

**FLEXIBOX INTERNATIONAL LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31st JULY 2009**

Registered Number 394688

THURSDAY



\*AJ8N8GNZ\*

A57

14/01/2010

106

COMPANIES HOUSE

**FLEXIBOX INTERNATIONAL LIMITED**

**REPORT OF THE DIRECTORS**

The Directors present their report and audited accounts for the year ended 31st July 2009.

**Business review and principal activities**

The Company's principal activity is that of an investment parent undertaking and received investment income during the period. The Company's subsidiary 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 £2,238,000 (2008: £1,129,000) for the year. The Company has not paid any dividends during the year (2008: £nil).

**Directors**

The Directors during the period were:

**Name**

Mr D A Penn (resigned 8th January 2009)

Mr R J Paddison

Mr F J Richardson (appointed 8th January 2009, resigned 31st March 2009)

Mr D H Tallentire (appointed 31st March 2009)

**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 and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**By order of the Board**



**R. J. PADDISON**

**Director**

Date: 22<sup>nd</sup> December 2009

**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.

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FLEXIBOX INTERNATIONAL LIMITED**

We have audited the financial statements of Flexibox International Limited for the year ended 31st July 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 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 Sections 495 and 496 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.

### **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 31st July 2009 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.

**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.



**R S WATSON (Senior Statutory Auditor)**  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH  
22<sup>nd</sup> December 2009

**FLEXIBOX INTERNATIONAL LIMITED**

**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31st JULY 2009**

	<u>Notes</u>	<u>Year ended</u> <u>31st July 2009</u> <u>£'000</u>	<u>Period ended</u> <u>31st July 2008</u> <u>£'000</u>
Release of provision for impairment of investments	6	453	312
OPERATING PROFIT / (LOSS)		<u>453</u>	<u>312</u>
Income from shares in group undertakings		1,337	356
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX		<u>1,790</u>	<u>668</u>
Other interest receivable and similar income	2	448	461
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,238</u>	<u>1,129</u>
Taxation on profit on ordinary activities	5	(246)	(147)
RETAINED PROFIT FOR THE PERIOD	10	<u>1,992</u>	<u>982</u>

There is no difference between the results shown for the period and their historical cost equivalent. There were no other recognised gains or losses in the period other than those stated above.

The profit for the period arose from continuing activities.

**FLEXIBOX INTERNATIONAL LIMITED**

**BALANCE SHEET**  
**AT 31st JULY 2009**

	<u>Notes</u>	<u>31st July 2009</u> <u>£'000</u>	<u>31st July 2008</u> <u>£'000</u>
FIXED ASSETS			
Investments	6	1,814	1,361
CURRENT ASSETS			
Debtors – amounts falling due within one year	7	9,631	6,406
Cash at bank and in hand		460	2,047
		<u>10,091</u>	<u>8,453</u>
CREDITORS:			
Amounts falling due within one year	8	(246)	(147)
NET CURRENT ASSETS		<u>9,845</u>	<u>8,306</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,659</u>	<u>9,667</u>
CAPITAL AND RESERVES			
Called up share capital	9	75	75
Profit & loss account	10	11,584	9,592
TOTAL SHAREHOLDERS' FUNDS	10	<u>11,659</u>	<u>9,667</u>

Approved by the Board of Directors on 22<sup>nd</sup> December 2009 and 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.

**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.

**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.

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.



## **FLEXIBOX INTERNATIONAL LIMITED**

### **1. ACCOUNTING POLICIES (continued)**

#### **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 tax assets are recognised only when their recovery is considered probable.

Deferred tax is not discounted.

### **2. INTEREST RECEIVABLE AND OTHER SIMILAR INCOME**

	<b><u>2009</u></b> <b><u>£'000</u></b>	<b><u>2008</u></b> <b><u>£'000</u></b>
Interest received from parent undertaking	399	391
Interest received from bank	49	70
	<b><u>448</u></b>	<b><u>461</u></b>

### **3. OPERATING PROFIT**

Auditors' remuneration for 2009 and 2008 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 (2008: nil).

The Company has no employees (2008: nil).

Retirement benefits are accruing to 1 director (2008: 2) under a defined benefit scheme. During the financial year no directors (2008: 1) exercised options over shares of Smiths Group plc.

**FLEXIBOX INTERNATIONAL LIMITED**

**5. TAXATION**

	<b><u>2009</u></b> <b><u>£'000</u></b>	<b><u>2008</u></b> <b><u>£'000</u></b>
<b>Analysis of tax charge on ordinary activities</b>		
<b>United Kingdom</b>		
Current tax	246	135
Prior period adjustment	<u>-</u>	<u>12</u>
Tax on profit on ordinary activities	<u>246</u>	<u>147</u>

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

	<b><u>2009</u></b> <b><u>£'000</u></b>	<b><u>2008</u></b> <b><u>£'000</u></b>
Profit on ordinary activities before taxation	<u>2,238</u>	<u>1,129</u>
UK corporation tax at 28% (2008: 29.33%)	627	331
Effects of:		
Income not subject to UK taxation	(381)	(196)
Adjustment to tax in respect of prior period	<u>-</u>	<u>12</u>
	246	147
Group relief surrendered (from)/to fellow subsidiary		
- current year	(246)	(135)
- prior year	-	(12)
Group relief payment	<u>246</u>	<u>147</u>
Total current tax	<u>246</u>	<u>147</u>

**FLEXIBOX INTERNATIONAL LIMITED**

**6. FIXED ASSET INVESTMENTS**

	<u>Subsidiary Undertakings</u>	<u>Fixed Asset Investments</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Cost:</b>			
At 1st August 2008 & as at 31st July 2009	<u>2,096</u>	<u>886</u>	<u>2,982</u>
<b>Amounts provided:</b>			
At 1st August 2008	(1,168)	(453)	(1,621)
Released during the period	-	453	453
<b>At 31st July 2009</b>	<u>(1,168)</u>	<u>-</u>	<u>(1,168)</u>
<b>Net book value:</b>			
<b>At 31st July 2009</b>	<u>928</u>	<u>886</u>	<u>1,814</u>
At 31st July 2008	<u>928</u>	<u>433</u>	<u>1,361</u>

The subsidiary undertakings of Flexibox International Limited at 31st July 2009 were:

	<u>Country of Incorporation</u>	<u>% of Equity Shares Held</u>
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 31st July 2009 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 (2008: £114,000).

**FLEXIBOX INTERNATIONAL LIMITED**

**6. FIXED ASSET INVESTMENTS (continued)**

An impairment review of the fixed asset investments was undertaken at 31st July 2009. The following provisions are held:

1. The provision at 31st July 2009 in respect of the investment in Industria John Crane de Mexico SA. was £nil (2008: £453,000).
2. The provision at 31st July 2009 in respect of the investment in John Crane Flexibox (India) Private Ltd was £1,168,000 (2008: £1,168,000).

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

**7. DEBTORS**

	<u>2009</u> £'000	<u>2008</u> £'000
Amounts falling due within one year:		
Loan	73	73
Amounts owed by the parent undertaking	<u>9,558</u>	<u>6,333</u>
	<u>9,631</u>	<u>6,406</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.

There are no terms of repayment for the amounts owed by the parent undertaking and interest is receivable at the base rate less ½%.

**8. CREDITORS**

	<u>2009</u> £'000	<u>2008</u> £'000
Amounts falling due within one year:		
Amounts owed to ultimate parent undertaking	<u>246</u>	<u>147</u>
	<u>246</u>	<u>147</u>

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

**FLEXIBOX INTERNATIONAL LIMITED**

**9. SHARE CAPITAL**

	<u>2009</u> £'000	<u>2008</u> £'000
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. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	Share Capital £'000	Profit & Loss Account £'000	Total £'000
At 1st August 2008	75	9,592	9,667
Profit for the period	-	1,992	1,992
At 31st July 2009	<u>75</u>	<u>11,584</u>	<u>11,659</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 part of Smiths Group plc.

**12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

For the year ended 31st July 2009, Flexibox International Limited was a wholly owned subsidiary of John Crane Group Limited (formerly known as Smiths Specialty Engineering 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.