

Registered No. 250773

KLAXON SIGNALS LIMITED  
28 MARCH 1998  
DIRECTORS' REPORT AND ACCOUNTS



## KLAXON SIGNALS LIMITED

### DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 MARCH 1998

The Directors present their annual report and the audited accounts for the 52 weeks ended 28 March 1998.

### PROFITS AND DIVIDENDS

The Profit and Loss Account shows a profit before taxation of £1,073,438 and the profit after taxation amounts to £764,126.

An interim dividend on the Ordinary shares of £750,000 was paid on 28 March 1998. The Directors do not recommend the payment of a final dividend.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in electrical and mechanical engineering.

### REVIEW OF BUSINESS

The year was dominated by the merging of Klaxon (acquired February 1997) and Secomak. This was successfully completed and the business is now well positioned for a successful year.

### FUTURE DEVELOPMENTS

The Company continues to seek additional markets to expand its activities in the industrial field.

### RESEARCH AND DEVELOPMENT

The Company has undertaken research and development during the year which has led to the successful introduction of new products.

### MILLENNIUM AND ECONOMIC MONETARY UNION

The Company has assessed the impact of the Millennium computer software issue and the implications of the Economic and Monetary Union, including the introduction of the Euro, on information systems and other aspects of operations. The Company is ensuring that necessary actions are being taken to address issues in a timely manner. The total incremental cost to the Company to ensure compliance and address all identified issues is not expected to be significant.

# KLAXON SIGNALS LIMITED

## DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 MARCH 1998 (Continued)

### DIRECTORS

The Directors of the Company during the period and at the period end were as follows:

J F Kidston (Chairman)  
 G N S Turner (Chairman)  
 D J Archer  
 R A Shepherd  
 R S Amstel  
 J F Moore  
 D Young  
 A A J Evans

Mr J F Kidston resigned from the Board on 30 April 1997.

Mr G N S Turner was appointed a Director and Chairman on 1 May 1997.

Mr A A J Evans was appointed a Director on 1 April 1997 and resigned from the Board on 28 March 1998.

### DIRECTORS' INTERESTS

The Company is a wholly owned subsidiary of Halma p.l.c. In accordance with paragraph 2 of schedule 7 to the Companies Act 1985, the interests of the Directors at 28 March 1998, who were not also Directors of Halma p.l.c., in the Ordinary shares of that Company were as follows:

	<u>at 29 March 1997</u> <u>(or since appointment)</u>		<u>at 28 March 1998</u>		<u>during the 52 weeks</u> <u>(or since appointment)</u>	
	Shares	Options	Shares	Options	Options Granted	Options Exercised
G N S Turner	-	57,133	-	182,177	106,000	-
D J Archer	184,265	154,769	245,319	239,564	33,200	-
R A Shepherd	-	9,466	-	34,221	21,600	-
R S Amstel	9,965	17,244	13,286	41,191	18,200	-
J F Moore	4,494	9,600	5,992	34,400	21,600	-
D Young	897	26,400	1,196	53,900	18,700	-

The Directors held the above options under the share option schemes approved by Halma p.l.c. shareholders, exercisable by 2007 at prices between 44p and 131p per share.

The interests given at 29 March 1997 are stated before the 1 for 3 scrip issue made in 1997.

Apart from these interests, no such Director had during the period any other interests in the shares of that Company.

## KLAXON SIGNALS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 MARCH 1998 (Continued)

### DIRECTORS' RESPONSIBILITIES

It is the responsibility of the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period.

The Directors have responsibility for ensuring that proper accounting records are maintained which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.


The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors consider that, in preparing the financial statements on pages 5 to 14 appropriate accounting policies have been used, which have been consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed, and that it is appropriate to use a going concern basis.

### AUDITORS

Price Waterhouse have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting for their re-appointment as Auditors.

By Order of the Board



J F Moore  
Secretary  
Klaxon Signals Limited  
Honeypot Lane  
Stanmore  
Middlesex  
HA7 1BE

24 July 1998

*Price Waterhouse*



## REPORT OF THE AUDITORS TO THE MEMBERS OF KLAXON SIGNALS LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

### Respective responsibilities of directors and auditors

As described on page 3, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 28 March 1998 and of the profit of the Company for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse  
Chartered Accountants  
and Registered Auditors

24 July 1998

# KLAXON SIGNALS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 28 MARCH 1998

52 weeks ended  
29 March 1997

<u>£4,020,768</u>	TURNOVER (Note 2)	<u>£6,192,524</u>
1,057,509	TRADING PROFITS (Note 3)	1,076,524
	INTEREST	
(6,094)	Bank Overdraft interest payable	(9,022)
<u>28,381</u>	Group Loan interest receivable	<u>5,936</u>
<u>22,287</u>		<u>(3,086)</u>
1,079,796	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,073,438
<u>(354,180)</u>	Tax on profit on ordinary activities (Note 7)	<u>(309,312)</u>
725,616	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	764,126
<u>(650,000)</u>	Equity dividends - interim paid	<u>(750,000)</u>
75,616	PROFIT TRANSFERRED TO RESERVES	14,126
<u>244,543</u>	Retained profit brought forward	<u>320,159</u>
<u>£320,159</u>	Retained profit carried forward	<u>£334,285</u>

The Company had no recognised gains or losses during the year other than those reflected in the above Profit and Loss Account.

The annexed notes form part of these accounts.

KLAXON SIGNALS LIMITED

BALANCE SHEET AS AT 28 MARCH 1998

29 March 1997

FIXED ASSETS

500,847	Tangible Assets (Note 8)	610,379
---------	--------------------------	---------

CURRENT ASSETS

1,002,994	Stocks (Note 9)	1,229,377
1,700,337	Debtors (Note 10)	1,634,254
<u>81,333</u>	Cash at Bank and in Hand	<u>58,712</u>
<u>2,784,664</u>		<u>2,922,343</u>

CREDITORS: AMOUNTS FALLING DUE  
WITHIN ONE YEAR

354,523	Corporation Tax	309,412
<u>2,566,138</u>	Creditors (Note 11)	<u>2,847,430</u>
<u>2,920,661</u>		<u>3,156,842</u>

(135,997)	NET CURRENT ASSETS (LIABILITIES)	(234,499)
-----------	----------------------------------	-----------

<u>364,850</u>	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>375,880</u>
----------------	---------------------------------------	----------------

3,339	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Note 12)	-
-------	--	---

=	PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)	243
---	---	-----

<u>£361,511</u>		<u>£375,637</u>
-----------------	--	-----------------

CAPITAL AND RESERVES

Issued and fully paid	Authorised		Authorised	Issued and fully paid
		CALLED UP SHARE CAPITAL		
		Equity Capital		
37,593	37,593	Deferred Shares of £1 each	37,593	37,593
<u>3,759</u>	<u>12,407</u>	Ordinary Shares of 10p each	<u>12,407</u>	<u>3,759</u>
<u>41,352</u>	<u>50,000</u>		<u>50,000</u>	<u>41,352</u>
<u>320,159</u>		PROFIT AND LOSS ACCOUNT		<u>334,285</u>
<u>£361,511</u>		SHAREHOLDERS' FUNDS		<u>£375,637</u>

Approved by the Board of Directors  
on 24 July 1998

D J Archer  
Directors

J F Moore

The annexed notes form part of these accounts.

KLAXON SIGNALS LIMITED

MOVEMENT IN SHAREHOLDERS' FUNDS  
FOR THE 52 WEEKS ENDED 28 MARCH 1998

52 weeks ended  
29 March 1997

725,616	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	764,126
<u>(650,000)</u>	Dividends	<u>(750,000)</u>
75,616	PROFIT TRANSFERRED TO RESERVES	14,126
<u>285,895</u>	SHAREHOLDERS' FUNDS BROUGHT FORWARD	<u>361,511</u>
<u>£361,511</u>	SHAREHOLDERS' FUNDS CARRIED FORWARD	<u>£375,637</u>



# KLAXON SIGNALS LIMITED

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

The accounts set out on pages 5 - 14 are prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

#### Turnover

Turnover represents sales, less returns, excluding value added tax.

#### Depreciation

Depreciation is provided on all tangible fixed assets on the straight line method, each item being written off over its estimated life. The principal annual rates used for this purpose are:

Plant, Machinery and Equipment	8% to 20%
Motor Vehicles	20%
Short Life Tooling	33 1/3%

#### Research and Development

Expenditure on Research and Development is written off in the financial period in which it is incurred.

#### Leases

The costs of operating leases of property and other assets are charged as incurred.

#### Deferred Taxation

Provision is made for taxation deferred because of timing differences between profits as computed for taxation purposes and profits as stated in the accounts except to the extent that such taxation will not be payable in the foreseeable future. Timing differences are due primarily to the excess of tax allowances on tangible fixed assets over the corresponding depreciation charged in the accounts.

## NOTES TO THE ACCOUNTS (Continued)

### 1. ACCOUNTING POLICIES (Continued)

#### Foreign Currency Translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling on the date of the transaction. Balance Sheet items denominated in foreign currencies are translated at the exchange rate ruling on the Balance Sheet date. Foreign currency exchange differences are dealt with in arriving at the Profit on Ordinary Activities before Taxation.

#### Stocks

Stocks and Work in Progress are included at the lower of cost and net realisable value. Cost includes the appropriate proportion of production and other overheads considered by the Directors to be attributable to bringing the stock to its location and condition at the period end.

#### Pensions

Contributions to the Halma Group Pension Plan are assessed by a qualified actuary based on the cost of providing pensions across all participating Halma Group companies. Costs are not determined for each individual company hence contributions are charged to the profit and loss account in the period in respect of which they become payable.

### 2. TURNOVER

The geographical analysis of the Company's turnover is as follows:

	<u>1998</u>	<u>1997</u>
United Kingdom	4,853,068	3,428,993
Europe excluding UK	502,468	238,595
Far East and Australasia	485,343	144,033
Africa, Near and Middle East	200,121	25,266
United States of America	133,526	171,184
Other	<u>17,998</u>	<u>12,697</u>
	<u>£6,192,524</u>	<u>£4,020,768</u>

# KLAXON SIGNALS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 3. TRADING PROFITS

Trading profits comprise:	<u>1998</u>	<u>1997</u>
Turnover	6,192,524	4,020,768
Cost of sales	<u>(4,268,113)</u>	<u>(2,359,956)</u>
Gross profit	1,924,411	1,660,812
Distribution costs	(147,538)	(93,605)
Administrative expenses	(706,738)	(511,429)
Other operating income	<u>6,389</u>	<u>1,731</u>
	<u>£1,076,524</u>	<u>£1,057,509</u>

Trading profits are arrived at after charging:

Depreciation	134,565	97,976
Research and development	76,166	44,513
Auditors' remuneration - audit fees	11,260	9,700
- non-audit fees	NIL	2,477

### 4. DIRECTORS' REMUNERATION

	<u>1998</u>	<u>1997</u>
Total Remuneration (excluding pension contributions)	<u>£292,413</u>	<u>£243,869</u>
Highest paid Director	<u>£76,754</u>	<u>£71,084</u>

# KLAXON SIGNALS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 5. PENSIONS

The Company participates in the Halma Group Pension Plan. This scheme is of the defined benefit type providing benefits to certain employees within the Halma Group and the assets are held separately from the Group assets. Retirement Benefits are accruing to six Directors under this Scheme.

The latest actuarial valuation of the Halma Group Pension Plan was carried out as at 1 December 1996. Details of this valuation are contained in the financial statements of the Halma Group.

The total pension cost of the Company was £73,796 (1997: £69,692). This amount includes £7,592 (1997 : £7,289) in respect of the highest paid Director.

The accrued pension of the highest paid Director as at 28 March 1998 is £25,412 per annum (1997: £22,481).

### 6. EMPLOYEE INFORMATION

The average number of persons employed by the Company during the period was:

	<u>1998</u>	<u>1997</u>
Full-time	89	56
Part-time	<u>4</u>	<u>4</u>
	<u>93</u>	<u>60</u>

Employee costs of the Company comprised:

Wages and salaries	1,582,619	1,026,019
Social security costs	135,849	83,814
Other pension costs	<u>73,796</u>	<u>69,692</u>
	<u>£1,792,264</u>	<u>£1,179,525</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
UK corporation tax at 31 %	315,361	354,180
Deferred Taxation	<u>243</u>	=
	315,604	354,180

Prior year adjustments:

Corporation tax	<u>(6,292)</u>	=
	<u>£309,312</u>	<u>£354,180</u>

The tax charge for the year would increase by £17,217 (1997: £38,059) if the full amount of potential deferred taxation was provided in both years.

# KLAXON SIGNALS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 8. TANGIBLE ASSETS

Plant, Equipment  
Vehicles, etc  
£

#### COST OR VALUATION

At 29 March 1997	879,828
Additions (net of grants)	301,353
Disposals	<u>(143,574)</u>
At 28 March 1998	<u>1,037,607</u>

#### DEPRECIATION

At 29 March 1997	378,981
Charge for the period	134,565
Disposals	<u>(86,318)</u>
At 28 March 1998	<u>427,228</u>

#### NET BOOK VALUE

At 28 March 1998	<u>£610,379</u>
At 29 March 1997	<u>£500,847</u>

### 9. STOCKS

	<u>1998</u>	<u>1997</u>
Raw materials and consumables	490,940	387,099
Work in progress	432,798	365,606
Finished goods and goods for resale	<u>305,639</u>	<u>250,289</u>
	<u>£1,229,377</u>	<u>£1,002,994</u>

KLAXON SIGNALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

10.	DEBTORS	<u>1998</u>	<u>1997</u>
	Trade debtors	1,575,830	1,650,671
	Other Debtors	20,178	20,231
	Prepayments and accrued income	<u>38,246</u>	<u>29,435</u>
		<u>£1,634,254</u>	<u>£1,700,337</u>
11.	CREDITORS	<u>1998</u>	<u>1997</u>
	Trade creditors	1,077,499	729,078
	Taxation and social security	299,400	240,614
	Amounts due to Group companies	1,382,548	1,402,164
	Accruals and deferred income	87,983	186,267
	Other Creditors	NIL	8,015
		<u>£2,847,430</u>	<u>£2,566,138</u>
12.	CREDITORS	<u>1998</u>	<u>1997</u>
	(amounts falling due after more than one year)		
	Trade creditors	NIL	<u>£3,339</u>
13.	PROVISIONS FOR LIABILITIES AND CHARGES		
	DEFERRED TAXATION		
	Comprises timing differences due to:	<u>1998</u>	<u>1997</u>
	Know-how	(7,151)	(2,756)
	Fixed assets	<u>7,394</u>	<u>2,756</u>
		<u>£243</u>	NIL
	The potential amount for all timing differences is:		
	Know-how	(7,151)	(8,668)
	Fixed assets	<u>24,646</u>	<u>9,185</u>
		<u>£17,495</u>	<u>£517</u>
	The movement on deferred taxation comprises:		
	At 29 March 1997	-	
	Charged/(Credited) to profit and loss in respect of:		
	Fixed Assets	4,638	
	Other timing differences	<u>(4,395)</u>	
	At 28 March 1998	<u>£243</u>	

## KLAXON SIGNALS LIMITED

### NOTES TO THE ACCOUNTS (Continued)

#### 14. CASH FLOW STATEMENT

The Company is not required to produce a Cash Flow Statement. Such a statement is prepared on a Group basis and is disclosed in the accounts of the ultimate parent company.

#### 15. RELATED PARTY TRANSACTIONS

As permitted by FRS8, the Company has not disclosed related party transactions with fellow Group companies.

#### 16. ULTIMATE PARENT COMPANY

The ultimate parent company of Klaxon Signals Limited is Halma p.l.c. The accounts of Halma p.l.c. can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Bucks HP7 0DE.