

Veeder Root Finance Company

Report and accounts for the thirteen months ended
31 December 2001 together with independent auditors' report

Registered number: 3428240



Directors' report

For the thirteen months ended 31 December 2001

The directors present their report on the affairs of the company, together with the accounts and independent auditors' report, for the thirteen months ended 31 December 2001.

Principal activity and business review

The principal activity of the company is that of an investment company.

Results and dividends

The profit before taxation for the period was £1,357,393 (year ended 24 November 2000 - £664,419). The directors do not recommend payment of a dividend (year ended 24 November 2000 - £nil).

Change in accounting reference date

During the period the company changed its accounting reference date to 31 December.

Directors and their interests

The directors who served during the period are as shown below:

J Ditkoff
P Allender
KG Ward

KG Ward does not have any interests in the shares or debentures of group companies required to be disclosed under Schedule 7 of the Companies Act 1985. P Allender and J Ditkoff have no interest in the shares of the company. Their interest and options in the shares of group companies are not disclosed as the company has taken advantage of the exemptions available under SI 1985/802.

Hydrex House
22/23 Garden Road
Richmond
Surrey TW9 4NR

By order of the Board,



K. G. Ward
Director

29 July 2002

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

To the Shareholders of Veeder Root Finance Company

We have audited the accounts of Veeder Root Finance Company for the thirteen months ended 31 December 2001 which comprise profit and loss account, balance sheet, statement of accounting policies and the related notes numbered 1 to 11. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 with the company 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 opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2001 and of the company's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

29 July 2002

Profit and loss account

For the thirteen months ended 31 December 2001

	Notes	13 months ended 31 December 2001 £	Year ended 24 November 2000 £
Operating expenses		(6,326)	(5,910)
Operating loss		(6,326)	(5,910)
Interest received from group undertakings	2	3,907,550	2,122,953
Interest payable	3	(2,537,281)	(1,452,624)
Profit on ordinary activities before taxation		1,363,943	664,419
Tax on profit on ordinary activities	5	(6,550)	(62,079)
Profit for the financial period		1,357,393	602,340
Retained profit brought forward	9	834,840	232,500
Retained profit carried forward	9	2,192,233	834,840

All the above results were derived from continuing activities.

There were no recognised gains or losses in either period other than those reported in the profit and loss account.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
31 December 2001

	Notes	31 December 2001 £	24 November 2000 £
Current assets			
Debtors			
- due after more than one year	6	49,478,849	33,526,974
Cash at bank and in hand		<u>6,647</u>	<u>3,432</u>
		49,485,496	33,530,406
Creditors: amounts falling due within one year	7	<u>(47,293,163)</u>	<u>(32,695,466)</u>
Net assets		<u>2,192,333</u>	<u>834,940</u>
Capital and reserves			
Called-up equity share capital	8	100	100
Profit and loss account	9	<u>2,192,233</u>	<u>834,840</u>
Shareholders' funds – all equity	9	<u>2,192,333</u>	<u>834,940</u>

The accounts on pages 4 to 9 were approved by the Board on 29 July 2002 and signed on its behalf by:



KG Ward

Director

The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

For the thirteen months ended 31 December 2001

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

a) Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under the provisions of Financial Reporting Standard No. 1 (revised), the company has not prepared a cash flow statement because its parent company, the Danaher Corporation, has prepared consolidated accounts which include the accounts of the company for the period and which are publicly available.

The company has taken advantage of the exemption from disclosure under Financial Reporting Standard No. 8, Related Party Disclosures, as it is a wholly owned subsidiary of the Danaher Corporation, which produces publicly available consolidated accounts.

b) Taxation

Corporation tax payable is provided on taxable profits at the current rate, as reduced by losses surrendered by group undertakings at nil cost.

2 Interest receivable and similar income

	13 months ended 31 December 2001 £	Year ended 24 November 2000 £
Unsecured loan stock interest	<u>3,907,550</u>	<u>2,122,953</u>

3 Interest payable

	13 months ended 31 December 2001 £	Year ended 24 November 2000 £
Bank interest payable	<u>2,537,281</u>	<u>1,452,624</u>

4 Directors' remuneration

The directors received no remuneration during the period or the previous year.

Notes to the accounts (continued)

5 Tax on profit on ordinary activities

The tax charge comprises:

	13 months ended 31 December 2001 £	Year ended 24 November 2000 £
UK corporation tax	-	66,442
Adjustments in respect of prior years – current tax	6,550	(4,363)
	<u>6,550</u>	<u>62,079</u>

Charges to corporation tax have been reduced by losses expected to be surrendered by group undertakings at nil cost.

6 Debtors

	31 December 2001 £	24 November 2000 £
Amounts owed by other group undertakings	100	323
8% unsecured redeemable loan stock 2007	10,000,000	10,000,000
8% unsecured convertible loan stock 2009	10,000,000	10,000,000
8% unsecured convertible loan stock 2010	9,330,000	9,330,000
8% unsecured convertible loan stock 2010	12,044,548	-
Interest payable on unsecured loan notes	8,104,201	4,196,651
	<u>49,478,849</u>	<u>33,526,974</u>

All amounts are due after more than one year.

The 8% unsecured redeemable loan stock 2007 will be redeemed at par on 29 August 2007 and was issued by a fellow group undertaking, Launchchange Limited. The 8% unsecured convertible loan stock 2009 will be converted at par on 20 July 2009 and was issued by a fellow group undertaking, Launchchange Limited. The 8% unsecured convertible loan stock 2010 will be converted at par on 20 July 2010 and was issued by a fellow group undertaking, Launchchange Limited. The second 8% unsecured convertible loan stock 2010 will be converted at par on 22 December 2010 and was issued by a fellow group undertaking, Launchchange Limited. The company has agreed that any and all interest and principal payments on the loan stock will be reinvested/converted by the company into ordinary shares of Launchchange Limited.

Notes to the accounts (continued)

7 Creditors: amounts falling due within one year

	31 December 2001 £	24 November 2000 £
Bank loans and overdrafts	41,374,548	29,330,000
Amounts owed to other group undertakings	5,804,796	3,283,457
UK corporation tax payable	66,442	75,859
Accruals and deferred income	47,377	6,150
	<u>47,293,163</u>	<u>32,695,466</u>

The bank loan is repayable on demand, bears interest at the London InterBank Offered Rate (LIBOR) plus 0.3% per annum and is guaranteed by the Danaher Corporation, the ultimate parent company.

8 Called-up equity share capital

	31 December 2001 £	24 November 2000 £
Authorised, allotted, called-up and fully paid (100 ordinary shares of £1 each)	<u>100</u>	<u>100</u>

9 Reconciliation of movements in equity shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 25 November 2000	100	834,840	834,940
Profit for the financial period	-	1,357,393	1,357,393
At 31 December 2001	<u>100</u>	<u>2,192,233</u>	<u>2,192,333</u>

10 Guarantees

An unlimited multi-lateral guarantee exists between all the United Kingdom based subsidiaries of the Danaher Corporation (see note 11) and Midland Bank plc.

11 Ultimate parent company

The company is owned 74% by Launchchange Holding Company, a company registered in England and Wales. The ultimate parent company is the Danaher Corporation, a company incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by the Danaher Corporation. The consolidated accounts of this group are available to the public and may be obtained from 1250 24th Street, N.W., Suite 800, Washington DC 20037.

Notes to the accounts (continued)

11 Ultimate parent company (continued)

The smallest group in which they are consolidated is that headed by Launchchange Holding Company. The consolidated accounts will be available to the public, when filed, from Companies House.