

Registered Number 394688

FLEXIBOX INTERNATIONAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 July 2011

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FLEXIBOX INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors present their report and audited accounts for the year ended 31 July 2011

Business review and principal activities

The Company's principal activity is that of an investment intermediary parent undertaking and received investment income during the period. The Company's subsidiaries and associate undertakings are principally engaged in the manufacture of mechanical seals and flexible power transmission couplings. There has been no significant change in this activity during the period.

Results and Appropriations

The results for the period show a pre-tax profit of £1,463,000 (2010 £3,080,000) for the year. The Company has not paid any dividends during the year (2010 £nil).

Directors

The Directors during the period were

Name

Mr R J Paddison
Mr D H Tallentire

Auditors and disclosure of information to auditors

Each person who is a Director at the date of approval of this report confirms that

(a) so far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and

(b) the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

This report has been prepared using the small companies exemption in accordance with s415A of the Companies Act 2006.

FLEXIBOX INTERNATIONAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

By order of the Board



R J PADDISON

Director

Date 16 December 2011

FLEXIBOX INTERNATIONAL LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FLEXIBOX INTERNATIONAL LIMITED

We have audited the financial statements of Flexibox International Limited for the year ended 31 July 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FLEXIBOX INTERNATIONAL LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FLEXIBOX INTERNATIONAL LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- The Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



JASKAMAL SARAI (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX
16 December 2011

FLEXIBOX INTERNATIONAL LIMITED

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 July 2011

	<u>Notes</u>	<u>Year ended</u> <u>31 July 2011</u> £'000	<u>Period ended</u> <u>31 July 2010</u> £'000
Income from shares in group undertakings		1,285	2,948
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX		1,285	2,948
Other interest receivable and similar income	2	178	132
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,463	3,080
Taxation on profit on ordinary activities	5	(49)	79
RETAINED PROFIT FOR THE PERIOD	10	1,414	3,159

The Company has no recognised gains or losses during the years ended 31 July 2011 and 31 July 2010 other than those reflected in the profit and loss account above

There is no material difference between the profit for the financial years stated above and the profit calculated on a historical cost basis

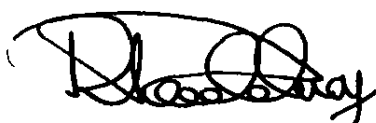
The profit for the period arose from continuing activities

FLEXIBOX INTERNATIONAL LIMITED
REGISTERED NUMBER 394688

BALANCE SHEET
AT 31 July 2011

	<u>Notes</u>	<u>31 July 2011</u> <u>£'000</u>	<u>31 July 2010</u> <u>£'000</u>
FIXED ASSETS			
Investments	6	<u>1,814</u>	<u>1,814</u>
		1,814	1,814
CURRENT ASSETS			
Debtors			
–falling due within one year	7	73	13,008
–falling due after one year	7	14,385	-
Cash at bank and in hand		<u>9</u>	<u>33</u>
		14,467	13,041
CREDITORS			
Amounts falling due within one year	8	<u>(49)</u>	<u>(37)</u>
NET CURRENT ASSETS		14,418	13,004
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,232</u>	<u>14,818</u>
CAPITAL AND RESERVES			
Called up share capital	9	75	75
Profit & loss account	10	16,157	14,743
TOTAL SHAREHOLDERS' FUNDS	10	<u>16,232</u>	<u>14,818</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 16 December 2011 and were signed on its behalf by



R J PADDISON
Director

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Preparation

The accounts have been prepared in accordance with the Companies Act 2006 and all applicable accounting standards in the United Kingdom (UK GAAP)

These accounts have been prepared on a going concern basis and under the historical cost convention (as modified to include revaluation of certain financial instruments)

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates

Consolidation

As the Company is a wholly owned subsidiary of Smiths Group plc which prepares publicly available consolidated group accounts, the Company has not prepared consolidated accounts as permitted by section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking, and not about its group.

Cash flow statement

A cash flow statement in accordance with "FRS 1 (Revised 1996) Cash flow statements" has not been prepared because all the voting rights of the Company are ultimately controlled by Smiths Group plc, which presents a cash flow for the Group within its consolidated accounts.

Investments

The Company's investments in shares in group companies are stated at cost less provision for impairment. Any impairment is charged to the profit and loss account as it arises.

Cash

Cash includes cash at bank and in hand and bank overdrafts.

Financial assets

Financial assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price used includes transaction costs unless the asset is being fair valued through the profit and loss account.

The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of an asset at initial recognition and re-evaluates their designation at each reporting date. Assets are classified as loans and receivables or financial assets where changes in fair value are charged (or credited) to the profit and loss account.

The subsequent measurement of financial assets depends on their classification. Loans and receivables are measured at amortised cost using the effective interest method. Financial assets where changes in fair value are charged (or credited) to the profit and loss account are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are included in the profit and loss account in the period in which they arise.

Financial assets are derecognised when the right to receive cash-flows from the assets has expired or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

FLEXIBOX INTERNATIONAL LIMITED

1. ACCOUNTING POLICIES (continued)

Financial liabilities

Borrowings are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs and any discount or premium on issue are subsequently amortised under the effective yield method through the profit and loss account as interest over the life of the loan, and added to the liability disclosed in the balance sheet. Related accrued interest is included in the borrowings figure.

Borrowings are classified due within one year unless the Company has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

Fair value of financial assets and liabilities

The fair values of financial assets and financial liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods are used to estimate the fair values of the financial instruments:

cash, trade receivables and payables and floating rate borrowings – the carrying value is a good approximation of the fair value,

forward exchange contracts, currency swaps, interest rate instruments and embedded derivatives – net present value of the future cash-flows, calculated using market data at the balance sheet date (principally exchange rates and yield curves).

Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling at the date of transaction and monetary assets and liabilities denominated in a foreign currency are retranslated at the closing exchange rate at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, and from the retranslation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

Current taxation

The tax on profit on ordinary activities includes amounts paid or received for Group relief in respect of tax losses claimed and surrendered in the current period. All current tax liabilities have been assumed by Smiths Group plc, the ultimate parent Company.

Deferred taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date. Timing differences are the difference between the Company's taxable profits and its results as disclosed in the financial statements, arising from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred assets are recognised only when their recovery is considered probable.

Deferred tax is not discounted.

FLEXIBOX INTERNATIONAL LIMITED

2. INTEREST RECEIVABLE AND OTHER SIMILAR INCOME

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>
Interest received from parent undertaking	<u>178</u>	<u>132</u>
	<u>178</u>	<u>132</u>

3. OPERATING PROFIT

Auditors' remuneration for 2011 and 2010 was borne by a fellow subsidiary and has not been recharged

4 DIRECTORS' EMOLUMENTS AND EMPLOYEES

No directors received any emoluments for their services to the Company (2010 nil)

The Company has no employees (2010 nil)

Retirement benefits are accruing to 1 director (2010 1) under a defined contribution scheme
During the financial year 2 directors (2010 nil) exercised options over shares of Smiths Group plc
and no directors (including the highest paid director) (2010 nil) received shares of Smiths Group
plc under long term incentive schemes

FLEXIBOX INTERNATIONAL LIMITED

5. TAXATION

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>
Analysis of tax charge on ordinary activities		
United Kingdom		
Current tax	49	37
Prior period adjustment	-	(116)
	<u>49</u>	<u>(79)</u>
Tax on profit on ordinary activities	<u>49</u>	<u>(79)</u>

The tax for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>
Profit on ordinary activities before taxation	<u>1,463</u>	<u>3,080</u>
UK corporation tax at 27.33% (2010: 28%)	400	862
Effects of:		
Income not subject to UK taxation	(351)	(825)
Adjustment to tax in respect of prior period	-	(116)
	<u>49</u>	<u>(79)</u>
Group relief surrendered (from)/to fellow subsidiary		
- current year	(49)	(37)
- prior year	-	116
Group relief payment/(receipt)	<u>49</u>	<u>(79)</u>
Total current tax	<u>49</u>	<u>(79)</u>

In addition to the changes in rates of Corporation tax disclosed, a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year.

FLEXIBOX INTERNATIONAL LIMITED

6 FIXED ASSET INVESTMENTS

	Subsidiary Undertakings	Fixed Asset Investments	Total
	£'000	£'000	£'000
Cost:			
At 1 August 2010 & as at 31 July 2011	2,096	886	2,982
Amounts provided:			
At 1 August 2010	(1,168)	-	(1,168)
At 31 July 2011	(1,168)	-	(1,168)
Net book value:			
At 31 July 2011	928	886	1,814
At 31 July 2010	928	886	1,814

The subsidiary undertakings of Flexibox International Limited at 31 July 2011 were

	Country of Incorporation	% of Equity Shares Held
Flexibox Japan Limited	Japan	100%
John Crane Poland Sp z o o	Poland	100%
John Crane (Thailand) Limited	Thailand	100%
John Crane Flexibox (India) Private Limited	India	100%

The subsidiary undertakings of Flexibox International Limited are principally engaged in the manufacture of mechanical seals and flexible power transmission couplings

The other fixed asset investments held by Flexibox International Limited at 31 July 2011 were

Industria John Crane de Mexico SA	Mexico	10% of equity shares
John Crane (Angola) Prestacao De Servicos Limitada	Angola	10% of equity shares

The value of the investment in John Crane Flexibox (India) Private Ltd has been written down to the sum of the anticipated future cashflows to be received, which amount to £114,000 (2010 £114,000)

FLEXIBOX INTERNATIONAL LIMITED

6. FIXED ASSET INVESTMENTS (continued)

An impairment review of the fixed asset investments was undertaken at 31 July 2011. The following provisions are held:

1. The provision at 31 July 2011 in respect of the investment in John Crane Flexibox (India) Private Ltd was £1,168,000 (2010: £1,168,000).

In the opinion of the Directors, no other impairment provisions are required.

7. DEBTORS

	<u>2011</u> £'000	<u>2010</u> £'000
Amounts falling due within one year:		
Loan	73	73
Amounts owed by the parent undertaking	-	12,935
Amounts falling after more than one year		
Amounts owed by the parent undertaking	14,385	-
	<u>14,458</u>	<u>13,008</u>

In January 2002 a loan of £73,400 was made to an external party to facilitate a capital restructuring of John Crane (Thailand) Limited. This loan is secured by an interest in Preference Shares of John Crane (Thailand) Limited.

The amounts owed by the parent undertaking are repayable on 31 July 2016 and carry interest at a 12 month Sterling LIBID rate.

8. CREDITORS

	<u>2011</u> £'000	<u>2010</u> £'000
Amounts falling due within one year:		
Amounts owed to ultimate parent undertaking	49	37
	<u>49</u>	<u>37</u>

The amounts owed to the ultimate parent undertaking are non-interest bearing and have no fixed term for repayment.

FLEXIBOX INTERNATIONAL LIMITED

9. CALLED UP SHARE CAPITAL

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>
Authorised 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid 75,000 ordinary shares of £1 each	<u>75</u>	<u>75</u>

10 RESERVES

	<u>Share Capital</u> <u>£'000</u>	<u>Profit & Loss Account</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
At 1 August 2010	75	14,743	14,818
Profit for the period	-	1,414	1,414
At 31 July 2011	<u>75</u>	<u>16,157</u>	<u>16,232</u>

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided by Paragraph 3(c) of 'FRS 8 Related party disclosures' not to disclose transactions with entities that are, directly or indirectly, wholly owned by Smiths Group plc

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

For the year ended 31 July 2011, Flexibox International Limited was a wholly owned subsidiary of John Crane Group Limited

The ultimate parent undertaking and controlling party is Smiths Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Smiths Group plc is incorporated in the United Kingdom and is registered in England and Wales.

The annual report and accounts of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, Cardinal Place, 80 Victoria Street, London, SW1E 5JL.