

FRANCIS SHAW PLC

(REGISTERED NUMBER 105486)

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE SEVEN MONTHS ENDED 31 JULY 2001**



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FRANCIS SHAW PLC

DIRECTORS REPORT FOR THE SEVEN MONTHS ENDED 31 JULY 2001

The directors have pleasure in submitting their report together with the audited accounts for the 7 months to 31st July 2001.

ACTIVITIES AND ACCOUNTING PERIOD

As a consequence of the merger of TI Group plc with Smiths Industries plc to form Smiths Group plc, the Company's accounting reference date has been aligned with that of Smiths Group plc. Accordingly this report and accounts covers the seven-month period from 1 January 2001 to 31 July 2001, with the prior period being for the year ended 31 December 2000.

The company did not trade during the period.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

Mr J R Edwards

Mr G M Norris

Mr D A Penn

The beneficial interests of the directors and their families on 31 July 2001 in the shares and options of Smiths Group plc were as follows:

	Ordinary shares		Ordinary shares under option			
	31 July 2001	31 Dec 2000	31 July 2001	Options Exercised / Lapsed	Options Granted	31 Dec 2000
J R Edwards	87,593	87,593	232,439	-	-	232,439
G M Norris		52,797	50,970	-	8,734	40,236
D A Penn	-	-	29,551	974	5,941	24,584

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

FRANCIS SHAW PLC

DIRECTORS REPORT FOR THE SEVEN MONTHS ENDED 31 JULY 2001 (continued)

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 of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

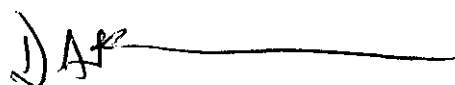
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors confirm that these financial statements comply with these requirements.

AUDITORS

The Company is dormant within the meaning of section 249AA of the Companies Act 1985 (Audit Exemption) (Amendment) Regulations 2000. Accordingly a special resolution resolving not to appoint auditors will be put to the Annual General Meeting.

By order of the Board



D A PENN
5 October 2001

FRANCIS SHAW PLC

AUDITORS' REPORT TO THE SHAREHOLDERS OF FRANCIS SHAW PLC

We have audited the financial statements set out on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

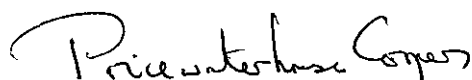
Basis of audit opinion

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 as at 31 July 2001 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
5 October 2001

FRANCIS SHAW PLC

BALANCE SHEET - 31 JULY 2001

	<u>Notes</u>	2001 £	2000 £
CURRENT ASSETS			
Debtors	3	1,610,414	1,610,414
NET CURRENT ASSETS		<u>1,610,414</u>	<u>1,610,414</u>
NET ASSETS		<u>1,610,414</u>	<u>1,610,414</u>
CAPITAL AND RESERVES			
Called up share capital	4		
Equity		1,270,414	1,270,414
Non-equity		340,000	340,000
TOTAL SHAREHOLDERS' FUNDS		<u>1,610,414</u>	<u>1,610,414</u>

The company has not traded and incurred neither profit nor loss in either period. Accordingly no profit and loss account has been presented.

The notes on pages 5 & 6 form part of these accounts.

Approved by the Board on 5 October 2001



D A Penn
DIRECTOR

FRANCIS SHAW PLC

NOTES TO THE ACCOUNTS - 31 JULY 2001

ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985, and applicable accounting standards.

Cash flow statement

As permitted by FRS1 (revised), the Company has not presented a statement of cash flows as Smiths Group plc, the parent undertaking, included a consolidated statement of cash flows in its 2001 Annual Report.

1. PROFIT AND LOSS ACCOUNT

The company is dormant and consequently neither a profit nor loss has arisen (2000 £nil).

2. DEBTORS

	2001 £	2000 £
Amounts owed by immediate parent undertaking	1,610,414	1,610,414

There is no specified date for repayment and the balance does not bear interest.

3. SHARE CAPITAL

	2001 and 2000			
	Authorised No.	£	Allotted, called up and fully paid No.	£
EQUITY SHARE CAPITAL				
Ordinary 10p shares	7,197,240	719,724	3,301,380	330,138
Deferred 20p Ord shares	4,701,380	940,276	4,701,380	940,276
		<u>1,660,000</u>		<u>1,270,414</u>
NON-EQUITY SHARE CAPITAL				
5¼% £1 Cumulative Preference shares	200,000	200,000	200,000	200,000
37% 10p Second Preference Ordinary shares	1,400,000	140,000	1,400,000	140,000
		<u>340,000</u>		<u>340,000</u>
		<u>2,000,000</u>		<u>1,610,414</u>

FRANCIS SHAW PLC

NOTES TO THE ACCOUNTS - 31 JULY 2001 (continued)

3. SHARE CAPITAL (continued)

Preference shareholders are entitled to receive a half-yearly dividend of 3.5p per share and on the winding up of the company are entitled to repayment of capital prior to capital repayments to Ordinary shareholders. Preference shareholders are not entitled to vote at any general unless either: -

- a) at the date of the notice convening the meeting the dividend on the relevant class of the Preference Shares is six months in arrear and so that for this purpose the dividend on the relevant class of the Preference Shares shall be deemed to be payable half-yearly on the 30th day of June and the 31st day of December in every year; or
- b) the business of the meeting includes the consideration of a Resolution for reducing the capital of the Company or for winding up the Company or any Resolution varying or abrogating any of their special right attached to the relevant class of the Preference Shares or altering the provisions of the Memorandum of Association of the Company with respect to the objects of the Company.

4. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided by Paragraph 3(c) of Financial Reporting Standard 8 ("FRS8") not to disclose transactions with entities that are part of Smiths Group plc.

There are no other related party transactions requiring disclosure in this period's accounts in accordance with FRS8.

5. ULTIMATE HOLDING COMPANY

The immediate parent undertaking is EIS Group plc. The ultimate parent undertaking is Smiths Group plc. Both of these companies are registered in England and Wales. Copies of the accounts of Smiths Group plc can be obtained from the company's registered office at 765 Finchley Road, London NW11 8DS.

The smallest and largest group into which the results of the company are consolidated is headed by Smiths Group plc.