

Company Registration No. 00098677 (England and Wales)

**CRANE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**



# **CRANE LIMITED**

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# **CRANE LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	R C Tuck M H Mitchell S Dalrymple J C Locke
<b>Company secretary</b>	J C Locke
<b>Registered office</b>	Crane House Epsilon Terrace West Road Ipswich Suffolk IP3 9FJ
<b>Company number</b>	00098677
<b>Auditor</b>	Deloitte LLP Statutory Auditor 1 Station Square Cambridge CB1 2GA
<b>Solicitors</b>	Birketts LLP 26 Museum Street Ipswich Suffolk IP1 1HZ
<b>Bankers</b>	The Royal Bank of Scotland Group Corporate Institutional Banking 1 <sup>st</sup> Floor, Conqueror House Vision Park Histon Cambridge CB24 9NL
<b>Merchant bank/financial advisers</b>	RCM (UK) Ltd 155 Bishopsgate London EC2M 3AD

# **CRANE LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present the strategic report and audited financial statements for the year ended 31 December 2020.

### **Business review**

Demand was adversely impacted by the Covid 19 pandemic which resulted in turnover decreasing by 20% to £91,882,710 (2019: £114,874,672).

Gross profit margin increased to 33.0% (2019: 31.4%) due to the mix of products sold and cost saving actions.

Operating expenses decreased by 15.7% in 2020 to £21,298,885 (2019: £25,256,121). The reduction in cost reflects reduction in defined pension expense to £342,000 for the defined benefit pension scheme (2019: £482,000), principally arising from past service costs of benefit obligations caused by employee service in prior periods (see note 21). Outside of the reduced pension expense the lower turnover reduced variable operating expenses which included reduced employee costs (see note 7).

The fair value of assets held in the pension fund increased in the year from £129.8m to £133.8m; and the present value of the scheme liabilities increased from £122.1m to £127.7m, principally due to actuarial factors. The arising surplus has been recognised in the Statement of Financial Position at £6.0m, an adverse movement from the surplus of £7.7m in 2019.

### **Key performance indicators**

Key performance indicators are used throughout the business to measure and monitor performance. The directors deem operating profit margin the key performance indicator within the business. Overall operating profit margins were increased to 10.5% (2019: 9.4%) largely brought about by the impacts on gross margin and operating expenses previously mentioned. In the context of the competitiveness of the market and the general economic climate, the directors were satisfied with the performance against this measure. Improving operating profit margins continues to be a focus for future years.

### **Future developments and post statement of financial position events**

The directors are satisfied with the results for the financial year and are optimistic about the long-term prospects of the Company. Despite a continued challenging economic climate, the directors believe the Company is well positioned in its key end markets and with its new product development to deliver continued growth.

The Company was impacted by the Covid 19 pandemic in 2020 but was well placed to manage its costs and cash flows appropriately. The Directors did see markets start to recover in 2020 and expect this to continue through 2021. The Company has continued to invest in its new product development plans and its associates, therefore positioning itself to continue to serve its customers.

The UK's departure from the European Union did affect the business in the short term, mainly around shipping logistics, but other impacts have been relatively minor and the business was well prepared to address these.

2021 has been a challenging year so far for freight, both for costs and disruption, and in terms of commodity cost increases. The company has long-term relationships with its freight forwarders, which have been key in managing the increases and shipping logistics but has resulted in some increased delivery lead times. Metal commodity costs have risen sharply and although we have visibility of the increases, we have been unable to avoid them. The freight and commodity costs increase have resulted in price increases where our end markets allow.

## CRANE LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Principal risks and uncertainties

The company's principal risks and uncertainties are comprised of competition risk, price risk, credit risk, liquidity risk and cash flow risk. These risks are set out below.

##### *Competition risk*

Competitive pressure is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing a focus on customer service, in order to build long term, strong relationships.

##### *Price risk*

The company is exposed to commodity price risk; primarily from metals. The company manages this risk through its relationships with its suppliers and its customers.

##### *Credit risk*

The company's principal financial assets are bank balances and cash, and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

##### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term intercompany debt finance.

##### *Cash flow risk*

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

#### Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2016

The Directors of the Company have a duty to promote the success of the Company. A director of the Company must act in the way they consider, in good faith, to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company to maintain a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

##### *Business Relationships*

The strategy is built on the principle of putting the customer first and providing an exceptional customer experience, we focus on continuous improvement and quality in everything we do. In order to do this, we need to develop and maintain strong client relationships, we value all of our suppliers and look to deal fairly and responsibly, developing strong long-term relationships with them.

## CRANE LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### *Engagement with employees*

The Directors consider a well motivated and engaged workforce to be key to the continued growth of the Company. The health, safety and wellbeing of our employees is one of the prime considerations in the way we do business. Employees are regularly updated on company performance, strategy and other important information by the management team. The company invests in professional and personal development for numerous employees, with structures in place to identify and nurture future leaders. The Company also funds various social activities, which are enjoyed by attendees from all levels and areas of the business.

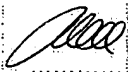
#### *Engagement with shareholders*

Crane Limited shares are 100% owned by the ultimate parent company, Crane Co. The Directors have a close working relationship with Crane Co senior management. They provide monthly financial reporting packs and regularly discuss performance, strategy and other initiatives with Crane Co personnel.

#### *Community & Environment*

Crane considers respect for the environment as a core value of the company. The same is true of respect for its employees, its customers and local communities in which it operates. The company follows its group's (Crane Co) approved Environmental Policy, which sets out the guiding principles that all subsidiaries must adopt and observe. Under this policy, the company pursues clear strategic goals, taking into account available resources and technologies, with the aim of progressively improving its environmental performance. In addition to its Environmental policy the company actively encourages its employees to help out in the local communities through paid time off to volunteer.

Approved by the Board and signed on its behalf by:



J C Locke  
Company Secretary  
Crane House  
Epsilon Terrace  
West Road  
Ipswich  
Suffolk  
IP3 9FJ

Date: 27th August 2021

# CRANE LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and audited financial statements for the year ended 31 December 2020. An indication of likely future developments in the business of the company and post balance sheet events are included in the strategic report, as well as the company's risk management objectives.

### Principal activities

The company's principal activities are the manufacture and distribution of fluid control equipment. The main product lines are malleable iron pipe fittings, valves for building services, fittings for the gas utility markets and couplings for the water utility markets. All product lines serve worldwide markets.

### Dividends

During the year the company paid a dividend of £7,000,000 (2019: £nil). The directors do not recommend payment of a final dividend.

### Directors

The directors who served during the year and to the date of this report were:

R C Tuck	
M H Mitchell	
M R Hopes	(resigned 31 March 2021)
R S Evans (Chairman)	(resigned 27 April 2020)
J C Locke	(appointed 23 March 2021)
S Dalrymple	(appointed 23 March 2021)

In accordance with the Articles of Association, all the present directors will retire at the next annual general meeting and it is intended that all of them will be proposed for re-election.

### Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Going concern

The company's business activities, together with the factors likely to affect the future development, performance and financial position, are set out in the Strategic Report on pages 2 to 4, along with the company's objectives, policies and processes for managing its exposures to financial risk. The directors have considered these risks and the effect of the current economic environment in its assessment of adopting the going concern basis of preparation in preparing these financial statements particularly surrounding volumes required by customers.

The directors have completed an additional going concern assessment in response to the Covid 19 Pandemic. This assessment has considered processes, controls, forecast assumptions & estimates, impact on prior forecasts and assessments, significant changes in assumptions during the year, current year performance, current year end financial position and external market factors. In addition, the directors have considered the company's strong cash position, no debt and continued investment in growth. To further enhance its assessment the directors have considered estimates going out for 3 years and the company continues to generate profit and cash. The directors' conclusion is that despite the impact of Covid 19 the use of going concern is still appropriate for Crane Limited.

In making this assessment, the directors have prepared cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements, which show that the company should be able to manage its working capital and existing resources to enable it to meet its liabilities as they fall due. The directors acknowledge that the impact of the economic environment is uncertain and continue to manage this by assessing potential impacts on its forecasts on a regular basis. Based on these factors, the directors have prepared these financial statements on the going concern basis.

## **CRANE LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Engagement with employees**

The Directors consider a well motivated and engaged workforce to be key to the continued growth of the Company. Further information on engagement with employees is provided in the Strategic Report.

#### **Engagement with shareholders**

Crane Limited shares are 100% owned by the ultimate parent company, Crane Co. Further information on engagement with suppliers is provided in the Strategic Report.

#### **Employee consultation**

Employees receive information on matters of concern to them as employees from their immediate superiors and in regular consultative meetings. These meetings are established to enable the views of employees to be taken into account in making decisions which are likely to affect their interests and to promote a common awareness of the financial and economic factors affecting the performance of the company. Certain employees participate in share based payment schemes of the Crane Co. Group as disclosed in note 22.

Employees elected by their colleagues are appointed by the company to be trustees of the company's pension schemes and each year, the trustees publish a detailed statement of the schemes' accounts and investments.

#### **Employment of disabled persons**

The company gives full and fair consideration to applications for employment made by disabled people and continues wherever possible the employment of staff that become disabled as well as providing opportunities for the training and career development of disabled employees.

#### **Equal employment opportunity policy**

Crane Limited is an equal opportunity employer. It is the policy of the company to recruit, promote and transfer to all job positions without regard to race, colour, religion, sex, age or national origin.

#### **Research and development**

The company continues to be committed to research and development in order to maintain its position in the market segment. The expenditure written off for research in the year relates to investigation and development of new products and is reported in note 6.

#### **Disclosure of information in the strategic report**

Matters required to be disclosed in respect of engagement with customers and suppliers in connection with the directors statutory duties in accordance with s172(1) Companies Act 2016 have been included in the strategic report.

#### **Statement as to disclosure of information to auditor**

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### **Auditor**

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.



## CRANE LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Streamlined Energy & Carbon Reporting

As a large, unquoted organisation, Crane Limited is required to report energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations of 2018 because this entity meets the threshold for reporting.

The gross greenhouse gas (GHG) emissions figure includes all material Scope 1, 2 and 3 required to be disclosed by the legislation; that is the emissions associated with the purchase of electricity, the combustion of gas and the consumption of fuel for the purposes of transport. Scope 3 emissions due to transport and distribution losses for electricity are also disclosed voluntarily.

#### Energy Efficiency Actions

Crane Limited always aims to operate at maximum energy efficiency in order to minimise our environmental impact and reduce our operating costs. Energy efficiency measures undertaken in the reporting year includes:

- Corporate lead data gathering implemented, using online system – allowing effective reporting
- LED retrofit
- Installation of new more energy efficient welding equipment
- Environmental Awareness training for all associates

Greenhouse gas emissions and energy usage data for the period 1 January 2020 to 31 December 2020	2020
Total energy consumption used to calculate emissions in kWh	10,167,715
Emissions from combustion of gas in tCO <sub>2</sub> e (Scope 1)	1,370
Emissions from purchased electricity in tCO <sub>2</sub> e (Scope 2)	659
Emissions from business travel and distribution losses for electricity (Scope 3)	57
Intensity ratio: kWh per direct labour hours	13.8

Approved by the Board and signed on its behalf by:



J C Locke  
Director  
Crane House  
Epsilon Terrace  
West Road  
Ipswich  
Suffolk  
IP3 9FJ

Date: 27th August 2021

## **CRANE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Independent auditor's report to the members of Crane Limited**  
**Réport on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Crane Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK GAAP, UK Companies Act 2006 and tax legislation in the United Kingdom; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Data Protection Act and Employment Law.

We discussed among the audit engagement team including relevant internal specialists such as IT and pensions specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in inappropriate revenue recognition due to manual adjustments. Our specific procedures performed to address this risk included that we have performed substantive testing over the population of all manual sales journals, and obtained supporting documents for a sample of items to evidence the appropriateness of the revenue recognised or reversed.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

#### Report on other legal and regulatory requirements

##### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### Matters on which we are required to report by exception

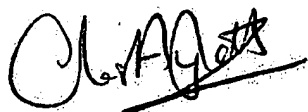
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

##### Use of our report

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.



Chris Aylott FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge, United Kingdom  
27/08/2021

# CRANE LIMITED

## STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	<b>3</b>	91,882,710	114,874,672
Cost of sales		(61,519,056)	(78,783,121)
<b>Gross profit</b>		30,363,654	36,091,551
Distribution costs		(5,903,488)	(7,219,790)
Administrative expenses		(15,395,397)	(18,036,331)
Other operating income	<b>6</b>	610,623	-
<b>Operating profit</b>		9,675,392	10,835,430
Interest receivable and similar income	<b>4</b>	192,624	271,586
Interest payable and similar expenses	<b>5</b>	(138)	(467)
<b>Profit before taxation</b>	<b>6</b>	9,867,878	11,106,549
Tax on profit	<b>8</b>	(2,247,190)	(2,251,002)
<b>Profit for the financial year</b>		7,620,688	8,855,547
<b>Other comprehensive income/(expense) net of taxation</b>			
Actuarial loss on defined benefit plans		(1,276,000)	(476,000)
Deferred tax on defined benefit plan asset	<b>17</b>	242,440	90,440
<b>Other comprehensive expense</b>		(1,033,560)	(385,560)
<b>Total comprehensive income attributable to equity shareholders of the company</b>		6,587,128	8,469,987

All activities derive from continuing operations.

**CRANE LIMITED****STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Goodwill	10	4,373,357	5,402,382
Intangible assets	11	94,194	125,909
Tangible assets	12	10,556,753	11,189,576
Investments	13	43,121,269	43,121,269
		<u>58,145,573</u>	<u>59,839,136</u>
<b>Current assets</b>			
Stocks	14	14,970,882	17,740,040
Debtors: amounts due within one year	15	30,621,971	29,329,310
Cash at bank and in hand		47,774,749	37,166,858
		<u>93,367,602</u>	<u>84,236,208</u>
<b>Creditors: amounts falling due within one year</b>	16	(85,573,595)	(79,135,332)
<b>Net current assets</b>		<u>7,794,007</u>	<u>5,100,876</u>
<b>Total assets less current liabilities</b>		<u>65,939,580</u>	<u>64,940,012</u>
<b>Provisions for liabilities</b>			
Warranty provisions	17	(386,922)	(390,972)
Deferred tax liabilities	17	(1,055,403)	(1,256,913)
<b>Net assets excluding pension asset</b>		<u>64,497,255</u>	<u>63,292,127</u>
Defined benefit pension scheme asset	21	6,046,000	7,664,000
<b>Net assets</b>		<u><u>70,543,255</u></u>	<u><u>70,956,127</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	33,942,000	33,942,000
Capital redemption reserve	18	2,243,484	2,243,484
Profit and loss account	18	34,357,771	34,770,643
<b>Total equity</b>		<u><u>70,543,255</u></u>	<u><u>70,956,127</u></u>

The financial statements of Crane Limited, registration number 00098677 (England and Wales), were approved by the board of directors and authorised for issue on 27th August 2021 and are signed on its behalf by:

  
J C Locke  
Director

# CRANE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
<b>Balance at 1 January 2019</b>		33,942,000	2,243,484	26,300,656	62,486,140
<b>Year ended 31 December 2019:</b>					
Profit for the year		-	-	8,855,547	8,855,547
Other comprehensive income/(expense):					
Actuarial loss on defined benefit plans	21	-	-	(476,000)	(476,000)
Deferred tax on defined benefit plan asset		-	-	90,440	90,440
Total comprehensive income for the year		-	-	8,469,987	8,469,987
<b>Balance at 31 December 2019</b>		33,942,000	2,243,484	34,770,643	70,956,127
<b>Year ended 31 December 2020:</b>					
Profit for the year		-	-	7,620,688	7,620,688
Other comprehensive income/(expense):					
Actuarial loss on defined benefit plans	21	-	-	(1,276,000)	(1,276,000)
Deferred tax on defined benefit plan asset	17	-	-	242,440	242,440
Total comprehensive income for the year		-	-	6,587,128	6,587,128
Transactions with owners:					
Dividends		-	-	(7,000,000)	(7,000,000)
<b>Balance at 31 December 2020</b>		33,942,000	2,243,484	34,357,771	70,543,255



# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Company information

Crane Limited ("the company") is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office and principal place of business is Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk IP3 9FJ.

The company's principal activities are disclosed in the directors' report on page 5.

#### Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £, other than notes 21 and 23 which are rounded to the nearest £'000.

These financial statements are prepared under the historical cost convention. The principal accounting policies are set out below.

#### Consolidated financial statements

The company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

#### Reduced disclosure

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows, related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Crane Co., a company incorporated in the United States of America. The consolidated financial statements of Crane Co. are publicly available from the Secretary's Office at the registered office of Crane Co., which is: 100 First Stamford Place, Stamford, Connecticut, CT 06902, U.S.A.

# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (continued)

#### Going concern

The company's business activities, together with the factors likely to affect the future development, performance and financial position, are set out in the Strategic Report on pages 2 to 4, along with the company's objectives, policies and processes for managing its exposures to financial risk. The directors have considered these risks and the effect of the current economic environment in its assessment of adopting the going concern basis of preparation in preparing these financial statements particularly surrounding volumes required by customers.

The directors have completed an additional going concern assessment in response to the Covid 19 Pandemic. This assessment has considered processes, controls, forecast assumptions & estimates, impact on prior forecasts and assessments, significant changes in assumptions during the year, current year performance, current year end financial position and external market factors. In addition, the directors have considered the company's strong cash position, no debt and continued investment in growth. To further enhance its assessment the directors have considered estimates going out for 3 years and the company continues to generate profit and cash. The directors' conclusion is that despite the impact of Covid 19 the use of going concern is still appropriate for Crane Limited.

In making this assessment, the directors have prepared cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements, which show that the company should be able to manage its working capital and existing resources to enable it to meet its liabilities as they fall due. The directors acknowledge that the impact of the economic environment is uncertain and continue to manage this by assessing potential impacts on its forecasts on a regular basis. Based on these factors, the directors have prepared these financial statements on the going concern basis.

#### Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### Turnover

Turnover comprises the net invoiced value of goods sold in the ordinary course of business, excluding value added tax. Turnover is recognised at the point when substantially all the risks and rewards of ownership have been transferred to the customer, as defined by the shipping terms.

#### Interest income

Interest income is recognised using the effective interest rate method.

#### Intangible fixed assets - goodwill

Purchased goodwill is capitalised in the year of acquisition and written off evenly over 20 years. In the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits, in view of the long term nature of the investments.

# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (continued)

#### **Intangible fixed assets – other than goodwill**

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows: -

Trademarks                      10 years

Purchased customer contracts are capitalised and amortised over their estimated useful economic lives which range between 4 and 13 years.

Purchased computer software is capitalised and amortised over its estimated useful economic life of 5 years.

#### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	2% - 10% per annum
Plant and machinery	10% - 25% per annum

Assets in the course of construction are not depreciated until they are brought into use.

#### **Impairments of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

#### **Fixed asset investments**

Interests in group undertakings are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in group undertakings are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, calculated on a first in, first out basis. Cost includes raw materials, direct labour and production overheads appropriate to the stage of production. Provision for impairment is made for obsolete, slow moving or defective items where appropriate.

Stocks are recognised as an expense in the year in which the related revenue is recognised.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (continued)

##### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

##### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### Leases

At inception the company assesses agreements that transfer the right to use assets and considers whether the arrangement is or contains a lease. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

All of the company's leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (continued)

##### **Retirement benefits**

###### *Defined contribution plans*

For defined contribution schemes, the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. The assets of the schemes are held separately from the company in independently administered funds.

###### *Defined benefit plans*

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method.

The defined benefit scheme is funded, with assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and the present value of the scheme liabilities is determined by discounting estimated cash outflows using bond rates appropriate to the term of the pension obligation. The actuarial valuations are obtained from qualified third party actuarial consultants at least triennially and are updated at each statement of financial position date.

###### *Asset/Liability*

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the statement of financial position. On 31 December 2013, the scheme closed to new members and the future accrual of pension benefits for the remaining active members ceased.

###### *Gains/Losses*

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

###### *Trade and other debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (continued)

##### **Financial instruments (continued)**

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### **Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Equity instruments**

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### **Trade and other creditors**

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

##### **Derecognition of financial assets and liabilities**

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

##### **Share based payments**

The company remunerates certain employees using grant of equity instruments in its ultimate parent company.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value is calculated by the ultimate parent company and recharged to the company each year through intercompany creditors. The directors believe this is the most appropriate method.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (continued)

##### **Provisions**

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation.

##### *Warranty obligations*

When turnover is recognised for the sale of goods, a provision is made for the estimated cost of the warranty obligation. The provision is measured based on the probability weighting of all possible outcomes.

##### **Research and development**

Expenditure on research and development is written off as incurred.

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 2 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **Customer rebates**

When accounting for turnover values and trade debtors the company uses estimates to reflect the levels of support it provides to its distributors and end users. These estimates are based on market intelligence, historical claims and customer communications and therefore have a level of uncertainty. These estimates are based on a standard process and reviewed by management on regular basis.

##### **Defined benefit pension scheme**

When accounting for the company's defined benefit pension scheme the directors are required to make a number of critical estimates. These estimates are then compiled by the company's actuary in order to arrive at the accounting and disclosure entries to be included in the financial statements. These disclosures include the value of the scheme assets, the value of the defined benefit obligation and the restriction of the plan surplus under FRS 102. The defined benefit pension scheme asset at 31 December 2020 amounted to £6,046,000 (2019: £7,664,000).

# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover

The analysis of turnover by class of business and the geographical analysis of turnover have not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the company.

4	Interest receivable and similar income	2020 £	2019 £
	Bank interest receivable	39,624	27,336
	Other interest income	-	7,250
	Pension scheme finance income (net) (note 21)	153,000	237,000
		<u>192,624</u>	<u>271,586</u>
5	Interest payable and similar expenses	2020 £	2019 £
	Bank interest payable	<u>138</u>	<u>467</u>
6	Profit before taxation	2020 £	2019 £
	Profit before taxation is stated after charging/(crediting):		
	Government grants	(610,623)	-
	Rentals under operating leases:		
	Hire of plant and machinery	251,146	284,748
	Other operating leases	1,260,843	1,376,281
	Depreciation of tangible fixed assets – owned (see note 12)	1,128,007	1,050,527
	Research and development expenditure	2,536,032	2,631,559
	Amortisation and impairment of goodwill (see note 10)	1,029,025	765,134
	Amortisation of intangibles (see note 11)	31,715	49,315
	Defined benefit pension scheme cost (see note 21)	<u>342,000</u>	<u>482,000</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a gain of £631,308 (2019: £184,754 loss).

Government grants of £610,623 (2019: £nil) represents grant income receivable in respect of the Coronavirus Job Retention Scheme recognised under the performance basis.

Fees payable to Deloitte LLP and its associates in respect of both audit and non-audit services are as follows:

	2020 £	2019 £
Audit services – audit of the financial statements	171,324	149,616
Other services:		
Sarbanes Oxley reviews and other services	66,626	58,184
	<u>237,950</u>	<u>207,800</u>



# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Employees

The monthly average number of persons (including directors) employed by the company during the year was:	2020 No.	2019 No.
Production	239	265
Selling and administration	208	226
	<u>447</u>	<u>491</u>

	2020 £	2019 £
Staff costs for the above persons:		
Wages and salaries	18,668,088	20,653,644
Social security costs	1,777,175	1,954,305
Other pension costs and current service cost (note 21)	1,279,753	1,167,078
	<u>21,725,016</u>	<u>23,775,027</u>

### Directors

	2020 £	2019 £
Directors' remuneration:		
Emoluments including benefits in kind	741,809	445,970
Company contributions to defined contribution pension scheme	21,554	19,748
	<u>763,363</u>	<u>465,718</u>

	No.	No.
The number of directors to whom retirement benefits are accruing under defined contribution schemes was:	<u>2</u>	<u>2</u>

	No.	No.
The number of directors who exercised share options in the ultimate parent company during the year was:	<u>2</u>	<u>2</u>

During the year, two directors were granted share options in the ultimate parent company, Crane Co. Two directors exercised share options including the highest paid director who exercised options over 69,740 (2019: 65,836) shares in the ultimate parent company, Crane Co.

Directors' emoluments disclosed above included the following payments:

	Highest paid director 2020 £	2019 £
Remuneration	481,688	227,362
Company contributions to defined contribution pension scheme	10,913	9,548
	<u>492,601</u>	<u>236,910</u>

At 31 December 2020, there is no accrued pension payable due to the highest paid director (2019: £nil).

# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8	Taxation	2020 £	2019 £
	<b>Current tax</b>		
	UK corporation tax on profits for the current year	2,207,587	2,278,132
	Adjustments in respect of prior year	(1,327)	(14,539)
	<b>Total current tax</b>	<u>2,206,260</u>	<u>2,263,593</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(72,209)	(4,629)
	Adjustments in respect of prior year	(31,077)	(7,962)
	Changes in tax rates	144,216	-
	<b>Total deferred tax</b>	<u>40,930</u>	<u>(12,591)</u>
	<b>Total tax on profit</b>	<u>2,247,190</u>	<u>2,251,002</u>
	Factors affecting the tax charge for the year:		
	Company profit before tax	9,867,878	11,106,549
	Company profit multiplied by the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,874,897	2,110,244
	Effects of:		
	Fixed asset differences	155,760	106,206
	Expenses that are not deductible for tax purposes	83,534	31,450
	Adjustments to tax charge in respect of previous years	(32,404)	(22,501)
	Changes in tax rates affecting deferred tax	144,215	11,185
	Share options	21,188	14,418
	<b>Tax expense</b>	<u>2,247,190</u>	<u>2,251,002</u>

In March 2020, the Finance Bill 2020 was enacted and included legislation to hold the main rate of corporation tax at 19% with effect from 1 April 2020, an increase from 17% as announced in the 2015 Finance Act. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at 19% in the current year (2019: 17%).

In the March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. This rate had not been substantively enacted at the balance sheet date and therefore has not been used in the calculation of deferred tax.

9	Dividend	2020 £	2019 £
	Final paid - £0.21 (2019: £nil) per share	<u>7,000,000</u>	<u>-</u>

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 10 Goodwill

	£
<b>Cost</b>	
At 1 January 2020 and 31 December 2020	15,338,815
<b>Amortisation</b>	
At 1 January 2020	9,936,433
Charge for the year	765,134
Impairment loss	263,891
At 31 December 2020	10,965,458
<b>Carrying amount</b>	
At 31 December 2020	4,373,357
At 31 December 2019	5,402,382

Goodwill relates to the acquisition of the business assets of Delta Fluid Products, Viking Johnson and Wask.

The amortisation of goodwill and impairment loss for the year are included within operating expenses.

The impairment loss of £263,891 in the year represents an adjustment to fully write down the carrying value relating to a product no longer actively marketed by the business.

#### 11 Other intangible assets

	Trademarks £	Customer contracts £	Software £	Total £
<b>Cost</b>				
At 1 January 2020 and 31 December 2020	600,000	1,900,000	686,296	3,186,296
<b>Amortisation</b>				
At 1 January 2020	600,000	1,900,000	560,387	3,060,387
Charge for the year	-	-	31,715	31,715
At 31 December 2020	600,000	1,900,000	592,102	3,092,102
<b>Carrying amount</b>				
At 31 December 2020	-	-	94,194	94,194
At 31 December 2019	-	-	125,909	125,909

Trademarks and customer contracts relate to intangible assets acquired with the Viking Johnson and Wask businesses.

The amortisation charge for the year is recognised within operating expenses.

# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Tangible fixed assets

	Assets under the course of construction £	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost</b>				
At 1 January 2020	489,137	6,990,817	10,536,855	18,016,809
Additions	136,749	-	432,075	568,824
Disposals	(73,640)	-	(53,102)	(126,742)
Transfers	(189,759)	-	189,759	-
At 31 December 2020	362,487	6,990,817	11,105,587	18,458,891
<b>Depreciation</b>				
At 1 January 2020	-	1,151,010	5,676,223	6,827,233
Charge for year	-	156,259	971,748	1,128,007
Disposals	-	-	(53,102)	(53,102)
At 31 December 2020	-	1,307,269	6,594,869	7,902,138
<b>Carrying amount</b>				
At 31 December 2020	362,487	5,683,548	4,510,718	10,556,753
At 31 December 2019	489,137	5,839,807	4,860,632	11,189,576

Land with a cost and net book value of £3,818,979 (2019: £3,818,979) is not depreciated.

The net book value of the assets in the course of construction relate to plant and machinery.

### 13 Fixed asset investments

	2020 £	2019 £
Investments in subsidiaries	43,121,269	43,121,269
<b>Movements in fixed asset investments</b>		<b>Investment in subsidiaries £</b>
<b>Cost or valuation</b>		
At 1 January 2020 and 31 December 2020		48,764,346
<b>Impairment</b>		
At 1 January 2020 and 31 December 2020		5,643,077
<b>Carrying amount</b>		
At 31 December 2020		43,121,269
At 31 December 2019		43,121,269

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 13 Fixed asset investments (continued)

The company's subsidiary undertakings are:

Name of undertaking and address		Class of shareholding	% Held direct	Nature of business
Crane Merchandising Systems Limited	Pipsmore Park, Bumpers Farm Industrial Estate, Chippenham, Wiltshire, SN14 6NQ, UK	Ordinary	100%	The design, manufacture and distribution of vending equipment
Pegler Hattersley Limited	Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Hattersley Newman Hender Limited	Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Inta-Lok Limited	Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Viking Johnson Limited	Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Wask Limited	Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Crane Stockham Valve Limited	Grange Road, Cwmbran, Gwent, Wales, NP44 3XX	Ordinary	100%	Manufacturer of industrial valves
Crane Process Flow Technologies Limited	Grange Road, Cwmbran, Gwent, Wales, NP44 3XX	Ordinary	100%	Manufacturer of industrial valves
Automatic Products (UK) Limited	Pipsmore Park, Bumpers Farm Industrial Estate, Chippenham, Wiltshire, SN14 6NQ, UK	Ordinary	100% indirectly	Dormant
Crane Pension Trustee Company (UK) Limited	Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 13 Fixed asset investments (continued)

Name of undertaking and address	Class of shareholding	% Held direct	Nature of business
Wade Couplings Limited Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Delta Fluid Products Limited Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Exbrownall Limited Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Sperryn & Company Limited Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Exrhodes Limited Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
NABIC Valve Safety Products Limited Crane House, Epsilon Terrace, West Road, Ipswich, Suffolk, IP3 9FJ, UK	Ordinary	100%	Dormant
Crane Process Flow Technologies India Limited 5 <sup>th</sup> & 6 <sup>th</sup> Floor, Plot No. 1 & 2, S. No. 131/1 & 2, Aundh, 411007, Pune, India	Ordinary	26% directly 74% indirectly	Manufacturer of industrial valves

All subsidiaries have 31 December accounting reference dates, with the exception of both Viking Johnson Limited and Wask Limited which have an accounting reference date of 31 October. The shareholding in Automatic Products (UK) Limited is held by Crane Merchandising Systems Limited.

#### 14 Stocks

	2020 £	2019 £
Raw materials	2,067,648	3,185,322
Work in progress	39,708	54,334
Finished goods	12,863,526	14,500,384
	<u>14,970,882</u>	<u>17,740,040</u>

There is no material difference between the statement of financial position value of stocks and their replacement cost.

# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	22,277,347	22,164,861
Amounts owed by group undertakings	7,900,729	6,537,465
Prepayments and accrued income	443,895	626,984
	<u>30,621,971</u>	<u>29,329,310</u>

The amounts owed by group undertakings of £7,900,729 (2019: £6,537,465) mostly relate to the UK cashpool, are unsecured, incur no interest and have no fixed repayment date.

### 16 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	8,272,512	9,722,087
Corporation tax	1,384,110	2,278,132
Amounts owed to group undertakings	56,088,288	48,701,224
Other creditors	34,185	76,407
Other taxation and social security costs	2,675,000	897,318
Accruals	17,119,500	17,460,164
	<u>85,573,595</u>	<u>79,135,332</u>

The amounts owed to group undertakings of £56,088,288 (2019: £48,701,224) mostly relate to the UK cashpool, are unsecured, incur no interest and have no fixed repayment date.

### 17 Provisions for liabilities

	Warranties £	Deferred taxation £	Total £
1 January 2020	390,972	1,256,913	1,647,885
Utilised in the year	(59,190)	-	(59,190)
Additional provision in the year	55,140	-	55,140
Charge to profit or loss	-	40,930	40,930
Credit to other comprehensive income	-	(242,440)	(242,440)
31 December 2020	<u>386,922</u>	<u>1,055,403</u>	<u>1,442,325</u>

#### Warranties

A provision of £386,922 (2019: £390,972) has been recognised for expected warranty claims on goods sold during the last three years. The amount provided represents management's best estimate of the future cash outflows in respect of those goods still within the warranty period at the year end. It is based on past experience and costs incurred which are monitored on a regular basis.

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 Provisions for liabilities (continued)

The major deferred tax assets and liabilities recognised by the company are:

	2020 £	2019 £
<b>Deferred tax liabilities:</b>		
Accelerated capital allowances	180,739	128,367
Retirement benefit obligations	1,060,440	1,302,880
Other short-term timing differences	(185,776)	(174,334)
<b>Total deferred tax liability</b>	<b>1,055,403</b>	<b>1,256,913</b>

The deferred tax liability set out above is expected to reverse after 12 months and relates to short term timing differences against future expected profits of the same period.

#### 18 Share capital & reserves

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Called up, allotted and fully paid:</b>		
33,942,000 ordinary shares of £1 each	33,942,000	33,942,000

The company is a private company limited by shares, which carry no right to fixed income, and which each carry the right to one vote at general meetings of the company.

##### Reserves

##### *Capital redemption reserve*

The nominal value of shares repurchased and still held at the end of the reporting period.

##### *Profit and loss reserve*

Cumulative profit and loss net of distributions to owners.

#### 19 Capital commitments and other contractual obligations

	2020 £	2019 £
Capital expenditure contracted for but not provided in the financial statements	182,941	127,097

The capital expenditure relates to the commitment to purchase tangible fixed assets.



## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 20 Commitments under operating leases

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020		2019	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	614,848	386,520	629,652	263,494
Between one and five years	2,459,393	492,409	2,500,949	345,790
After five years	1,874,555	13,755	2,531,825	356
	<u>4,948,796</u>	<u>892,684</u>	<u>5,662,426</u>	<u>609,640</u>

#### 21 Retirement benefits

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions payable by the company charged to profit or loss amounted to £838,753 (2019: £749,078). Contributions totalling £125,976 (2019: £61,749) were payable to the fund at the year end and are included in creditors.

##### Defined benefit pension scheme

The company operates a defined benefit pension scheme ("Crane Limited Pension Scheme") providing benefits based on final pensionable salary. On 31 December 2013, the scheme closed to new members and the future accrual of pension benefits for the remaining active members ceased. The assets of the scheme are held in trust funds separately from those of the company. The contributions are recommended by a qualified actuary on the basis of triennial valuations for funding purposes using the projected unit method.

The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 December 2020.

# CRANE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 21 Retirement benefits (continued)

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	At 31 December 2020	At 31 December 2019
Discount rate	1.20%	2.00%
Future revaluation of deferred pensions	2.30%	2.20%
RPI inflation	2.85%	3.20%
CPI inflation	2.30%	2.20%
Future pension increases		
- CPI (max 5%, min 0%)	2.30%	2.20%
- CPI (max 3%, min 0%)	2.10%	2.05%
- CPI (max 2.5%, min 0%)	1.90%	1.85%
Post-retirement mortality (base table)	95%/85%	95%/85%
	S2PxA	S2PxA
	(males/females)	(males/females)

The average life expectancy for a pensioner retiring at 65 at the reporting date is:

	2020 Years	2019 Years
Male	22.5	22.5
Female	25.2	25.3

The average life expectancy for a pensioner retiring at 65 that is aged 45 at the reporting date is:

	2020 Years	2019 Years
Male	23.9	24.0
Female	26.7	26.8

Amounts recognised in the statement of financial position in respect of the defined benefit schemes are as follows:

	2020 £'000	2019 £'000
Fair value of scheme assets at 31 December	133,756	129,781
Present value of defined benefit obligations at 31 December	(127,710)	(122,117)
Net defined benefit asset	6,046	7,664

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 21 Retirement benefits (continued)

Amounts recognised in profit or loss in respect of the defined benefit schemes are as follows:

	2020 £'000	2019 £'000
Current service cost	441	418
Past service cost	54	301
Net interest on the net defined benefit pension asset	(153)	(237)
Total expense recognised in profit or loss	342	482

Changes in the present value of the defined benefit obligation:

	2020 £'000
Defined benefit obligation at 1 January	122,117
Current service cost	441
Past service cost	54
Interest cost	2,393
Actuarial losses	7,713
Benefits paid	(5,008)
Defined benefit obligation at 31 December	127,710

Changes in the fair value of plan assets:

	2020 £'000
Plan assets at 1 January	129,781
Interest income	2,546
Return on plan assets (excluding net interest on the net defined benefit liability)	6,437
Benefits paid	(5,008)
Plan assets at 31 December	133,756

The actual return on plan assets was a gain of £8,983,000 (2019: gain of £14,308,000)

The analysis of the scheme assets at the reporting date was as follows:

	2020 £'000	2019 £'000
Equity instruments	42,623	37,881
Debt instruments	11,002	11,073
Property	17,650	18,081
Other assets	62,481	62,746
	133,756	129,781

## CRANE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 22 Share based payments

The company participates in two share-based payment schemes of the Crane Co. Group, for certain of its employees and directors. The company recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The allocation is based on the number of employees benefiting from the share-based payment plan employed by each group entity.

##### Employee share option scheme

Equity instruments in Crane Co. are granted to employees and directors at an exercise price equal to the fair market value on the date of the grant. Options granted before 2007 become exercisable at a rate of 50% after the first year, 75% after the second year and 100% after the third year from the date of grant, and expire six years after the date of the grant (ten years for all options granted to directors and for options granted to employees before 2004). Options granted since 2007 become exercisable at a rate of 25% per year over four years and expire six years after the date of grant.

##### Restricted stock units scheme

Employees of the company are also awarded restricted stock units (RSUs) in Crane Co. The RSUs are awarded to the employees at the end of the vesting period of 1-4 years. The RSUs are forfeited if the employee leaves Crane Co. Group before the RSUs vest. The RSUs are valued at market value of the RSUs at date of grant and the charge is recognised across the vesting period.

#### 23 Contingent liabilities

	2020 £'000	2019 £'000
H.M. Revenue and Customs	1,400	600
	<u>1,400</u>	<u>600</u>

The H.M. Revenue and Customs contingent liability represents bank guarantees in place to cover a deferment account used for imports.

#### 24 Related party transactions

In the ordinary course of business, the company has traded with its ultimate parent company and controlling party Crane Co. a company registered in the United States of America, together with its subsidiaries. The company is exempt from disclosing details of these transactions under Section 33 of FRS 102 'Related Party Disclosures' as the Company is a 100% subsidiary of Crane Co., consolidated financial statements of which are publicly available from 100 First Stamford Place, Connecticut, CT 06902, USA.

#### 25 Ultimate parent company and controlling party

The immediate parent undertaking is Crane Canada Co, a company incorporated in Canada.

The ultimate parent company is Crane Co., which is incorporated in the United States of America. The consolidated financial statements of Crane Co. are publicly available and can be obtained from the Secretary's Office at the registered office address of Crane Co., which is: 100 First Stamford Place, Stamford, Connecticut, CT 06902, U.S.A. Crane Co. is the company's ultimate controlling party and is the smallest and largest group into which the results of Crane Limited are consolidated.