

**FLEXIBOX LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31<sup>st</sup> JULY 2006**



Registered Number 501983

**FLEXIBOX LIMITED**

**REPORT OF THE DIRECTORS**

The Directors have pleasure in submitting their report and audited accounts for the year to 31st July 2006

**Activities and Review of the Business**

The Company did not trade during the year It is not expected to trade in the future

**Results and Appropriations**

The Board has not paid a dividend (2005 £nil) The loss of £nil (2005 £nil) has been transferred to reserves

**Directors**

The Directors during the year were

Name

Mr G M Norris  
Mr R J Paddison

**Directors' Interests**

The beneficial interests of the Directors in shares, option schemes and long-term share plans of Smiths Group plc at the beginning and end of the year were as follows

	Interest in Ordinary Shares		Options to Acquire Ordinary Shares			
	Smiths Group plc <u>2006</u>	Smiths Group plc <u>2005</u>	Smiths Group plc <u>2006</u>	Granted <u>In the Period</u>	Exercised/Lapsed <u>In the period</u>	Smiths Group plc <u>2005</u>
Mr G M Norris	48,903	44,556	197,542	29,547	(1,673)	169,668
Mr R J Paddison	3,000	775	19,055	7,710	(2,225)	13,570

Details of the share option schemes and long-term share plans are contained in the Annual Report and Accounts 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**

Company law requires the directors to prepare financial statements for each financial year that 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 year The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

**FLEXIBOX LIMITED**

**REPORT OF THE DIRECTORS** (contd )

The directors are responsible for keeping proper accounting records that 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 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.

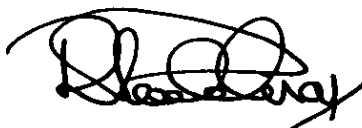
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st July 2006 and that applicable accounting standards have been followed.

So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware. Each Director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information.

**Auditors**

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

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'R J PADDISON', with a stylized flourish at the end.

**R J PADDISON**  
Company Secretary

Date 21 December 2006

**FLEXIBOX LIMITED**

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

We have audited the financial statements of Flexibox Limited for the year ended 31<sup>st</sup> July 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**FLEXIBOX LIMITED**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31<sup>st</sup> July 2006 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'PwC' followed by a stylized flourish.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
West London

Date 21 December 2006

**FLEXIBOX LIMITED**

**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31st JULY 2006**

	<u>Notes</u>	<u>2006</u> <u>£</u>	<u>2005</u> <u>£</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR	7	<u>-</u>	<u>-</u>

The result on ordinary activities arose from discontinued activities. There is no difference between the stated result and its historical cost equivalent, and there are no other gains or losses recognised in the year other than those already included.

The notes on pages 7 to 9 form part of these accounts

**FLEXIBOX LIMITED**

**BALANCE SHEET AT 31st JULY 2006**

	<u>Notes</u>	<u>2006</u> £	<u>2005</u> £
<b>FIXED ASSETS</b>			
Investments	4	-	-
<b>CURRENT ASSETS</b>			
Debtors			
Amounts falling due after more than one year	5	3,891,213	3,891,213
<b>NET ASSETS</b>		<u>3,891,213</u>	<u>3,891,213</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	1,385,235	1,385,235
Profit & loss account	7	2,505,978	2,505,978
<b>EQUITY SHAREHOLDERS' FUNDS</b>	7	<u>3,891,213</u>	<u>3,891,213</u>

Approved by the Board of Directors on 21 December 2006 and signed on its behalf by



**R J Paddison**

The notes on pages 7 to 9 form part of these accounts

**FLEXIBOX LIMITED**

**NOTES TO THE ACCOUNTS**

**1 ACCOUNTING POLICIES**

**(a) Basis of Accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company has adopted FRS17, 'Retirement benefits', FRS21, 'Events after the balance sheet date' and FRS25, 'Financial instruments disclosure and presentation', in these financial statements. The adoption of these standards represents a change in accounting policy. The adoption of these standards did not have a material impact on the financial statements of the Company.

**(b) Group Accounts**

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

Flexibox 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.

**(c) Fixed Asset Investments**

These are stated at cost less any provision for impairment.

**(d) 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.

**2 OPERATING PROFIT**

Auditors' remuneration was borne by a fellow subsidiary and has not been recharged.

**3 DIRECTORS' EMOLUMENTS AND EMPLOYEE COSTS**

No directors received any emoluments for their services to the Company.

The Company has no employees.

No Director is accruing retirement benefits under a money purchase pension scheme (2005 nil), but two Directors are accruing retirement benefits under a defined benefit pensions scheme (2005 two).



**FLEXIBOX LIMITED**

4 **FIXED ASSET INVESTMENTS**

	Subsidiary Undertakings £
Net Book Value at 1 <sup>st</sup> August 2005 and at 31 <sup>st</sup> July 2006	-

Whilst Flexibox Limited has a 50% equity investment in John Crane Ufa, incorporated in Bashkirian SSR, Ufa, the Directors feel it should be treated as an investment due to having little management control over this business. The investment in John Crane Ufa, totalling £52,372, was fully provided for in 1991.

The aggregate value of the Company's equity investments is not less than the value at which they are stated in the accounts.

5 **DEBTORS**

	<u>2006</u> £	<u>2005</u> £
Amounts falling due after one year		
- Amounts owed by fellow subsidiary undertakings	3,891,213	3,891,213
	<u>3,891,213</u>	<u>3,891,213</u>

The amounts owed by fellow subsidiary undertakings are non-interest bearing and have no fixed term for repayment.

6 **SHARE CAPITAL**

	2006 and 2005			
	Authorised		Allotted, Called Up and Fully Paid	
	Number	£	Number	£
Ordinary shares of £1 each	1,385,235	1,385,235	1,385,235	1,385,235

**FLEXIBOX LIMITED**

7 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	Share Capital	Profit & Loss Account	Total
	£	£	£
At 1 <sup>st</sup> August 2005 & 31 <sup>st</sup> July 2006	1,385,235	2,505,978	3,891,213

8 **RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of Smiths Group plc, Flexibox Limited has taken advantage of the exemptions available under FRS8 not to disclose related party transactions with other Group companies

9 **ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent is EIS Group plc, and the ultimate parent undertaking and controlling party is Smiths Group plc, a company registered in England

The parent undertaking of the Group of undertakings for which Group accounts are drawn up and of which the Company is a member is Smiths Group plc. Copies of Smiths Group plc accounts can be obtained from the Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff CF4 3UZ