

Project Sugar Limited

Registered No. 32872

Report and Accounts

Year Ended 31st July 2005



Project Sugar Limited

Registered No. 32872

Directors

G M Norris
D A Penn

Secretary

D A Penn

Registered Office

765 Finchley Road
London
NW11 8DS

Auditors

PricewaterhouseCoopers LLP
The Atrium
Harefield Road
Uxbridge
UB8 1EX

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31st July 2005.

RESULTS AND DIVIDENDS

The profit on ordinary activities for the year, after taxation was £487,000 (2004: £2,260,000).

The directors have not recommended or paid a dividend (2004: £Nil).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

In 2002, the company sold the trade and the majority of its assets and liabilities to General Signals UK Ltd. The company has not traded in 2005, but continues to wind down its operations.

EMPLOYEES

The average weekly number of persons employed in the United Kingdom during the year was Nil (2004: Nil) and their aggregate remuneration was £Nil (2004: £Nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

G M Norris
D A Penn

POLICY ON PAYMENT OF CREDITORS

The company agrees with its suppliers terms of settlement which are appropriate for the markets in which they operate and abide by these terms where suppliers have also met their obligation.

The interests of the directors in the shares of parent company, Smiths Group plc were as follows:

	Interest in Ordinary Shares		Options to Acquire Ordinary Shares			
	Smiths Group plc 2005	Smiths Group plc 2004	Smiths Group plc 2005	Granted In the Period	Exercised / Lapsed In the Period	Smiths Group plc 2004
Mr D A Penn	5,648	Nil	55,124	11,898	(5,410)	48,636
Mr G M Norris	44,556	36,950	169,668	25,126	(3,980)	148,522

DIRECTORS' REPORT (Continued)

Options granted since 1 January 2001 were granted under The Smiths Industries 1995 Executive Share Option Scheme and the Smiths Industries 1982 SAYE Share Option Scheme.

Further information on share options may be found in the annual report of Smiths Group plc.

With the exception of the interests disclosed above, no Director had any interest in the shares or debentures of any Group undertaking.

The company has maintained insurance for the directors against liability arising from negligence in relation to the company, as permitted under Section 310 of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts 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

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

On behalf of the Board



D A Penn
Director

Date: 19 January 2006

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PROJECT SUGAR LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the note of historical cost profits and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only of the directors' report.

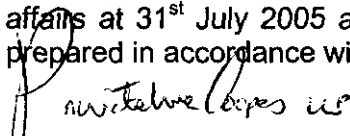
Basis of audit opinion

We conducted our audit in accordance with 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 at 31st July 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London

Date: 19 Janry 2006

PROFIT AND LOSS
For the year ended 31 July 2005

	Note	2005 Discontinued operations £'000	2004 Discontinued operations £'000
Administrative income		<u>-</u>	<u>34</u>
Other operating income		<u>69</u>	<u>36</u>
OPERATING PROFIT	3	<u>69</u>	<u>70</u>
Profit on sale of properties		-	1,951
Amount released re sale of discontinued operations		<u>276</u>	<u>187</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		345	2,208
Interest receivable	4	<u>350</u>	<u>74</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		695	2,282
Taxation on profit on ordinary activities	5	<u>(208)</u>	<u>(22)</u>
RETAINED PROFIT FOR THE YEAR	11	<u><u>487</u></u>	<u><u>2,260</u></u>
NOTE OF HISTORICAL PROFITS AND LOSSES			
Reported profit on ordinary activities before taxation		695	2,282
Realisation of property revaluation gains in prior years		<u>-</u>	<u>2,950</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u><u>695</u></u>	<u><u>5,232</u></u>

There were no recognised gains or losses other than the profit for the year and therefore no separate statement of total recognised gains and losses has been prepared.

The notes on pages 8 to 13 form part of these accounts.

BALANCE SHEET
As at 31st July 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Investments	6	<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors	7	6,241	6,239
Cash at bank and in hand		<u>8,485</u>	<u>8,185</u>
		14,726	14,424
CREDITORS: amounts falling due within one year	8	<u>(533)</u>	<u>(327)</u>
NET CURRENT ASSETS		<u>14,193</u>	<u>14,097</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,193	14,097
PROVISION FOR LIABILITIES AND CHARGES	9	<u>(525)</u>	<u>(916)</u>
		<u>13,668</u>	<u>13,181</u>
CAPITAL AND RESERVES			
Called up share capital	10	2,300	2,300
Profit and loss account	11	<u>11,368</u>	<u>10,881</u>
		<u>13,668</u>	<u>13,181</u>

Approved by the board on 19 January 2006 and signed in its behalf by:



D A Penn
Director

The notes on pages 8 to 13 form part of these accounts.

NOTES TO THE ACCOUNTS

For the year ended 31st July 2005

1. ACCOUNTING POLICIES

Accounting convention

These accounts have been prepared under the historical cost convention modified to include the revaluation of land and buildings, the account policies set out below and in accordance with applicable accounting standards.

Group accounts

The accounts present information about the Company as an individual undertaking and not about its Group.

Project Sugar Limited is exempt from preparing group accounts under S228 of the Companies Act 1985 as the Company is a wholly owned subsidiary undertaking of Smiths Group plc, a company incorporated in the United Kingdom.

A statement of cash flows in accordance with FRS1 (Revised 1996) has not been prepared as the Company is a wholly owned subsidiary of Smiths Group plc, which presents a cash flow for the Group within its consolidated accounts.

Depreciation

Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life at the following annual rates:

Freehold permanent buildings	2%
Freehold temporary buildings	10%

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are accounted for in the profit and loss account.

Taxation

All taxation liabilities, both current and future, will be met by Smiths Group plc, the ultimate parent company. Taxation is provided based on the UK rate and has regard to timing differences and the availability of group relief across the Smiths UK tax group for which no charge is made to the company.

NOTES TO THE ACCOUNTS

For the year ended 31st July 2005

2. TURNOVER

The company has not traded in the period.

3. OPERATING PROFIT

This is stated after charging / (crediting):

	2005 £000's	2004 £000's
Depreciation of owned assets	-	39
Release of working capital provisions recorded in previous years	(56)	(73)

The audit fee for the year has been borne by John Crane UK Limited.

4. INTEREST RECEIVABLE

	2005 £000's	2004 £000's
Bank interest received	<u>350</u>	<u>74</u>

5. TAXATION

	2005 £000's	2004 £000's
Taxation on profit / (loss) on ordinary activities	<u>208</u>	<u>22</u>

The tax assessed for the period is the same (2004: lower than) the standard rate of corporation tax in the UK (30%) The difference is explained below:

	2005 £000's	2004 £000's
Profit on ordinary activities before tax	695	2,282
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004: 30%)	208	685
Provisions released – not accrued for corporation tax	-	(56)
Profit on disposal of property	-	(586)
Group relief	<u>-</u>	<u>(21)</u>
Current tax charge for the period	<u>208</u>	<u>22</u>

The responsibility of any additional and future taxation liabilities have been assumed by Smiths Group plc.

NOTES TO THE ACCOUNTS
For the year ended 31st July 2005

6. INVESTMENTS

	2005 £'000	2004 £'000
Shares in subsidiary undertakings at cost	481	481
Provision for impairment	<u>(481)</u>	<u>(481)</u>
	<u>-</u>	<u>-</u>

The company has the following holdings in the shares of its subsidiary undertakings:

<i>Name of company</i>	<i>Country of registration or incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Plenty Uniquip Pty	Australia	100,000 ordinary shares of AS\$1 each	100%	Marketing and distributing Plenty products
Plenty India Limited	India	2,000,000 ordinary shares of Rs 10 each	100%	Marketing and distributing Plenty products

7. DEBTORS

	2005 £'000	2004 £'000
Amounts receivable within one year:		
Other debtors	20	18
Amounts due from parent company	<u>6,221</u>	<u>6,221</u>
	<u>6,241</u>	<u>6,239</u>

Amounts receivable from parent company are non interest bearing and have no fixed term for repayment.

8. CREDITORS: amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	-	22
Corporation tax	208	22
Amounts owed to fellow subsidiary undertakings	<u>325</u>	<u>283</u>
	<u>533</u>	<u>327</u>

Amounts owed to fellow subsidiary undertakings are non interest bearing and have no fixed term for repayment.

NOTES TO THE ACCOUNTS
For the year ended 31st July 2005

9. PROVISION FOR LIABILITIES AND CHARGES

	<u>1st Aug</u> <u>2004</u>	<u>Profit and</u> <u>loss</u> <u>account</u>	<u>Utilised</u>	<u>31st July</u> <u>2005</u>
	£'000	£'000	£'000	£'000
Environmental	275	-	-	275
Warranties	341	24	(115)	250
Property	100	(100)	-	-
Pensions	200	(200)	-	-
	<u>916</u>	<u>(276)</u>	<u>(115)</u>	<u>525</u>

These provisions were established in 2002 as part of the disposal of the company's business.

Environmental

This provision is for the guarantees given in the sale agreement with respect to environmental costs.

Warranties

These cover known, provisional and outstanding claims not covered in the sale agreements.

Property

This covers the expected dilapidation costs of a leasehold property, which has been released to profit during the year.

Pensions

To cover shortfall on transfer value of pensions in relation to specific staff, which has been released to profit during the year.

NOTES TO THE ACCOUNTS
For the year ended 31st July 2005

10. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, issued & fully paid</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>	<u>2,300</u>	<u>2,300</u>

11. RESERVES

	<i>Profit and loss account</i>
	<i>2005</i>
	<i>£'000</i>
At 1st August 2004	10,881
Profit for the year	<u>487</u>
At 31 st July 2005	<u>11,368</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Profit for the period attributable to shareholders'	487	2,260
Opening shareholders' funds	<u>13,181</u>	<u>10,921</u>
	<u>13,668</u>	<u>13,181</u>

13. CONTINGENT LIABILITIES

The company has given trade guarantees and performance bonds of £100,000 (2003: £250,559). The guarantees and performance bonds have been provided to customers.

14. RELATED PARTY DISCLOSURE

The company is a wholly owned subsidiary of Smiths Group plc. In accordance with paragraph 3(c) of FRS 8 'Related Party Transactions' the company is exempt from disclosing details of arrangements with other companies in the Smiths Group.

15. CASH FLOW STATEMENT

Under FRS 1, Project Sugar Limited is exempt from preparing a cash flow statement because it is a 100% owned subsidiary of an UK company producing a group cash flow statement, which includes the cash flows of this company.

NOTES TO THE ACCOUNTS

For the year ended 31st July 2005

16. ULTIMATE PARENT COMPANY

The company's immediate parent company is EIS Group Plc. The company's ultimate parent company is Smiths Group plc, which is registered in England. This is the only company that prepares group accounts which include Project Sugar Limited. Accounts for Smiths Group plc can be obtained from:

Smiths Group plc
765 Finchley Road
London
NW11 8DS