

**Kemlite Limited**

**Report and Financial Statements**

**For the year ended 31 December 2003**



**REPORT AND FINANCIAL STATEMENTS 2003**

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**REPORT AND FINANCIAL STATEMENTS 2003**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D J Pickett  
E C Fast  
R W Schueller

**SECRETARY**

G Redshaw

**REGISTERED OFFICE**

25 Caker Stream Road  
Alton  
Hampshire  
GU34 2QF

**BANKERS**

Natwest Bank plc  
Carlyle House  
Carlyle Road  
Cambridge  
CB4 3DH

**SOLICITORS**

Dutton Gregory  
Trussell House  
23 St Peters Street  
Winchester  
SO23 8BT

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accounts and Registered Auditors  
Southampton

## DIRECTORS' REPORT

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

### ACTIVITIES

The principal activity of the company is the manufacture of plastic laminates.

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Turnover for the period was £6.45 million giving rise to a profit after tax of £23,000 (2002: £87,000). The company undertakes an active programme of continuous development and improvement driven by the Operational Excellence programme that encompasses lean manufacturing and improving customer satisfaction.

### DIVIDENDS

The directors do not recommend the payment of any dividend for the period (2002: £nil).

### DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out below. All directors served throughout the year.

#### Directors

Richard William Schueller

Eric Carson Fast

David John Pickett

#### Secretary

Graham Redshaw

The directors of the company did not have any interest in the shares of the company during the period. The interest of E C Fast who is a director of the ultimate parent company, Crane Co Inc., is disclosed in that company's financial statements. R W Schueller and D J Pickett did not have any interest in the shares of any other group company during the year.

### AUDITORS

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



David Pickett

Director

27th October 2004

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, 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; and
- 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 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEMLITE LIMITED**

We have audited the financial statements of Kemlite Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit 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 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 as 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.

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Southampton

2004

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2003**

	<b>Note</b>	<b>2003 £'000</b>	<b>2002 £'000</b>
<b>TURNOVER: continuing operations</b>	<b>2</b>	<b>6,452</b>	<b>5,885</b>
Cost of sales		<u>(4,979)</u>	<u>(4,381)</u>
Gross profit		1,473	1,504
Distribution costs		(366)	(329)
Administrative expenses		<u>(1,021)</u>	<u>(980)</u>
<b>OPERATING PROFIT: continuing operations</b>	<b>3</b>	<b>86</b>	<b>195</b>
Interest payable and similar charges	<b>5</b>	<u>(20)</u>	<u>(36)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>66</b>	<b>159</b>
Tax on profit on ordinary activities	<b>6</b>	<u>(43)</u>	<u>(72)</u>
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>	<b>14</b>	<u><u>23</u></u>	<u><u>87</u></u>

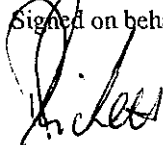
There have been no recognised gains and losses attributable to the shareholders other than the retained profit for both years and, accordingly, no statement of total recognised gains and losses nor reconciliation of movements in shareholders' funds is shown.

**BALANCE SHEET**  
**31 December 2003**

	Note	2003 £'000	2002 £'000
<b>FIXED ASSETS</b>			
Intangible assets	7	1,963	2,074
Tangible assets	8	767	800
		<u>2,730</u>	<u>2,874</u>
<b>CURRENT ASSETS</b>			
Stocks	9	869	772
Debtors	10	1,327	1,273
Cash at bank and in hand		12	165
		<u>2,208</u>	<u>2,210</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(915)</u>	<u>(1,157)</u>
<b>NET CURRENT ASSETS</b>		<u>1,293</u>	<u>1,053</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,023</u>	<u>3,927</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>(195)</u>	<u>(121)</u>
		<u>3,828</u>	<u>3,806</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	-	-
Share premium account	14	3,834	3,834
Profit and loss account deficit	14	(6)	(28)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	14	<u>3,828</u>	<u>3,806</u>

These financial statements were approved by the Board of Directors on 27 October 2004.

Signed on behalf of the Board of Directors



David Pickett

Director



## NOTES TO THE ACCOUNTS

### For the year ended 31 December 2003

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

##### Accounting convention

The financial statements are prepared under the historical cost convention.

##### Goodwill and intangible fixed assets

Purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life, up to a maximum of 20 years with a full year's amortisation charge in the first year. The directors regard 20 years as a maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Patent costs are valued at cost on acquisition and are amortised in equal annual amounts over their estimated useful economic lives (20 years).

##### Tangible fixed assets

Tangible fixed assets are stated at cost, less depreciation and provision for any impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold buildings	4% per annum
Plant and equipment	10% per annum
Motor vehicles	33% per annum

##### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

##### Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

##### Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

##### Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### Pensions

The company operates a defined contribution pension scheme. The pension cost represents contributions payable by the company during the period, which are charged to the profit and loss account as incurred.

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2003**

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services within one class of business which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax.

	2003 £'000	2002 £'000
By geographical area:		
United Kingdom and the Republic of Ireland	4,575	3,888
Continental Europe	1,430	1,457
Other	447	540
	<u>6,452</u>	<u>5,885</u>

**3. OPERATING PROFIT**

	2003 £'000	2002 £'000
<b>Operating profit is stated after charging:</b>		
Depreciation of owned assets	111	97
Amortisation	111	116
Rentals under operating leases:		
Land and buildings	148	144
Hire of plant and machinery	4	19
Other operating leases	28	16
Auditors' remuneration – audit services	12	12
	<u>12</u>	<u>12</u>

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2003 £'000	2002 £'000
<b>Directors' remuneration</b>		
Fees	68	57
Other emoluments	1	1
Pension contributions	7	7
	<u>76</u>	<u>65</u>
	No.	No.
Number of directors who are members of defined contribution pension scheme	1	1
<b>Average number of persons employed</b>		
Production	22	21
Administration	18	17
	<u>40</u>	<u>38</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2003**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

	£'000	£'000
<b>Staff costs during the period (including directors)</b>		
Wages and salaries	983	890
Social security costs	107	85
Pension costs	35	47
	<u>1,125</u>	<u>1,022</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2003 £'000	2002 £'000
Intercompany loan interest	<u>20</u>	<u>36</u>

**6. TAX ON ORDINARY ACTIVITIES**

	2003 £'000	2002 £'000
<b>Current taxation</b>		
UK corporation tax (credit)/charge for the period	(31)	30
<b>Deferred taxation</b>		
Origination and reversal of timing differences (see note 12)	<u>74</u>	<u>42</u>
Tax on profit on ordinary activities	<u>43</u>	<u>72</u>

The tax assessed for the year is lower (2002: lower) than that resulting from applying the standard 30% rate of corporation tax in the UK (2002:30%) The differences are explained below.

Profit before tax	<u>65</u>	<u>159</u>
Standard rate tax on profit before tax	20	48
Less effect of:		
Disallowable expenses	3	3
Amortisation	20	21
Capital allowances in excess of depreciation	(46)	(72)
Temporary timing differences	<u>(28)</u>	<u>30</u>
Current tax credit/(charge) for period	<u>(31)</u>	<u>30</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2003**

**7. INTANGIBLE FIXED ASSETS**

	<b>Patents</b>	<b>Goodwill</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 January 2003 and 31 December 2003	975	1,323	2,298
<b>Accumulated depreciation</b>			
At 1 January 2003	93	131	224
Charge for the year	49	62	111
At 31 December 2003	142	193	335
<b>Net book value</b>			
At 31 December 2003	833	1,130	1,963
At 31 December 2002	882	1,192	2,074

**8. TANGIBLE FIXED ASSETS**

	<b>Leasehold buildings</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 January 2003	10	980	11	1,001
Additions	-	81	-	81
Disposals	-	-	(11)	(11)
At 31 December 2003	10	1,061	-	1,071
<b>Accumulated depreciation</b>				
At 1 January 2003	5	189	7	201
Charge for the year	5	105	1	111
Disposals	-	-	(8)	(8)
At 31 December 2003	10	294	-	304
<b>Net book value</b>				
At 31 December 2003	-	767	-	767
At 31 December 2002	5	791	4	800

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2003**

**9. STOCKS**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials	528	404
Finished goods and goods for resale	341	368
	<u>869</u>	<u>772</u>

**10. DEBTORS**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	1,214	1,133
Amounts owed by group undertakings	21	2
Other debtors	-	62
Prepayments	54	76
Corporation tax recoverable	38	-
	<u>1,327</u>	<u>1,273</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Bank overdrafts	82	-
Trade creditors	600	474
Amounts owed to group undertakings	130	580
Corporation tax	-	31
Other taxes and social security	35	43
Accruals and deferred income	68	29
	<u>915</u>	<u>1,157</u>

**12. DEFERRED TAXATION**

	<b>£'000</b>
<b>Deferred taxation movement for the year</b>	
Balance as at 1 January 2003	121
Charged to profit and loss account (see note 6)	<u>74</u>
Balance at 31 December 2003	<u>195</u>

Deferred taxation is analysed as follows:

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Capital allowances in advance of depreciation	203	157
Other timing differences	<u>(8)</u>	<u>(36)</u>
	<u>195</u>	<u>121</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2003**

**13. CALLED UP SHARE CAPITAL**

	2003 £'000	2002 £'000
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1	1
<b>Called up, allotted and fully paid</b>		
1 ordinary share of £1 each	-	-

**14. RESERVES**

	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2003	3,834	(28)	3,806
Profit for the period	-	23	23
Balance at 31 December 2003	3,834	(6)	3,828

**15. FINANCIAL COMMITMENTS**

At 31 December 2003 the company was committed to making the following payments during the next year in respect of operating leases:

	2003		2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	0	6	43	5
Within two to five years	148	24	83	30

**16. PENSION SCHEME**

The company operates a defined contribution pension scheme for all employees and contributions are charged to the profit and loss account as they arise. The contributions paid in the period amounted to £35,000 (2002: £47,000). There were no outstanding contributions payable at the year end (2002: £nil).

**17. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption contained within FRS 8 not to disclose transactions with group companies as it is a 100% subsidiary of Crane Inc., whose consolidated accounts are publicly available.

**18. CASH FLOW STATEMENT**

The company has taken advantage of the exemption contained with FRS 1 not to prepare a cash flow as it is a 100% subsidiary of Crane Inc., whose consolidated financial statements are publicly available.

**19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The ultimate parent company and controlling party, which heads the smallest and largest group for which consolidated accounts are produced, is Crane Co Inc., which is incorporated in the USA. Copies of the consolidated financial statements of the ultimate parent company can be obtained from Crane Co, Executive offices, 100 First Stamford Place, Stamford, Connecticut, CT 06902, USA.