

Smiths Aerospace Components – Burnley Limited
(formerly Aero & Industrial Technology Limited)
Annual report
for the year ended 31 July 2003

Registered Number 2233451



Smiths Aerospace Components – Burnley Limited (formerly
Aero & Industrial Technology Limited)
Annual report
for the year ended 31 July 2003

Contents

Directors and Advisors for the year ended 31 July 2003	1
Directors' report for the year ended 31 July 2003	2
Independent auditors' report to the members of Aero & Industrial Technology Limited	4
Profit and loss account for the year ended 31 July 2003	5
Balance sheet as at 31 July 2003	6
Accounting policies	7
Notes to the financial statements for the year ended 31 July 2003	8

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

Directors and Advisors for the year ended 31 July 2003

Directors

P Atherton
E R Thorley
M McCay
G Norris

Secretary

M McCay

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Southern Coopers & Partners
Bank Parade
Burnley
Lancashire

Bankers

Barclays Bank PLC
Pall Mall Corporate Banking Group
50 Pall Mall
London
SW1Y 5AX

Registered Office

P O Box 46
Wood Top
Burnley
BB11 4BX

Registered Number

2233451

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

Directors' report for the year ended 31 July 2003

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

Principal activities

The principal activity of the company was the design, development, testing and manufacture of combustion equipment for use in aero and industrial gas turbines.

Review of business and future developments

The company became an unremunerated trading agent of Smiths Group Plc on the 4 August 2002. The trade of the business was transferred to Smiths Group Plc at the same date. As such the company is essentially dormant. The company has also changed its name from Aero & Industrial Technology Limited to Smiths Aerospace Components – Burnley Limited on 22 July 2003.

Results and dividends

The profit for the year after taxation was £nil (2002: loss £745,000). No dividends have been paid or proposed (2002: £Nil paid). The retained profit for the year of £nil (2002: £745,000) has been transferred from reserves.

Directors and their interests

The directors who served during the period are given below.

G Norris Appointed 21 October 2002
P Atherton
E R Thorley
M McCay

No director had any interest in the shares of the company as at 31 July 2003. The directors' interests in the shares of the ultimate holding company, at the start and end of the period are disclosed below:

	Number of ordinary shares at		1 Aug 2002	Options of shares		
	1 Aug 2002	31 July 2003		Lapsed	Granted	31 July 2003
	Smiths Industries plc	Smiths Industries plc	Smiths Industries plc	During Period	Smiths Industries plc	Smiths Industries plc
P Atherton	-	-	5,331	-	-	5,331
E R Thorley	-	-	20,920	1,917	10,364	29,367
M McCay	-	-	1,648	-	-	1,648
G Norris	31,777	33,450	80,450	-	31,673	112,123

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 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 and also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 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.

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

By order of the board

A handwritten signature in cursive script, appearing to read "Michael McCay".

M McCay
Company Secretary
28 November 2003

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

Independent auditors' report to the members of Aero & Industrial Technology Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the related notes and the statement of accounting policies.

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 in to 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.

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. The other information comprises only the directors' report.

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 July 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

28th November 2003

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

Profit and loss account for the year ended 31 July 2003

	Note	2003 £'000	2002 £'000
Turnover	1	-	9,774
Cost of sales		-	(10,072)
Gross loss		-	(298)
Distribution costs		-	(234)
Administrative expenses		-	(532)
Operating loss		-	(1,064)
Net interest payable	4	-	-
Loss on ordinary activities before taxation	5	-	(1,064)
Tax credit/(charge) on (loss)/profit on ordinary activities	6	-	319
Retained loss for the financial period	14	-	(745)

The results relate to discontinued activities.

The company has no recognised gains or losses other than those included in the loss above and therefore no separate statement of total recognised gains and losses is required.

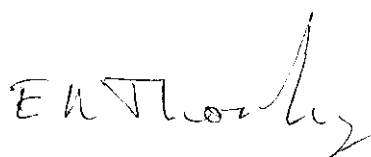
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

Balance sheet as at 31 July 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	7	-	2,038
Current assets			
Stocks	8	-	2,079
Debtors	9	1,978	2,418
Cash at bank and in hand		-	234
		1,978	4,731
Creditors: amounts falling due within one year	10	-	(2,818)
Net current assets		1,978	1,913
Total assets less current liabilities		1,978	3,951
Creditors: amounts falling due after more than one year	11	-	(1,973)
Net assets		1,978	1,978
Capital and reserves			
Called up share capital	12	1,500	1,500
Profit and loss account	13	478	478
Total equity shareholders' funds	14	1,978	1,978

The financial statements on pages 5 to 12 were approved by the board of directors on 28 November 2003 and were signed on its behalf by:



E R Thorley
Director

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

Accounting policies

The financial statements have been prepared in accordance with the historical cost convention and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently is set out below.

Turnover

Turnover represents the value of goods and services invoiced to customers during the period, net of all credits and allowances.

Tangible fixed assets

Depreciation is provided for on fixed assets in order to write them down, by equal instalments, to their estimated residual values over their estimated economic lives at the following rates:

	%
Plant and equipment	10 - 25
Fixtures and fittings	10 - 20
Leasehold land and buildings	2

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In the case of work in progress and finished goods, cost consists of direct materials, labour and, where appropriate, attributable production overheads.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where translations or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets and liabilities are not discounted.

Cash flow statement

In accordance with paragraph 5(a) of FRSI (revised), the company is not required to publish a cash flow statement.

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

Notes to the financial statements for the year ended 31 July 2003

1 Turnover

The company's turnover derives from sales originating in the United Kingdom made to the following geographical areas:

	2003 £'000	2002 £'000
United Kingdom	-	7,204
Europe	-	1,946
Asia, Far East and Australia	-	551
North, South and Central America	-	73
	-	9,774

2 Directors' emoluments

	2003 £'000	2002 £'000
Aggregate emoluments	-	217

Retirement benefits are accruing to nil directors (2002: 3) under a defined benefit scheme.

Highest paid director

	2003 £'000	2002 £'000
Emoluments	-	93
Accrued pension at end of period	-	20

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

3 Employee information

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

	2003 Number	2002 Number
Sales, administration and distribution	-	39
Manufacture	-	164
	-	203
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	-	4,437
Social security costs	-	333
Other pension costs (Note 18)	-	213
	-	4,983

4 Net interest payable

	2003 £'000	2002 £'000
Bank interest payable	-	-
	-	-

5 Loss on ordinary activities before taxation

	2003 £'000	2002 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation on:		
Tangible owned fixed assets	-	1,434
Auditors' remuneration	-	37
Operating lease charges:		
Buildings	-	139
Plant and machinery	-	115

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

6 Taxation on loss on ordinary activities

	2003 £'000	2002 £'000
UK corporation tax at 30% (2002: 30%):		
Current year	-	319
	-	319

Responsibilities for current and future taxation liabilities has been assumed by Smiths Group plc

7 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 August 2002	866	6,773	7,639
Transfers to Group	(868)	(6,773)	(7,639)
At 31 July 2003	-	-	-
Depreciation			
At 1 August 2002	568	5,033	5,601
Transfers to Group	(568)	(5,053)	(5,601)
At 31 July 2003	-	-	-
Net book value			
At 31 July 2003	-	-	-
At 31 July 2002	298	1,740	2,038

8 Stocks

	2003 £'000	2002 £'000
Work in progress	-	2,079

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

9 Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year		
Trade debtors	-	1,693
Amounts owed by Group companies	1,978	676
Other debtors	-	1
Prepayments and accrued income	-	48
	1,978	2,418

The amount owed by Group companies is unsecured, has no fixed repayment date and bears no interest.

10 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank overdraft	-	153
Trade creditors	-	2,076
Other taxation and social security payable	-	161
Amounts owed to Group companies	-	155
Accruals and deferred income	-	273
	-	2,818

11 Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Amount owed to Group companies	-	1,973
	-	1,973

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

12 Called up share capital

	2003 £'000	2002 £'000
Authorised		
1,500,000 ordinary shares of £1 each	1,500	1,500
Allotted, called up and fully paid		
1,500,000 ordinary shares of £1 each	1,500	1,500

13 Reserves

	Profit and loss account £'000
At 31 July 2002	478
Result for the year	-
At 31 July 2003	478

14 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Loss for the financial year	-	(745)
Opening shareholders' funds	1,978	2,723
Closing shareholders' funds	1,978	1,978

15 Financial commitments

As at 31 July 2003, the company had annual commitments under non-cancellable operating leases as follows:

	2003 £'000		2002 £'000	
	Land and buildings	Other	Land and buildings	Other
Expiring within one year	-	-	-	38
Expiring between two and five years	-	-	-	49
Expiring in more than five years	-	-	121	-
	-	-	121	87

Smiths Aerospace Components – Burnley Limited (formerly Aero & Industrial Technology Limited)

16 Capital commitments

	2003 £'000	2002 £'000
Contracts placed for future capital expenditure not provided in the financial statements	-	1,185

17 Related party disclosure

The company is a wholly owned subsidiary of Smiths Group plc. In accordance with paragraph 3 of FRS8, "Related party transactions", the company is exempt from disclosing details of arrangements with other companies in the Smiths Group plc.

18 Ultimate holding company

The ultimate holding company at 31 July 2003 was Smiths Group plc. Copies of the group financial statements are available from: The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3HZ.