

Company Registration No. 04101125

Crane Composites Limited

Report and Financial Statements

For the year ended 31 December 2011



REPORT AND FINANCIAL STATEMENTS 2011

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REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E C Fast
A P Standen
T J Craney

SECRETARY

A P Standen

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 LLP
St Albans, United Kingdom

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2011. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITY

Up to 28 September 2012, the principal activity of the company was that of the manufacture of plastic laminates. Post 28 September 2012, the principal activity of the company is that of a sales office for plastic laminates.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year are presented on page 7. The company recorded turnover of £4,839,000 (2010: £4,509,000) for the year end and loss before taxation of £2,710,000 (2010: loss of £1,226,000). The loss for the year is as a result of the continued worldwide economic downturn that commenced in 2009 and rising oil prices. The active programme of cost reductions that was implemented to minimise the impact of the downturn whilst continuing to develop the Excellence programme that encompasses lean manufacturing and improving customer satisfaction saw big improvements in efficiency that continued into 2012. Despite this improved performance, sales remained low with strong competition in Europe and this combined with continuing increases in raw material prices led to the decision by the directors to close the manufacturing facility. Manufacturing ceased at the Alton plant on 28 September 2012. The company intends to continue to act as a distribution and sales office servicing its customers with product obtained from its parent company in the United States of America (USA).

As a result of the decision to cease manufacturing, the remaining goodwill, patent intangible assets and tangible fixed assets have been fully written down. This impairment charge of £1,266,000 is included in the current year profit and loss account within administrative expenses.

GOING CONCERN

In the opinion of the directors, the company is dependent on the financial support of its parent company, Crane Co Inc, to continue as a going concern. The Company has obtained a letter of support from Crane Co Inc that provides the Company with the intention that they will continue to support the Company to meet its obligations for not less than twelve months from the date of signing of these financial statements on the condition that the Company remains part of the Crane Composites Group and complies with policies and procedures of the Crane Composites Group. Whilst the directors have a reasonable expectation that the company's operations will continue to be that of a sales office, the directors acknowledge that the cessation of production represents a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, given the aforementioned financial support, the directors are confident the necessary funding will continue to be available to the Company. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements. Full disclosure is given in Note 1 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors are mentioned on page 1. The directors served throughout the year and to the date of this report.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)

AUDITOR (CONTINUED)

Deloitte LLP have expressed their willingness to continue in office as auditors of the company. A resolution for the re-appointment of Deloitte LLP as auditors was accepted at the Annual General Meeting.

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



Andrew Standen

Director

21 | 12 | 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 AUDITOR'S REPORT TO THE MEMBERS OF CRANE COMPOSITES LIMITED

We have audited the financial statements of Crane Composites Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 the auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of £2,582,000 during the year ended 31 December 2011. This, together with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANE COMPOSITES LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Helen Perkins (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
St Albans, United Kingdom

21 December 2012

CRANE COMPOSITES LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
TURNOVER	2	4 839	4 509
Cost of sales		(5,132)	(4,575)
Gross loss		(293)	(66)
Distribution costs		(366)	(379)
Administrative expenses			
- Normal		(785)	(781)
- Exceptional impairment charge	3	(1,266)	-
Total administrative expenses		(2,051)	(781)
OPERATING LOSS	3	(2,710)	(1,226)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,710)	(1,226)
Tax credit on loss on ordinary activities	5	128	322
RETAINED LOSS FOR THE FINANCIAL YEAR	13	(2,582)	(904)

All amounts derive from continuing operations

There have been no recognised gains and losses attributable to the shareholders other than the retained profit or loss shown above and, accordingly, no statement of total recognised gains and losses nor reconciliation of movements in shareholders funds is presented

CRANE COMPOSITES LIMITED

BALANCE SHEET 31 December 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible assets	6	-	1,158
Tangible assets	7	-	219
		<u>-</u>	<u>1,377</u>
CURRENT ASSETS			
Stocks	8	867	955
Debtors	9	736	1,166
Cash at bank and in hand		1	3
		<u>1,604</u>	<u>2,124</u>
CREDITORS: amounts falling due within one year	10	<u>(1,821)</u>	<u>(1,013)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(217)</u>	<u>1,111</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(217)</u>	<u>2,488</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>-</u>	<u>(123)</u>
NET (LIABILITIES)/ASSETS		<u><u>(217)</u></u>	<u><u>2,365</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Share premium account	13	3,834	3,834
Profit and loss account	13	<u>(4,051)</u>	<u>(1,469)</u>
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS	13	<u><u>(217)</u></u>	<u><u>2,365</u></u>

These financial statements of Crane Composites Limited, registered number 04101125, were approved by the board of Directors and authorised for issue on 21 | 12 | 2012

Signed on behalf of the Board of Directors



Andrew Standen
Director

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

Accounting convention

The financial statements are prepared under the historical cost convention. As noted in the Directors Report on page 2 the financial statements are prepared on a going concern basis.

Going concern

In the opinion of the directors, the company is dependent on the financial support of its parent company, Crane Co Inc, to continue as a going concern. The Company has obtained a letter of support from Crane Co Inc that provides the Company support to meet its obligations for not less than twelve months from the date of signing of these financial statements on the condition that the Company remains part of the Crane Composites Group and complies with policies and procedures of the Crane Composites Group. Whilst the directors have a reasonable expectation that the company's operations will continue to be that of a sales office, the directors acknowledge that the cessation of production represents a material uncertainty and casts significant doubt upon the company's ability to continue as a going concern. However, given the aforementioned financial support the directors are confident that the necessary funding will continue to be available to the Company. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

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:

Plant and equipment	10-33% per annum
Leasehold improvements	20% 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.

NOTES TO THE ACCOUNTS (CONTINUED)
For the year ended 31 December 2011

1 ACCOUNTING POLICIES (CONTINUED)

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.

Taxation

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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 year, which are charged to the profit and loss account as incurred.

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. Income is recognised as goods are despatched and this is when title passes.

	2011 £'000	2010 £'000
By geographical destination		
United Kingdom and the Republic of Ireland	3,575	3,412
Continental Europe	1,255	1,070
Other	9	27
	<u>4,839</u>	<u>4,509</u>



NOTES TO THE ACCOUNTS (CONTINUED)
For the year ended 31 December 2011

3. OPERATING LOSS

	2011 £'000	2010 £'000
Operating loss is stated after charging:		
Depreciation of owned assets	65	120
Amortisation	115	116
Impairment charge		
- Intangible fixed assets	1,043	-
- Tangible fixed assets	223	-
Operating lease rentals		
- plant and machinery	4	3
- other	211	196
Fees payable to the company's auditors for the audit of the company's annual accounts	35	33
Foreign exchange loss	19	18
	<u> </u>	<u> </u>

The impairment charge relates to the write off of the intangible fixed assets, following the decision to cease production on 28 September 2012

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2011 £'000	2010 £'000
Directors' remuneration		
Fees	73	71
Pension contributions	4	9
	<u> </u>	<u> </u>
	77	80
	<u> </u>	<u> </u>

During the year some of the directors were remunerated for their services to the company by other Crane companies. It is not practicable to split their remuneration between the various companies within the group.

	2011 No.	2010 No.
Number of directors who are members of defined contribution pension scheme		
	<u> </u>	<u> </u>
	1	1
	<u> </u>	<u> </u>
Average number of persons employed (including directors)		
Production	15	14
Administration	21	18
	<u> </u>	<u> </u>
	36	32
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS (CONTINUED)
For the year ended 31 December 2011

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2011	2010
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	1 055	1 045
Social security costs	97	94
Pension costs	22	22
	<u>1,174</u>	<u>1,161</u>

5. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2011	2010
	£'000	£'000
Current taxation		
UK corporation tax credit for the year	-	(295)
Prior year adjustment	-	(8)
Prior year adjustment for group relief	(5)	13
Current tax	<u>(5)</u>	<u>(290)</u>
Deferred taxation		
Origination and reversal of timing differences (see note 11)	(114)	(28)
Effect of change in tax rate	(9)	(4)
Tax credit on loss on ordinary activities	<u>(128)</u>	<u>(322)</u>

The tax assessed for the year is lower (2010 lower) than that resulting from applying the standard 26.5% rate of corporation tax in the United Kingdom (2010 28%). The differences are explained below

	2011	2010
	£'000	£'000
Loss before tax	(2,710)	(1,226)
Standard rate tax on loss before tax	(718)	(343)
Less effect of		
Disallowable expenses	-	1
Amortisation	177	18
Depreciation in excess of capital allowances	194	30
Temporary timing differences	1	(1)
Group relief surrendered and not paid for	346	-
Prior year adjustment	(5)	5
Current tax credit for year	<u>(5)</u>	<u>(290)</u>

NOTES TO THE ACCOUNTS (CONTINUED)
For the year ended 31 December 2011

5 TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

Factors that may affect future tax charges

Finance (No 2) Act 2011 provided for a reduction in the main rate of corporation tax from 26% to 25% effective from 1 April 2012. The 2012 Budget has proposed reducing the main rate of corporation tax further to 24% effective from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 and are expected to be enacted separately each year. For the year ended 31 December 2011, as the 1% reduction to 25% has been enacted, deferred tax has been recognised at 25%.

6. INTANGIBLE FIXED ASSETS

	Patents £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2011 and 31 December 2011	975	1,323	2,298
Accumulated amortisation			
At 1 January 2011	486	654	1,140
Charge for the year	50	65	115
Impairment charge (see note 3)	439	604	1,043
At 31 December 2011	975	1,323	2,298
Net book value			
At 31 December 2011	-	-	-
At 31 December 2010	489	669	1,158

7 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2011	-	1,292	1,292
Additions	18	51	69
	18	1,343	1,361
Accumulated depreciation			
At 1 January 2011	-	1,073	1,073
Charge for the year	2	63	65
Impairment charge (see note 3)	16	207	223
At 31 December 2011	18	1,343	1,361
Net book value			
At 31 December 2011	-	-	-
At 31 December 2010	489	669	1,158

NOTES TO THE ACCOUNTS (CONTINUED)
For the year ended 31 December 2011

8 STOCKS

	2011	2010
	£'000	£'000
Raw materials	657	748
Finished goods and goods for resale	210	207
	<u>867</u>	<u>955</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

9 DEBTORS

	2011	2010
	£'000	£'000
Trade debtors	473	614
Amounts owed by group undertakings	4	2
Corporation tax debtor	10	341
Other taxes receivable	90	129
Prepayments	159	80
	<u>736</u>	<u>1,166</u>

All amounts are due within one year

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Trade creditors	483	726
Amounts owed to group undertakings	1,230	209
Other taxes and social security	32	22
Other creditors	-	8
Accruals and deferred income	76	48
	<u>1 821</u>	<u>1,013</u>

Amounts owed to group undertakings are due within one year or on demand and are interest free

NOTES TO THE ACCOUNTS (CONTINUED)
For the year ended 31 December 2011

11 DEFERRED TAXATION

	£'000
Deferred taxation movement for the year	
Balance as at 1 January 2011	123
Credited to profit and loss account (see note 5)	(114)
Effect of tax change on opening balance (see note 5)	(9)
	<u>-</u>
Balance at 31 December 2011	<u>-</u>

	2011 £'000	2010 £'000
Deferred taxation is analysed as follows		
Capital allowances in advance of depreciation	-	124
Other timing differences	-	(1)
	<u>-</u>	<u>123</u>

12 SHARE CAPITAL

	2011 £	2010 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

13 RESERVES

	Share premium account £'000	Profit and loss account deficit £'000	Total £'000
Balance at 1 January 2011	3,834	(1,469)	2,365
Loss for the year	-	(2,582)	(2,582)
Balance at 31 December 2011	<u>3,834</u>	<u>(4,051)</u>	<u>(217)</u>

NOTES TO THE ACCOUNTS (CONTINUED)
For the year ended 31 December 2011

14 FINANCIAL COMMITMENTS

At 31 December 2011 the company was committed to making the following annual payments during the next year in respect of operating leases

	2011		2010	
	Land and	2011	Land and	2010
	buildings	Other	buildings	Other
	£'000	£'000	£'000	£'000
Leases which expire				
Within two to five years	<u>174</u>	<u>-</u>	<u>174</u>	<u>-</u>

15 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 year amounted to £21,695 (2010 £21,928). There were £nil outstanding contributions payable at the year end (2010 £nil).

16. 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.

17. CASH FLOW STATEMENT

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

18 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.

19. POST BALANCE SHEET EVENTS

In July 2012 a decision was made by the directors to close the manufacturing facility in Alton due to static sales growth and increasing raw material prices. Manufacturing ceased on 28 September 2012. It is the intention of the directors to continue as a sales office and distribution centre, servicing its customers with product from the parent company in the USA.

