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Hawke Cable Glands Limited
Directors' report and financial statements
for the year ended 31 December 2003

Registered Number 548563



Hawke Cable Glands Limited
Annual report and financial statements
for the year ended 31 December 2003

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Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

Principal activities

The principal activity of the company is light engineering and the supply of electrical products to the hazardous industry sector. This will continue to be so in the future.

Review of business and future developments

The results for the year from both a sales and profit perspective were excellent. Profit after tax of £2,025,749 gave a return of 14.5% on sales (17 months ended 31st December 2002 : £2,072,378; 13.1%).

The increase in sales on a like for like basis has been due to the increase in activity in the oil and gas projects business in 2003. There are no significant changes to the business anticipated in 2004.

Results and dividends

Retained profit transferred to reserves for the year ended 31 December 2003 was £2,025,749 (17 months ended 31 December 2002: £972,378).

No dividends have been paid and no dividend for the year is recommended (2002: interim £1,100,000).

Research and development

The company continues to invest in research into new products and activities as well as introducing new technology to improve service to customers and reduce manufacturing costs.

Directors

The directors who held office during the period are given below:

Mr J H Biggart

Mr J K Braun

Mr W A Cable

Mr R W Davies

Mr E S Lankarge

Mr D Legg

Mr J F Mulvihill

Mr S J Penny

Mr J B Phillips

Mr S M Vardy

Mr R Webb

Mr W W Kidston

Resigned 7th April 2003

Directors' interests

None of the directors have any interests in the share capital of the company, or of any Hubbell Holdings Limited group companies. None of the directors maintain any options to subscribe for shares or debentures in any Hubbell Holdings Limited group company.

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Directors' report for the year ended 31 December 2003 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 period. 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.

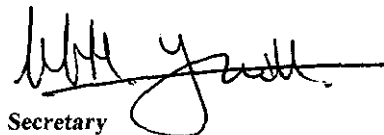
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

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.

Auditors

The company has elective resolutions pursuant to S379A of the Companies Act 1985 in force allowing it to dispense with the requirements to lay accounts before the company in general meeting, to hold annual general meetings and to appoint auditors annually.

By order of the board



Secretary

Mitre Secretaries Limited

19 October 2004

Registered office:

Oxford Street West
Ashton-under-Lyne
Lancashire
OL7 0NA

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Independent auditors' report to the members of Hawke Cable Glands 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.

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 31 December 2003 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
Milton Keynes

19 October 2004

Hawke Cable Glands Limited
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Profit and loss account for the year ended 31 December 2003

	Note	Year ended 31 December 2003 £	17 months ended 31 December 2002 £
Continuing operations			
Turnover	5	13,929,108	15,858,850
Cost of sales		(8,644,939)	(9,836,186)
Gross profit		5,284,169	6,022,664
Distribution costs		(1,715,432)	(1,970,465)
Administrative expenses		(921,129)	(1,282,427)
Operating profit	3	2,647,608	2,769,772
Interest receivable and similar income	6	2,943	-
Profit on ordinary activities before taxation		2,650,551	2,769,772
Tax on profit on ordinary activities	7	(624,802)	(697,394)
Profit on ordinary activities after taxation		2,025,749	2,072,378
Dividends	8	-	(1,100,000)
Retained profit for the period	14	2,025,749	972,378

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

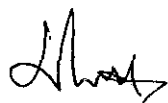
There are no recognised gains or losses other than the profit above and therefore no separate statements of total recognised gains and losses has been presented.

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Balance sheet as at 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	9	1,907,762	1,713,137
Current assets			
Stock	10	1,055,650	1,014,623
Debtors	11	3,409,550	2,040,597
Cash at bank and in hand		1,188,524	570,100
		5,653,724	3,625,320
Creditors: Amounts falling due within one year	12	(2,888,006)	(2,690,726)
Net current assets		2,765,718	934,594
Total assets less current liabilities		4,673,480	2,647,731
Capital and reserves			
Called up share capital	13	10,000	10,000
Share premium account	14	214,942	214,942
Other reserves	14	21,490	21,490
Profit and loss account	14	4,427,048	2,401,299
Equity shareholders' funds	15	4,673,480	2,647,731

These financial statements on pages 4 to 15 were approved by the board of directors on 19 October 2004 and were signed on its behalf by:



J B Phillips
Director

Hawke Cable Glands Limited
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Notes to the financial statements for the year ended 31 December 2003

1 Accounting policies

Accounting convention

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

Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. Revenue is recognised on despatch of goods and delivery of services.

Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost. Freehold land is not depreciated.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	- 4% to 33%
Fixtures, fittings, tools and equipment	- 4% to 33%
Vehicles	- 20%
Freehold buildings	- 5%

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stock and work in progress

Stock and work in progress have been valued at the lower of cost and net realisable value. Cost includes all direct expenditure and appropriate production overhead expenditure incurred in bringing goods to their current state under normal operating conditions. Net realisable value is based on estimated selling price less the cost of disposal.

Deferred taxation

Deferred taxation in respect of timing differences has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation, or a right to pay less taxation, in future. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. A deferred tax asset is not recognised unless it is more likely than not that there will be sufficient future taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

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Foreign currency translation

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction.

Accounts receivable and payable in foreign currencies are expressed in sterling at the rate of exchange at the balance sheet date. All exchange conversion and translation differences are included in the profit and loss account for the year. To the extent that foreign currency denominated assets and liabilities are covered by forward exchange contracts, these are translated at the appropriate contract rate.

Research and development

Research and development expenditure is charged against operating profit as it is incurred.

Pension costs

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect the variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular costs are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group in separate trustee administration funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

Leasing and hire purchase agreements

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful life. The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

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Notes to the financial statements for the year ended 31 December 2003
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2 Cash flow statement and related party disclosure exemptions

The company is a wholly owned subsidiary of Hubbell Holdings Limited and is included in the consolidated financial statements of Hubbell Inc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that, at the year-end, are part of the Hubbell Inc. group or investees of the group.

3 Operating profit

	Year ended 31 December 2003 £	17 months ended 31 December 2002 £
Operating profit is stated after charging / (crediting):		
Depreciation of owned assets	307,730	558,603
Hire of plant and machinery	4,567	14,126
Auditors' remuneration:		
- audit services	28,550	18,150
- other services	14,940	-
Operating lease charges:		
- other equipment	22,023	8,500
Profit on disposal of fixed assets	(2,007)	-
Foreign exchange differences	230,135	9,213

4 Staff costs (including directors' emoluments)

	Year ended 31 December 2003 £	17 months ended 31 December 2002 £
Wages and salaries	3,583,928	4,612,321
Social security costs	296,992	336,880
Other pension costs	373,590	408,552
	4,254,510	5,357,753

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Staff costs (including directors' emoluments) (continued)

The average monthly number of persons (including executive directors) employed by the company during the period was:

By activity	2003 Number	2002 Number
Production	104	99
Selling and distribution	20	20
Administration	10	11
	134	130

	Year ended 31 December 2003	17 months ended 31 December 2002
Directors' emoluments	£	£
Aggregate emoluments	337,513	983,140

Retirement benefits are accruing to four directors (2002: five) under the Hubbell Group defined benefit scheme.

	Year ended 31 December 2003	17 months ended 31 December 2002
Highest paid director	£	£
Emoluments	66,766	247,345

The highest paid director had an accrued pension at the year-end of £7,849 (2002: £6,814)

5 Turnover

Turnover is attributable to light engineering and supply of electrical products.

Turnover is analysed by geographic destination as shown below:-

	Year ended 31 December 2003	17 Months ended 31 December 2002
	£	£
UK	5,454,000	7,418,000
Rest of Europe	2,277,000	2,470,000
Rest of world	6,198,108	5,970,850
	13,929,108	15,858,850

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Notes to the financial statements for the year ended 31 December 2003
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6 Interest receivable and similar income

	Year ended 31 December 2003 £	17 Months ended 31 December 2002 £
Bank interest	2,943	-

7 Tax on profit on ordinary activities

	Year ended 31 December 2003 £	17 Months ended 31 December 2002 £
Current tax:		
UK Corporation tax on profits of the year	610,138	649,870
Adjustment in respect of previous periods	14,768	2,969
Total current tax	624,906	652,839
Deferred tax:		
Origination and reversal of timing differences (ACA and other)	23,413	44,555
Adjustment in respect of previous periods	(23,517)	-
Total deferred tax	(104)	44,555
Tax on profit on ordinary activities	624,802	697,394

The tax assessed for the year differs from the amount expected by applying the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 31 December 2003 £	17 Months ended 31 December 2002 £
Profit on ordinary activities before tax	2,650,551	2,769,772
Profit on ordinary activities multiplied by standard rate in the UK 30% (2002: 30%)	795,165	830,932
Effects of:		
Expenses not deductible for tax purposes	20,470	6,230
Accelerated capital allowances and other timing differences	(23,413)	(44,555)
Group relief claimed not paid	(182,084)	(142,737)
Adjustment in respect of previous periods	14,768	2,969
Current tax charge for the period	624,906	652,839

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Notes to the financial statements for the year ended 31 December 2003
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8 Dividends

	Year ended 31 December 2003	17 Months ended 31 December 2002
	£	£
Interim equity dividends paid £nil (2002: £110) per ordinary share	-	1,100,000

9 Tangible fixed assets

	Freehold land and buildings	Payments on account	Plant and machinery	Fixtures fittings tools equipment and vehicles	Total
	£	£	£	£	£
Cost					
At 31 December 2002	570,000	66,377	4,658,293	2,815,459	8,110,129
Additions	-	538,356	-	-	538,356
Transfers	-	(604,733)	432,534	172,199	-
Disposals	-	-	(457,647)	(677,474)	(1,135,121)
At 31 December 2003	570,000	-	4,633,180	2,310,184	7,513,364
Accumulated depreciation					
At 31 December 2002	28,998	-	3,886,958	2,481,036	6,396,992
Charge for the year	10,694	-	153,184	143,852	307,730
Disposals	-	-	(454,039)	(645,081)	(1,099,120)
At 31 December 2003	39,692	-	3,586,103	1,979,807	5,605,602
Net book amount					
At 31 December 2003	530,308	-	1,047,077	330,377	1,907,762
At 31 December 2002	541,002	66,377	771,335	334,423	1,713,137

Payments on account represent expenditure incurred on assets under construction that have not been commissioned. As assets are completed they are reclassified to other categories of tangible fixed assets.

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Tangible fixed assets (continued)

Capital expenditure authorised and committed

There are no capital commitments (2002: £nil) not provided for in the financial statements.

10 Stock

	2003 £	2002 £
Raw materials	554,955	553,896
Work in progress	237,289	178,332
<i>Finished goods and goods for resale</i>	<i>263,406</i>	<i>282,395</i>
	1,055,650	1,014,623

At 31 December 2003 the company held £327,000 (2002: £293,000) of stock on consignment from third party suppliers which is not included in the amounts above. The consignment stock remains the property of the supplier until used by the company for manufacturing. No interest is charged on the stock and no deposits are required.

11 Debtors

	2003 £	2002 £
Trade debtors	1,404,126	895,876
Amounts owed by group undertakings	1,682,976	1,031,310
Other debtors	232,950	61,963
Deferred tax asset	14,269	14,165
<i>Prepayments and accrued income</i>	<i>75,229</i>	<i>37,283</i>
	3,409,550	2,040,597

The deferred tax asset comprises:

	2003 £	2002 £
Accelerated capital allowances	(8,471)	8,413
Other short term timing differences	22,740	5,752
	14,269	14,165

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Debtors (continued)

The movement on deferred tax asset in the period is as follows;

	2003 £
Asset at 31 December 2002	14,165
Deferred tax credit in profit and loss account	104
At 31 December 2003	14,269

12 Creditors - Amounts falling due within one year

	2003 £	2002 £
Trade creditors	1,452,561	889,425
Amounts due to group undertakings	561,630	1,348,182
Corporation taxation payable	288,632	48,663
Taxation and social security	103,435	82,873
Other creditors	73,718	34,915
Accruals and deferred income	408,030	286,668
	2,888,006	2,690,726

13 Called up share capital

	2003 £	2002 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

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14 Reserves

	Share premium account £	Other reserves £	Profit and loss account £
At 31 December 2002	214,942	21,490	2,401,299
Retained profit for the year	-	-	2,025,749
At 31 December 2003	214,942	21,490	4,427,048

15 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Opening shareholders' funds	2,647,731	1,675,353
Profit after taxation for the period	2,025,749	2,072,378
Dividends paid	-	(1,100,000)
Closing shareholders' funds	4,673,480	2,647,731

16 Operating lease commitments

There are annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows:

	2003 £	2002 £
Operating leases expiring within 1 year	3,400	-
Operating leases expiring during years 2 to 5	31,667	6,800
	35,067	6,800

17 Other commitments

At the year-end the company had outstanding purchase commitments for raw materials of £346,250 (2002: £605,000).

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18 Pension commitments

The company is a member of the Hubbell Group Pension Scheme, a defined benefit scheme open to the employees of Hubbell Limited, Hubbell Lighting Limited and Hawke Cable Glands Limited. The scheme is a funded scheme with assets held in separate trustee administered funds. Contributions are charged to the profit and loss account, in accordance with SSAP24, so as to spread the cost of pensions over employee's working lives.

Further details of the latest actuarial valuation of the scheme are contained in the financial statements of Hubbell Holdings Limited. Based on the latest actuarial valuation performed at 30 April 2002 the deficit compared to the trustees funding target of £1,250,000 as at 30 April 2002 will be eliminated by an increase in employer contribution rates of 3.5% of pensionable salary over a period of ten years from 1 January 2003.

Hawke Cable Glands Limited had a pension charge of £373,590 for the year ended 31 December 2003 (17 month period ended 31 December 2002 : £408,552).

Under the transitional requirements of FRS17 the company has to make certain additional disclosures in respect of pension commitments. The company's share of the underlying assets and liabilities in the scheme cannot be readily identified on a reliable and consistent basis. Therefore, the scheme is treated as a multi-employer scheme as defined in FRS17. The deficit in the scheme as at 31 December 2003 measured in accordance with FRS17 is £3,831,000 (2002: £3,042,000).

19 Ultimate parent undertaking

The ultimate parent undertaking and controlling party by virtue of shareholdings is Hubbell Inc., which is incorporated in the United States of America. This is the parent undertaking of the largest group for which group accounts are prepared. Copies of Hubbell Inc. consolidated financial statements can be obtained from Hubbell Incorporated, Orange, Connecticut.

The immediate parent undertaking is Hubbell Holdings Limited, a company registered in England and Wales. This is the parent undertaking of the smallest group for which group accounts are prepared.