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CRANE LIMITED AND ITS SUBSIDIARY COMPANIES

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1983



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CRANE LIMITED AND ITS SUBSIDIARY COMPANIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1983

The directors present the Annual Report for the year ended 31 December 1983 with the Consolidated Profit and Loss Account for that year and the Consolidated Balance Sheet of the Group and the Balance Sheet of the Company at 31 December 1983.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The group's principal activities continue to be the manufacture and servicing of fluid handling equipment including valves, pipe fittings and pumps.

Sales were £37,676,878 (1982 - £35,909,625). Profit before taxation was £580,206 (1982 - £2,354,734). The group's trading activity is considered satisfactory in view of the economic difficulties experienced during the year.

DIRECTORS

During 1983 the directors were:

R S Evans	(Chairman)
J M Fraser	(Managing)
M J Austin	(appointed 25 August 1983)
R R J Baker	(resigned 1 August 1983)
D I Blyth	
J Kean	
J F O'Brien	
L J Samuel	
B E Simmons	
R J Slater	
M F Whelan	

In accordance with the Articles of Association all the present directors will retire at the Annual General Meeting and it is intended that all of them will be proposed for re-election. None of the directors has any interest, except as a nominee, in the shares of the company or its subsidiaries.

CHARITABLE AND POLITICAL CONTRIBUTIONS

No money was given for political purposes, but the group donated £876 for charitable purposes.

EMPLOYMENT OF DISABLED PERSONS

It is the company's policy to give full and fair consideration to applications for employment made by disabled people, to continue wherever possible the employment of staff who become disabled and to provide opportunities for the training and career development of disabled employees.

CRANE LIMITED AND ITS SUBSIDIARY COMPANIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1983 (continued)

EMPLOYEES

The company gives employees information on matters of concern to them as employees directly through their immediate superiors and in regular consultative meetings between management and employees or their representatives established to enable their views to be taken into account in making decisions which are likely to affect their interests. The same means and notices on company notice boards are also used to help employees to achieve a common awareness of the financial and economic factors affecting the performance of the company. There is no employee share scheme.

The company appoints employees elected by their colleagues to be Trustees of its pension schemes. Each year the Trustees publish to all employees a detailed statement of the schemes' accounts and investments and hold meetings throughout the company to report on these, answer questions and discuss matters arising. The Trustees send members of the pension schemes annual benefit statements setting out their benefits under the scheme.

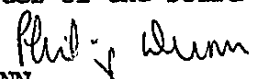
FIXED ASSETS

Details of changes in Fixed Assets are shown in Note 9 to these financial statements.

AUDITORS

In accordance with Section 14 of the Companies Act 1976, a resolution proposing the reappointment of Deloitte Haskins & Sells as auditors to the company will be put to the Annual General Meeting.

By order of the board


P. DUNN
Secretary.

11-12 Bouverie Street
London EC4.

AUDITORS' REPORT TO THE MEMBERS OF
CRANE LIMITED

We have audited the financial statements on pages 5 to 21 in accordance with approved Auditing Standards.

In our opinion the financial statements on pages 5 to 17 give a true and fair view of the state of affairs of the company and the group at 31 December 1983 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged supplementary current cost financial statements on pages 18 to 21 have been properly prepared, in accordance with the policies and methods described in the notes thereto, to give the information required by Statement of Standard Accounting Practice No. 16.

Deloitte Haskins & Sells
DELOITTE HASKINS & SELLS

London.

17th April 1984

CRANE LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>Notes</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
TURNOVER	6	37,676,878	35,909,625
Cost of sales		31,376,257	28,198,174
Gross profit		6,300,621	7,711,451
Other operating expenses (net)	3	5,808,999	5,561,496
OPERATING PROFIT		491,622	2,149,955
Interest receivable	4	769,374	619,912
PROFIT BEFORE INTEREST PAYABLE		1,260,996	2,769,867
Interest payable	5	680,790	415,133
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	580,206	2,354,734
Taxation recoverable	8	(609,748)	782,958
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,189,954	1,571,776
MINORITY INTEREST in dividend payable on preference shares of subsidiary		31,411	32,756
RETAINED PROFIT FOR THE YEAR	18	£1,158,537	£1,539,020

The financial statements on pages 5 to 21 were approved by the board of directors on 30 March 1984.

CRANE LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 1983

	<u>Notes</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
FIXED ASSETS			
Tangible assets	9	<u>8,321,269</u>	<u>6,871,711</u>
CURRENT ASSETS			
Stocks	12	8,347,692	8,515,751
Debtors	13	6,709,148	5,287,648
Cash at bank and in hand		<u>7,188,087</u>	<u>5,030,684</u>
		22,244,927	18,834,083
CURRENT LIABILITIES			
CREDITORS: Amounts falling due within one year	14	<u>10,876,245</u>	<u>6,429,936</u>
NET CURRENT ASSETS		<u>11,368,682</u>	<u>12,404,087</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,689,951</u>	<u>19,275,798</u>
CREDITORS: Amounts falling due after more than one year	14	-	779,681
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	2,287,800	2,287,800
Provision for insurance claims	16	<u>443,730</u>	<u>381,433</u>
NET ASSETS		<u>£16,958,421</u>	<u>£15,826,884</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,000,000	1,000,000
Other reserves:			
Capital reserves	18	298,378	298,378
Profit and loss account	18	<u>14,853,690</u>	<u>13,695,153</u>
SHAREHOLDERS' FUNDS		<u>16,152,068</u>	<u>14,993,531</u>
MINORITY INTEREST in preference shares of a subsidiary company		<u>806,353</u>	<u>833,353</u>
		<u>£16,958,421</u>	<u>£15,826,884</u>

J. M. H. ...

B. E. G. ...

)
) Directors

CRANE LIMITED

BALANCE SHEET
AT 31 DECEMBER 1983

	<u>Notes</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
FIXED ASSETS			
Tangible assets	9	7,532,171	6,096,817
Investments	10	1,471,380	1,460,781
		<u>9,003,551</u>	<u>7,557,598</u>
CURRENT ASSETS			
Stocks	12	8,020,647	8,097,777
Debtors	13	5,871,852	4,474,777
Cash at bank and in hand		6,000,000	4,000,000
		<u>19,892,499</u>	<u>16,572,554</u>
CURRENT LIABILITIES			
CREDITORS: Amounts falling due within one year	14	11,865,805	7,474,139
NET CURRENT ASSETS		<u>8,026,694</u>	<u>9,098,415</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,030,245	16,656,013
CREDITORS: Amounts falling due after more than one year	14	-	700,000
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	15	2,149,000	2,149,000
NET ASSETS		<u>£14,881,245</u>	<u>£13,807,013</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,000,000	1,000,000
Profit and loss account	18	13,881,245	12,807,013
SHAREHOLDERS' FUNDS		<u>£14,881,245</u>	<u>£13,807,013</u>

J.M. Brown
B. E. G. ...) Directors

CRANE LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	580,206	2,354,734
Items not involving the movement of funds:		
Depreciation of tangible assets	1,221,416	1,215,984
Profit on disposals of tangible assets	(7,873)	(294)
FUNDS GENERATED FROM OPERATIONS	<u>1,793,749</u>	<u>3,570,424</u>
Proceeds on disposals of tangible assets	9,660	6,914
TOTAL SOURCE OF FUNDS	<u>1,803,409</u>	<u>3,577,338</u>
APPLICATION OF FUNDS		
Purchase of tangible assets	2,672,761	1,606,793
Purchase of preference shares	27,000	47,060
Loan capital repayments	-	287,731
Taxation paid	81,048	252,257
Dividends paid to minority shareholders	31,417	32,756
TOTAL APPLICATION OF FUNDS	<u>2,812,226</u>	<u>2,226,597</u>
NET (APPLICATION) SOURCE OF FUNDS	<u>£(1,008,817)</u>	<u>£1,350,741</u>
 THE NET (APPLICATION) SOURCE OF FUNDS IS REPRESENTED BY THE FOLLOWING (DECREASE) INCREASE IN WORKING CAPITAL:		
Stocks	(168,059)	1,004,710
Debtors	1,421,500	(217,177)
Creditors falling due within one year	(1,435,003)	(136,815)
	<u>(181,562)</u>	<u>650,718</u>
 Movements in net liquid funds:		
Cash at bank and in hand	2,157,403	1,421,702
Bank overdrafts	2,984,658	(721,679)
	<u>(827,255)</u>	<u>700,023</u>
(DECREASE) INCREASE IN WORKING CAPITAL	<u>£(1,008,817)</u>	<u>£1,350,741</u>

CRANE LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

These financial statements have been prepared on the historical cost basis of accounting. Supplementary current cost accounts are attached on pages 18 to 21.

(b) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of Crane Limited and its subsidiary companies. The subsidiaries, all of which are wholly owned, are set out in Note 10.

(c) TURNOVER

Turnover comprises net invoiced value of goods sold in the ordinary course of business, excluding value added tax.

(d) STOCKS

Stocks are valued at the lower of cost, calculated mainly on a first-in, first-out basis, and net realisable value. Cost includes an appropriate portion of overheads.

(e) DEFERRED TAXATION

Deferred taxation represents the tax effects of timing differences between the periods in which certain transactions are recognised for financial reporting and for taxation purposes. Provision is made for all deferred taxation except to the extent that there is reasonable probability that the timing differences will not reverse in the foreseeable future.

(f) FIXED ASSETS

(i) Government grants

The group receives in respect of one of its locations regional development grants, which are cash incentives for investing in eligible fixed assets in development areas. These grants are received in addition to tax depreciation on the full cost of the assets concerned. The group's policy is to credit the grant to income in the year of acquisition of the related asset. This treatment is not in accordance with standard accounting practice in the U.K., which requires that credit for regional development grants be taken over the useful lives of the assets concerned. The effect of this departure from U.K. standard accounting practice has been to increase the profit on ordinary activities after taxation for 1983 by £5,600 (1982 - decrease the profit by £19,900) and to increase shareholders' funds and fixed assets at 31 December 1983 by £132,000 (1982 - £126,400).