
Other movements	(3.4)	0.3	—	(0.8)	—	0.1	(3.8)
At 30 September 2002	291.8	37.1	19.4	7.7	22.8	28.7	407.5

Provision for uninsured losses covers third party liabilities or claims. Due to the time frame that is often involved in such claims, a significant part of this provision is subject to actuarial valuation. Where this is not appropriate, other external assessments are used.

The restructuring provision represents expenditure to be incurred on major reorganisations. This year £48.0 million was spent of which £4.2 million was provided for at 30 September 2001 and £3.7 million was provided for at 30 September 2000. The provisions remaining at 30 September 2002 consist mainly of redundancy costs and will be spent during 2003.

Incentive and other employee provisions include long-term share incentive units and deferred compensation plans. Note 6 d) contains further details of the long-term share incentive units.

Environmental provisions have been set aside to cover the costs of remediation for a number of hazardous waste sites. The costs are expected to be incurred between 2002 and 2030. Due to the period over which this expenditure is likely to be incurred, the provision has been discounted at a rate of four per cent. The effect of discounting is £6.7 million.

Other provisions are principally for warranty and legal costs.

Further information on deferred tax is disclosed in note 4.

12. Dividends and equity

a) Dividends

	Per share					
	2002 pence	2001 pence	2000 pence	2002 £ million	2001 £ million	2000 £ million
Ordinary						
First interim	15.5	15.5	15.5	75.8	75.5	75.6
Second interim	22.5	21.5	19.5	110.8	104.8	94.6
	38.0	37.0	35.0	186.6	180.3	170.2

12. Dividends and equity continued

b) Share capital

	Number of shares		2002 £ million	2001 £ million
	2002 million	2001 million		
<i>i) Analysis at 30 September</i>				
<i>Equity capital:</i>				
Issued capital – Ordinary shares of 25p each, called up and fully paid	497.3	494.4	124.3	123.6
Unissued capital – unclassified shares of 25p each	92.7	95.6	23.2	23.9
Authorised			147.5	147.5

ii) Share issues

Issues of Ordinary shares of 25p each during the year were:

	Number million
Under the savings related share option scheme	1.0
Under the senior executives share option scheme	1.9

c) Group reserves

	Share premium account £ million	Revaluation reserves £ million	Profit and loss account £ million	Pensions' reserves £ million	Joint ventures' reserves £ million	Associates' reserves £ million	Total £ million
At 1 October 2001 – previously reported	335.8	47.9	1,660.1	–	105.5	33.4	2,182.7
Prior year adjustment	–	–	(259.8)	47.1	(7.4)	–	(220.1)
At 1 October 2001 – restated	335.8	47.9	1,400.3	47.1	98.1	33.4	1,962.6
Total recognised gains and losses for the year	–	(20.1)	91.5	(303.6)	(10.0)	0.1	(242.1)
Share options	–	–	2.0	–	–	–	2.0
Dividends	–	–	(186.6)	–	–	–	(186.6)
Premium on share issues (net)	26.3	–	(2.4)	–	–	–	23.9
At 30 September 2002	362.1	27.8	1,304.8	(256.5)	88.1	33.5	1,559.8

The undistributed profits of Group undertakings may be liable to overseas and/or UK tax (after allowing for double tax relief) if distributed as dividends.

There are no material exchange control restrictions on the remittance of funds to the UK.

Goodwill written off against reserves in respect of continuing businesses acquired prior to 30 September 1998 amounts to £166.2 million (2001: £173.6 million). The movement in the year reflects exchange.

At 30 September 2002, in accordance with the Group's accounting policy, unrealised exchange gains (net of losses) on net borrowings at 30 September 2002 included in reserves amounted to £10.2 million (2001: £18.0 million).

There are no non-equity shareholders' interests in the share capital and reserves of the Group.

d) Parent reserves

	Share premium account £ million	Other reserves £ million	Profit and loss account £ million	Total £ million
At 1 October 2001 – previously reported	335.8	111.7	1,042.2	1,489.7
Prior year adjustment	–	–	(52.0)	(52.0)
At 1 October 2001 – restated	335.8	111.7	990.2	1,437.7
Profit for the financial year	–	–	26.2	26.2
Share options	–	2.0	–	2.0
Dividends	–	–	(186.8)	(186.8)
Premium on share issues (net)	26.3	–	(2.4)	23.9
At 30 September 2002	362.1	113.7	827.2	1,303.0

The premium on share issues represents amounts paid to The BOC Group plc for the issue of shares under the Group's share option schemes. Employees paid £23.9 million. The Group paid the balance of £2.4 million to a qualifying employee share ownership trust (Quest).

13. Commitments and contingent liabilities

a) Annual operating lease commitments

	2002		2001	
	Property leases £ million	Other operating leases £ million	Property leases £ million	Other operating leases £ million
<i>On leases expiring:</i>				
Within one year	2.9	1.3	2.4	1.3
Between one and two years	1.8	6.5	3.9	1.5
Between two and five years	5.7	8.5	7.8	13.2
Over five years	7.0	1.9	7.1	3.5
	17.4	18.2	21.2	19.5

	Operating leases £ million
<i>Rentals are due under operating leases from 1 October 2002 to completion as follows:</i>	
Year to 30 September 2003	35.6
Year to 30 September 2004	29.8
Year to 30 September 2005	23.7
Year to 30 September 2006	19.4
Year to 30 September 2007	16.5
Thereafter	96.1
	221.1

b) Contingent liabilities, legal proceedings and bank guarantees

	Group		Parent	
	2002 £ million	2001 £ million	2002 £ million	2001 £ million
Guarantees of joint ventures' borrowings	119.3	152.1	119.3	152.1
Guarantees of subsidiaries' borrowings	—	—	558.1	607.3
Other guarantees and contingent liabilities	38.7	37.9	22.3	20.4
	158.0	190.0	699.7	779.8

The guarantees of joint ventures' borrowings predominately represents guarantees of the borrowings of BOC's joint venture company which supplies nitrogen to the Mexican oil company, Pemex. These borrowings are scheduled to be repaid over the next eight years.

Various Group undertakings are parties to legal actions and claims, some of which are for substantial amounts. While the outcome of some of these matters cannot readily be foreseen, the directors believe that they will be disposed of without material effect on the net asset position as shown in these financial statements.

The Group is committed to make future purchases under take-or-pay contracts. Obligations under such contracts in effect at 30 September 2002 are as follows:

Year ending 30 September	£ million
2003	67.8
2004	66.6
2005	64.9
2006	62.9
2007	63.9
Thereafter	195.4
	521.5

For the years ended 30 September 2002, 2001 and 2000 total purchases made relating to these contracts amounted to £58.2 million, £53.5 million and £51.5 million respectively.

14. Cash flow

a) Net cash inflow from operating activities

	Notes	2002 £ million	2001 (restated) £ million	2000 (restated) £ million
Total operating profit before exceptional items		500.1	530.6	496.4
Depreciation and amortisation		330.9	329.5	313.3
FRS17 retirement benefits charge		49.9	53.0	48.9
Operating profit before exceptional items of joint ventures		(63.8)	(59.0)	(48.1)
Operating profit before exceptional items of associates		(10.7)	(13.2)	(8.5)
Change in stocks		13.7	8.8	(40.9)
Change in debtors		(38.4)	39.5	(24.5)
Change in creditors		57.3	(20.9)	(10.3)
Exceptional cash flows		(67.3)	(51.8)	0.5
Other		(12.4)	(28.7)	(21.8)
Net cash inflow from operating activities		759.3	787.8	705.0

b) Reconciliation of net cash flow to movement in net debt

Increase in cash		(21.4)	(66.1)	(3.2)
Increase/(decrease) in debt	14(d)	64.1	(51.3)	64.9
Decrease in liquid resources		52.6	102.8	9.6
Change in net debt resulting from cash flows		95.3	(14.6)	71.3
Net borrowings assumed at acquisition		0.5	–	21.8
Inception of finance leases		0.4	0.5	0.1
Exchange adjustment		(42.7)	(22.2)	76.7
Movement in net debt in the year		53.5	(36.3)	169.9
Net debt at 1 October		1,272.1	1,308.4	1,138.5
Net debt at 30 September		1,325.6	1,272.1	1,308.4

c) Analysis of net debt

	At 1 October 2001 £ million	Cash flow £ million	Acquisitions/ disposals (excluding cash and overdrafts) £ million	Other non-cash changes £ million	Exchange adjustment £ million	At 30 September 2002 £ million
Deposits and cash due within one year	233.5	(43.5)	–	14.3	(18.8)	185.5
Deposits due beyond one year	0.7	0.5	13.1	(14.3)	–	–
Borrowings and finance leases due within one year	234.2	(43.0)	13.1	–	(18.8)	185.5
Borrowings and finance leases due beyond one year	(486.4)	208.8	(0.1)	(141.4)	29.0	(390.1)
Borrowings and finance leases due beyond one year	(1,019.9)	(261.1)	(13.5)	141.0	32.5	(1,121.0)
Net borrowings and finance leases	(1,272.1)	(95.3)	(0.5)	(0.4)	42.7	(1,325.6)

d) Increase/(decrease) in debt

	2002 £ million	2001 £ million	2000 £ million
5 ⁷ / ₈ % Bonds 2009	200.0	–	–
7 ¹ / ₄ % Notes 2002	(150.0)	–	–
Medium term notes	59.7	–	–
6.50% Bonds 2016	–	200.0	–
1.00% Euroyen Bond 2006	–	147.0	–
5 ⁷ / ₈ % Notes 2001	–	(138.9)	–
European Investment Bank loans	(5.0)	10.3	(5.7)
Pollution Control and Industrial Bonds	(18.5)	(2.4)	(5.3)
Net issues/(repayment) of commercial paper	59.5	(212.5)	68.6
Other (net)	(81.6)	(54.8)	7.3
Increase/(decrease) in debt	64.1	(51.3)	64.9

14. Cash flow continued

e) Consolidated cash flow statement: US format

	2002 £ million	2001 £ million	2000 £ million
Net cash provided by operating activities	620.2	631.2	565.2
Net cash used by investing activities	(540.0)	(445.5)	(470.3)
Net cash used by financing activities	(122.7)	(225.6)	(71.9)
Net (decrease)/increase in cash and cash equivalents	(42.5)	(39.9)	23.0
Cash and cash equivalents at 1 October	259.0	305.6	277.4
Exchange and other movements	(34.6)	(6.7)	5.2
Cash and cash equivalents at 30 September	181.9	259.0	305.6

The Group cash flow statement on page 68 has been prepared in accordance with UK accounting standard FRS1, the objectives and principles of which are similar to those set out in US accounting principle SFAS95, Statement of Cash Flows. The principal differences between the standards relate to classification of items within the cash flow statement and with regard to the definition of cash and cash equivalents.

Under FRS1, cash flows are presented separately for: a) operating activities; b) dividends from joint ventures and associates; c) returns on investments and servicing of finance; d) tax paid; e) capital expenditure and financial investment; f) acquisitions and disposals; g) equity dividends paid; h) management of liquid resources; and i) financing. Under SFAS95, however, only three categories of cash flow activity are reported: a) operating activities; b) investing activities; and c) financing activities. Dividends from joint ventures and associates, cash flows from returns on investments and servicing of finance (excluding dividends paid to minorities) and tax paid under FRS1 would be included in operating activities under SFAS95; capital expenditure and acquisitions and disposals would be included in investing activities under SFAS95; equity dividends would be included as a financing activity under SFAS95.

Under FRS1, cash is defined as cash in hand and deposits repayable on demand with any qualifying financial institution, less overdrafts from any qualifying financial institution repayable on demand. Under SFAS95, cash is defined as cash in hand and deposits but also includes cash equivalents which are short-term, highly liquid investments. Generally only investments with original maturities of three months or less come within this definition.

Set out above, for illustrative purposes, is a summary consolidated statement of cash flows under SFAS95.

15. Acquisitions and disposals

a) Cash flow

	2002		2001		2000	
	Acquisitions £ million	Disposals £ million	Acquisitions £ million	Disposals £ million	Acquisitions £ million	Disposals £ million
<i>Cash flow arising on the acquisition and disposal of businesses</i>						
Intangible fixed assets	(0.5)	0.2	—	—	—	—
Tangible fixed assets	(85.7)	1.3	(34.8)	1.1	(37.9)	—
Joint ventures, associates and other fixed asset investments	(12.4)	0.2	20.7	0.4	7.3	—
Stocks	(20.9)	2.4	(2.4)	0.5	(3.7)	0.6
Debtors	(37.5)	0.7	(16.7)	1.1	(14.4)	0.9
Cash at bank and in hand	(13.5)	—	—	—	(2.2)	—
Creditors including taxation	55.7	(1.2)	4.7	(0.4)	13.6	(1.1)
Borrowings	21.4	—	—	—	24.0	—
Minorities	(8.6)	7.8	(117.5)	—	(6.5)	—
Net assets (acquired)/disposed of	(102.0)	11.4	(146.0)	2.7	(19.8)	0.4
Goodwill on acquisitions	(112.3)	—	(3.3)	—	(14.0)	—
Surplus over book value on disposals	—	2.5	—	—	—	—
(Acquisition)/disposal price	(214.3)	13.9	(149.3)	2.7	(33.8)	0.4
Deferred payments	7.0	(3.3)	3.4	—	1.7	—
	(207.3)	10.6	(145.9)	2.7	(32.1)	0.4

The Group purchased the vacuum and pressure business of the Smiths Group in December 2001. It also purchased Hydromatix Inc in January 2002 and the Semco business in April 2002. In March 2002 the Group acquired the turbomolecular pumps business of Seiko Instruments Inc. Purchases of products from Seiko Instruments Inc in the period from 1 October 2001 to the date of acquisition were approximately £3.0 million.

In May 2002 the Group purchased 79 per cent of Unique Gas and Petrochemicals Public Company Limited and acquired a further 20 per cent before the end of the year. In July 2002 the Group purchased the industrial assets of Enron Teesside Operations Limited.

During 2002 the Group acquired an additional three per cent of the minority interests in Osaka Sanso Kogyo KK.

The acquisitions in the BOC Edwards line of business contributed £55.5 million to turnover and £(0.8) million to operating profit before exceptional items. Acquisitions in the other lines of business did not have a material impact on turnover or operating profit before exceptional items.

Of the total acquisition expenditure, £48.1 million was in the Process Gas Solutions business, £57.3 million was in the Industrial and Special Products business, £86.2 million was in the BOC Edwards business and £15.7 million was in the Afrox hospitals business.

Businesses disposed of are detailed in note 2 b).

15. Acquisitions and disposals continued

b) Fair value of acquisitions

	Smiths Group book value £ million	Unique Gas and Petrochemicals Public Company Ltd book value £ million	Seiko Instruments Inc book value £ million	Other book value £ million	Total book value of businesses acquired £ million	Total adjustments £ million	Total fair value of businesses acquired £ million
Intangible assets	—	—	(0.5)	—	(0.5)	—	(0.5)
Tangible fixed assets	(9.0)	(25.3)	(2.9)	(44.9)	(82.1)	(3.6)	(85.7)
Joint ventures, associates and other investments	—	(0.6)	(0.1)	(12.3)	(13.0)	0.6	(12.4)
Stocks	(11.5)	(1.5)	(9.2)	(3.8)	(26.0)	5.1	(20.9)
Debtors	(12.6)	(9.7)	(4.6)	(11.1)	(38.0)	0.5	(37.5)
Cash at bank and in hand	—	(11.7)	(1.3)	(0.5)	(13.5)	—	(13.5)
Creditors including taxation	12.4	35.8	3.8	9.2	61.2	(5.5)	55.7
Borrowings	7.7	0.3	0.1	13.3	21.4	—	21.4
Minorities	—	0.2	—	(8.8)	(8.6)	—	(8.6)
Net (assets)/liabilities acquired	(13.0)	(12.5)	(14.7)	(58.9)	(99.1)	(2.9)	(102.0)
Consideration	6.6	39.7	72.1	88.9	207.3	—	207.3
Deferred consideration	—	—	2.4	4.6	7.0	—	7.0
	6.6	39.7	74.5	93.5	214.3	—	214.3
Goodwill on acquisitions	—	(17.5)	(60.2)	(34.6)	(112.3)	—	(112.3)
	6.6	22.2	14.3	58.9	102.0	—	102.0

The following fair value adjustments were made to the book value of the assets and liabilities of the businesses acquired:

	Smiths Group £ million	Unique Gas and Petrochemicals Public Company Ltd £ million	Seiko Instruments Inc £ million	Total adjustments £ million
<i>Valuations</i>				
Tangible fixed assets	—	(0.6)	—	(0.6)
Joint ventures, associates and other investments	—	0.6	—	0.6
<i>Alignment of accounting policies</i>				
Tangible fixed assets	1.5	(4.5)	—	(3.0)
Stocks	4.8	—	0.3	5.1
Debtors	0.1	0.4	—	0.5
Taxation	—	2.2	—	2.2
<i>Other</i>				
Creditors	—	(7.8)	0.1	(7.7)
	6.4	(9.7)	0.4	(2.9)

Fair value adjustments include some amounts which are provisional. No significant fair value adjustments were required in 2001 or 2000.