

Project Sugar Limited

Registered No. 32872

Report and Accounts

Year Ended 31 July 2004



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
Harman House
1 George Street
Uxbridge
UB8 1QQ

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 July 2004.

RESULTS AND DIVIDENDS

The profit on ordinary activities for the year, after taxation was £2,260,000 (2003: £26,000).

The directors have not recommended or paid a dividend (2003: £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 2004. In July 2004 the company transferred its freehold land and buildings to a fellow group subsidiary resulting in a profit of £1,951,000.

EMPLOYEES

The average weekly number of persons employed in the United Kingdom during the year was Nil (2003: Nil) and their aggregate remuneration was £Nil (2003: £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 <u>2004</u>	Smiths Group plc <u>2003</u>	Smiths Group plc <u>2004</u>	Granted In the <u>Period</u>	Exercised / Lapsed In <u>the Period</u>	Smiths Group plc <u>2003</u>
Mr D A Penn	Nil	Nil	48,636	10,000	(6,774)	45,410
Mr G M Norris	36,950	33,450	148,522	38,795	(2,396)	112,123

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:

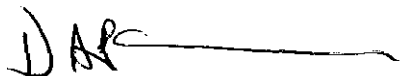
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts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

29 March 2005

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, 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.

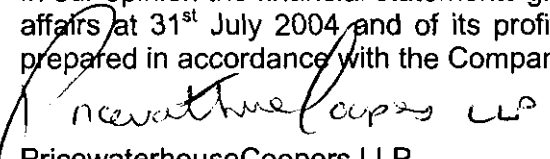
Basis of audit opinion

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 2004 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

29 March 2005

PROFIT AND LOSS

For the year ended 31 July 2004

	Note	2004 Discontinued operations £'000	2003 Discontinued operations £'000
TURNOVER	2	-	301
Cost of Sales		-	(276)
Gross Profit		-	25
Administrative income		34	1
Other Operating income		36	-
OPERATING PROFIT	3	70	26
Profit on sale of properties	5	1,951	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		2,021	-
Interest receivable		74	-
Amount released re sale of discontinued operations	9	187	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,282	26
Taxation on profit on ordinary activities	4	(22)	-
RETAINED PROFIT FOR THE YEAR	11	2,260	26
NOTE OF HISTORICAL PROFITS AND LOSSES			
Reported profit on ordinary activities before taxation		2,282	26
Realisation of property revaluation gains in prior years		2,950	-
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,232	26

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 14 form part of these accounts.

BALANCE SHEET
As at 31 July 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible assets	5	-	2,888
Investments	6	-	-
		<u>-</u>	<u>2,888</u>
CURRENT ASSETS			
Debtors	7	6,239	9,241
Cash at bank and in hand		<u>8,185</u>	<u>363</u>
		14,424	9,604
CREDITORS: amounts falling due within one year	8	<u>(327)</u>	<u>(375)</u>
NET CURRENT ASSETS		<u>14,097</u>	<u>9,229</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,097	12,117
PROVISION FOR LIABILITIES AND CHARGES	9	<u>(916)</u>	<u>(1,196)</u>
		<u>13,181</u>	<u>10,921</u>
CAPITAL AND RESERVES			
Called up share capital	10	2,300	2,300
Revaluation reserve	11	-	2,950
Profit and loss account	11	<u>10,881</u>	<u>5,671</u>
		<u>13,181</u>	<u>10,921</u>

Approved by the board on 29 March 2005 and signed in its behalf by:



D A Penn
Director

The notes on pages 8 to 14 form part of these accounts.

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

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 have been assumed by Smiths Group plc.

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

2. TURNOVER

Turnover represents the value of goods sold and services rendered to third parties during the period less returns, excluding value added tax. Turnover, net assets and operating profit derive solely from the company's principal activity.

The geographical analysis of turnover is as follows:

	2004 £000's	2003 £000's
UK	-	40
Europe	-	3
Far East / Asia / Australia	-	258
	<u>-</u>	<u>301</u>

3. OPERATING PROFIT

This is stated after charging / (crediting)

	2004 £000's	2003 £000's
Auditors' remuneration	-	5
Depreciation of owned assets	39	43
Release of working capital provisions recorded in previous years	(73)	-

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

4. TAXATION

	2004 £000's	2003 £000's
Based on the results for the year at 30% (2003:30%)		
United Kingdom corporation tax	<u>22</u>	<u>-</u>

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

Factors affecting tax charge for the period

	2004 £000's	2003 £000's
Profit on ordinary activities before tax	2,282	26
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	685	8
Provisions released – not accrued for corporation tax	(56)	-
Profit on disposal of property	(586)	-
Group relief	<u>(21)</u>	<u>(8)</u>
Current tax charge for the period	<u>22</u>	<u>-</u>

NOTES TO THE ACCOUNTS

For the year ended 31 July 2004

5. FIXED ASSETS

	<i>Freehold land & buildings</i>
	<i>£'000</i>
Cost or valuation:	
At 1 st August 2003	4,087
Disposals	<u>(4,087)</u>
At 31 st July 2004	<u>-</u>
Depreciation	
At 1 st August 2003	1,199
Charge for year	39
Disposals	<u>(1,238)</u>
At 31 st July 2004	<u>-</u>
Net book value:	
At 31 st July 2004	<u>-</u>
At 31 st July 2003	<u>2,888</u>

Included in the above is land with a net book value of £2,794,000 (2003: £2,794,000) which is not depreciated

The historical cost of freehold land and buildings is as follows:

	<i>£000's</i>
At 31 st July 2004	-
At 31 st July 2003	599
Cumulative depreciation based on cost:	
At 31 st July 2004	-
At 31 st July 2003	522

On the 30th July 2004 all freehold land and buildings were transferred to SI Properties Limited, a subsidiary of Smiths Group plc, for a consideration of £4,800,000.

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

6. INVESTMENTS

	2004 £'000	2003 £'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
Triveni Plenty Engineering Limited	India	2,000,000 ordinary shares of Rs 10 each	100%	Marketing and distributing Plenty products

7. DEBTORS

	2004 £'000	2003 £'000
Amounts receivable within one year:		
Other debtors	18	5
Amounts due from other subsidiary undertakings	-	57
Amounts due from parent company	<u>6,221</u>	<u>9,179</u>
	<u>6,239</u>	<u>9,241</u>

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

8. CREDITORS: amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	22	22
Corporation tax	22	-
Accrued expenses and deferred items	-	13
Amounts owed to fellow subsidiary undertakings	<u>283</u>	<u>340</u>
	<u>327</u>	<u>375</u>

9. PROVISION FOR LIABILITIES AND CHARGES

	<u>1st Aug 2003</u>	<u>Provision released in the year</u>	<u>Utilised</u>	<u>31st July 2004</u>
	£'000	£'000	£'000	£'000
Environmental	275	-	-	275
Warranties	595	(161)	(93)	341
Property	100	-	-	100
Pensions	<u>226</u>	<u>(26)</u>	<u>-</u>	<u>200</u>
	<u>1,196</u>	<u>(187)</u>	<u>(93)</u>	<u>916</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

Pensions

To cover shortfall on transfer value of pensions in relation to specific staff

NOTES TO THE ACCOUNTS
For the year ended 31 July 2004

10. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, issued & fully paid</i>	
	<i>2004 No.</i>	<i>2003 No.</i>	<i>2004 No.</i>	<i>2003 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>Revaluation Reserve 2004 £'000</i>	<i>Profit and loss account 2004 £'000</i>
At 1st August 2003	2,950	5,671
Profit for the year	-	2,260
Surplus realised on disposal of property	<u>(2,950)</u>	<u>2,950</u>
At 31 st July 2004	<u>-</u>	<u>10,881</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<i>2004 £'000</i>	<i>2003 £'000</i>
Profit for the period attributable to shareholders'	2,260	26
Opening shareholders' funds	<u>10,921</u>	<u>10,895</u>
	<u>13,181</u>	<u>10,921</u>

13. CONTINGENT LIABILITIES

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

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 31 July 2004

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