

**Keeler Limited**

**Report and Financial Statements**

**52 week period ended 1 April 2006**



# **Keeler Limited**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

D J Keeler (USA)

M S Lavelle

A J Meyers (USA)

R Mayall (Appointed 1 August 2005)

M G Norris

Dr A Sotoudeh

J B Wilson

#### **SECRETARY**

J B Wilson

#### **REGISTERED OFFICE**

Clewer Hill Road

Windsor

Berkshire

SL4 4AA

#### **BANKERS**

Barclays Bank Plc

1 Churchill Place

London

E14 5HP

#### **AUDITORS**

Deloitte & Touche LLP

Chartered Accountants

Reading

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the 52 week period ended 1 April 2006.

### **RESULTS AND DIVIDENDS**

The Profit and loss account shows a profit before taxation of £2,544,510 (2005: £2,497,420) and the profit after taxation of £1,756,416 (2005: £1,774,543). No interim dividend on the ordinary shares was paid (2005: £1,700,000) during the period. The Directors do not recommend the payment of a final dividend (2005: £nil).

### **BUSINESS REVIEW, PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS**

The company is wholly owned subsidiary of Halma p.l.c. and operates as part of the group's Fluid Technology division.

The company's principal activities are the manufacture and sale of optometric and ophthalmic products to the health care industry worldwide. There have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The company continues to invest in research and development. This has resulted in a number of updates to existing products. The directors regard R&D investment as necessary for continuing success in the medium to long term future.

As shown in the company's profit and loss account on page 6, the company's sales have increased by 5% over the prior year and profit after tax declined slightly by 1%.

The balance sheet, on page 7 of the financial statements shows that the company's financial position at the year end has, in both net assets and cash terms, improved compared with the prior year. Details of amounts owed by its parent and other group companies are shown in note 11 on page 14.

The Halma p.l.c. group manages its operation on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Fluid Technology division of Halma p.l.c., which includes the company, is discussed the group's Annual Report which does not form part of this report.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Competitive pressure throughout the world 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 added value services to its customers, having fast response times not only in supplying products but also in handling all customer queries, and by maintaining strong relationships with customers.

The company's sales in the USA are made in US dollars and it is therefore exposed to the movement in the dollar to pound exchange rate. Part of this risk is mitigated by purchases in US dollars.

The company is self financed by internally generated funds and has no third party debt. It therefore has no interest rate exposure.

Group risks are discussed in the group's Annual Report, which does not form part of this report.

### **ENVIRONMENT**

The Halma p.l.c. group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual Report, which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

## EMPLOYEES

Details of the number of employees and related costs can be found in note 6 to the financial statements on page 11.

## CHANGE IN ACCOUNTING POLICY

During the year, the Company changed its accounting policy in respect of development costs. Previously, they were written off as incurred. Now, subject to certain criteria, they are capitalised and amortised over their expected useful life. The Directors believe this will provide a better matching of these costs with the increased revenues they will generate. Further details of the policy on capitalisation and the effect of this change in accounting policy are included in the statement of accounting policies and note 16 on the accounts.

## DIRECTORS AND THEIR INTERESTS

The Directors, who served during the period and since the period end, are shown on page 1.

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 1 April 2006, who were not also Directors of Halma p.l.c., in the Ordinary shares of Halma p.l.c. were as follows:

	At 2 April 2005		At 1 April 2006		During the period (or since appointment)	
	Shares	Options	Shares	Options	Granted	Exercised
M S Lavelle	-	109,450	-	131,097	21,647	-
M G Norris	-	19,947	-	19,947	-	-
Dr A Sotoudeh	-	33,875	-	33,875	-	-
D J Keeler	-	50,800	-	50,800	-	-
J B Wilson	-	150,626	22,666	106,042	9,982	54,566
A J Meyers	-	481,274	-	481,274	91,407	-

Apart from the interests stated, no Director had any other interest in the shares of the Company or any other Company within the Halma Group during the period.

## AUDITORS

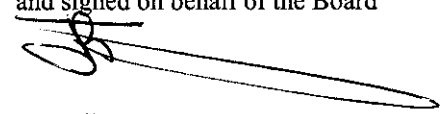
In the case of each of the persons who are directors of the Company at the date when this report is approved:

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

  
J B Wilson  
Secretary  
5 September 2006

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Keeler Limited for the period ended 1 April 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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

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

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you, if in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

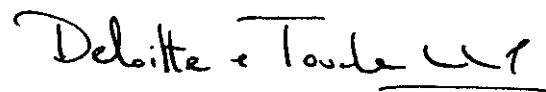
### **Basis of audit opinion**

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

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

### **Opinion**

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 April 2006 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Reading, United Kingdom

5 September 2006

**PROFIT AND LOSS ACCOUNT**  
For the 52 week period ended 1 April 2006

	Note	52 weeks ended 1 April 2006		52 weeks ended 2 April 2005	
		£	£	£	£
<b>TURNOVER</b>	2	12,551,769		11,974,516	
Cost of sales		(8,739,588)		(8,231,593)	
<b>Gross profit</b>		3,812,181		3,742,923	
Distribution costs		(276,875)		(293,000)	
Administrative expenses		(992,389)		(983,622)	
Other operating expense		(5,197)		(20,264)	
		<u>(1,274,461)</u>		<u>(1,296,886)</u>	
<b>OPERATING PROFIT</b>	3	2,537,720		2,446,037	
<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>					
Group loan interest receivable		6,790		51,383	
		<u>6,790</u>		<u>51,383</u>	
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,544,510		2,497,420	
Tax on profit on ordinary activities	7	(788,094)		(722,877)	
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD</b>		1,756,416		1,774,543	
Dividends		-		(1,700,000)	
<b>RETAINED PROFIT FOR THE PERIOD</b>	14	<u>1,756,416</u>		<u>74,543</u>	

All amounts derive from continuing operations. There are no recognised gains and losses in the period other than the profit for the period. Accordingly no Statement of Total Recognised Gains and Losses has been presented.

# Keeler Limited

## BALANCE SHEET 1 April 2006

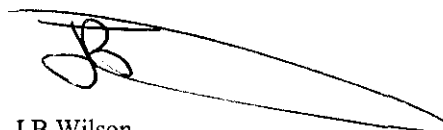
	Note	1 April 2006		2 April 2005	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible fixed assets	8		123,437		-
Tangible fixed assets	9		1,941,787		1,911,934
			<u>2,065,224</u>		<u>1,911,934</u>
<b>CURRENT ASSETS</b>					
Stocks	10	1,180,095		1,285,677	
Debtors	11	8,842,574		7,063,701	
Cash at bank and in hand		599,222		33,621	
		<u>10,621,891</u>		<u>8,382,999</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	(2,616,919)		(1,981,153)	
<b>NET CURRENT ASSETS</b>			<u>8,004,972</u>		<u>6,401,846</u>
<b>NET ASSETS</b>			<u>10,070,196</u>		<u>8,313,780</u>
<b>CAPITAL AND RESERVES</b>					
		Authorised	Issued and fully paid	Authorised	Issued and fully paid
<b>CALLED UP SHARE CAPITAL</b>					
Called up share capital - (ordinary shares of £1 each)		8,000,000	5,008,004	8,000,000	5,008,004
Share premium account			2,531,777		2,531,777
Profit and loss account	14		2,530,415		773,999
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15		<u>10,070,196</u>		<u>8,313,780</u>

These financial statements were approved by the Board of Directors on 1st September 2006

Signed on behalf of the Board of Directors



M S Lavelle  
Director



J B Wilson  
Director



**NOTES TO THE ACCOUNTS**  
**52 week period ended 1 April 2006**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The following accounting policies have been applied consistently in the current and preceding period in dealing with items considered material in relation to the accounts, except as noted below.

In these accounts the following new Financial Reporting Standards (FRS) have been applied for the first time:

FRS 21	Events after the Balance Sheet Date
FRS 23	The Effects of Changes in Foreign Exchange Rates
FRS 25	Financial Instruments: Presentation and Disclosure
FRS 26	Financial Instruments: Measurement
FRS 28	Corresponding Amounts

Adopting these standards did not have a material effect in either the current or the preceding financial period.

In addition, the Company has adopted the alternative treatment of development costs permitted by Statement of Standard Accounting Practice 13. Previously all research and development costs were expensed as incurred. Now development costs that meet certain criteria are capitalised as intangible assets and amortised over their expected useful life. Further details of the effect of this change are shown in Note 16 on the accounts.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

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

**Tangible fixed assets and depreciation**

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

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

Freehold buildings	2%
Plant and equipment	8% to 20%
Motor vehicles	20%
Short life tooling	33%

**Research and development**

Research expenditure is written off in the financial year in which it is incurred.

Development expenditure is written off in the financial year in which it is incurred, unless it relates to the development of a new or substantially improved product, is incurred after the technical feasibility and economic viability of the product has been proven and the decision to complete the development has been taken, and can be measured reliably. Such expenditure is capitalised as an intangible asset in the balance sheet at cost and is amortised through the profit and loss account on a straight line basis over its estimated economic life of three years.

**Leases**

The costs of operating leases of property and other assets are charged on a straight line basis over the lease term.

**NOTES TO THE ACCOUNTS**  
**52 week period ended 1 April 2006**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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

**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 the Profit and Loss Account.

**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. Provision is made for obsolete, slow moving and defective items where appropriate.

**Pensions**

The Company makes pension contributions to the Halma Group Pension Plan (the scheme) on behalf of its employees. The scheme is a defined benefit scheme. The Company is unable to determine its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme are therefore charged to the Profit and Loss Account when incurred.

**Cash flow statement**

The Company is a wholly owned subsidiary of Halma p.l.c. and is included in the consolidated financial statements of Halma p.l.c., which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (Revised 1996).

**2. TURNOVER**

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

	52 weeks ended 1 April 2006 £	52 weeks ended 2 April 2005 £
United Kingdom	7,382,668	6,287,747
United States of America	1,889,849	2,290,052
Europe excluding UK	1,368,180	1,474,223
Far East and Australasia	1,163,720	1,340,289
Africa, Near and Middle East	679,222	563,023
Other	68,130	19,182
	<u>12,551,769</u>	<u>11,974,516</u>

Turnover derives from the manufacture and distribution of ophthalmic, optometric and medical products.

**NOTES TO THE ACCOUNTS**  
**52 week period ended 1 April 2006**

**3. OPERATING PROFIT**

Operating profit arises wholly from continuing activities, and is arrived at after charging/(crediting):

	<b>52 weeks ended 1 April 2006 £</b>	<b>52 weeks ended 2 April 2005 £</b>
Depreciation – owned assets	265,958	344,664
Research and development	524,823	438,687
Auditors' remuneration - audit fees	15,888	13,014
Operating lease rentals - other	40,492	40,492
Loss on disposal of fixed assets	807	8,902
Rental income	(87,712)	(107,473)

**4. DIRECTORS' EMOLUMENTS**

	<b>52 weeks ended 1 April 2006 £</b>	<b>52 weeks ended 2 April 2005 £</b>
Aggregate emoluments (excluding pension contributions)	439,251	381,055
Highest paid Director	148,438	122,138

The total pension cost of the Company was £318,884 (2005: £313,236).

This amount includes £16,314 (2005: £14,963) in respect of the highest paid Director. The accrued pension of the highest paid Director as at 1 April 2006 is £10,274 per annum (2005: £6,182). The accrued pensions of the remaining Directors as at 1 April 2006 is £21,421 per annum (2005: £14,209).

Mr A J Meyers is an executive of Halma Holdings Inc, and is remunerated for his services to that company. It is not practical to allocate this remuneration between his services as an executive to Keeler Limited and to fellow Group subsidiaries. In addition, Mr A J Meyers is accruing benefits under the Halma Holdings Inc Profit Savings Retirement Plan in the USA.

Mr D J Keeler is a director of Keeler Instruments Inc, and is remunerated for his services to that company. It is not practical to allocate this remuneration between his services as an executive to Keeler Limited and to Keeler Instruments Inc. In addition, Mr D J Keeler is accruing benefits under the Halma Holdings Profit Savings Retirement Plan in the USA.

## NOTES TO THE ACCOUNTS

52 week period ended 1 April 2006

### 5. PENSIONS

The Company participates in the Halma Group Pension Plan, which is a defined benefit pension scheme. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. The assets of the pension scheme are separately held in trustee administered funds.

This scheme is of both the defined benefit type for members joining before 1 January 2003, and the defined contribution type for members joining on or after 1 January 2003. This scheme provides benefits to certain employees within the Halma Group and the assets are held separately from the Group's assets.

The pension cost relating to the defined benefit scheme is assessed in accordance with the advice of independent qualified actuaries. A full actuarial valuation was carried out as at 1 December 2005 and updated to 1 April 2006 by a qualified independent actuary.

The assets of the scheme and the expected long-term rates of return were:

Halma Group Pension Plan	2006		2005		2004	
	%	£'000	%	£'000	%	£'000
Equities		57,114		45,908		43,428
Bonds		17,097		13,053		8,134
Property		2,767		2,334		1,574
S75 Debt		4,763		558		-
		<u>81,765</u>		<u>61,853</u>		<u>53,136</u>
Total market value of assets		81,765		61,853		53,136
Actuarial value of liability		(119,314)		(94,610)		(86,343)
		<u>(37,549)</u>		<u>(32,757)</u>		<u>(33,207)</u>
Total deficit in the scheme		(37,549)		(32,757)		(33,207)
Related deferred tax asset		11,265		9,827		9,962
		<u>(26,284)</u>		<u>(22,930)</u>		<u>(23,245)</u>
Net pension liability		(26,284)		(22,930)		(23,245)

Further disclosures can be found in the accounts of Halma p.l.c..

### 6. EMPLOYEE INFORMATION

	52 weeks ended 1 April 2006 No.	52 weeks ended 2 April 2005 No.
The average number of persons employed (including directors) by the company during the period was:	108	109
Employee costs of the company (including directors) comprised:	£	£
Wages and salaries	2,748,849	2,606,609
Social security costs	247,026	260,657
Other pension costs	318,884	313,236
	<u>3,314,759</u>	<u>3,180,502</u>

**NOTES TO THE ACCOUNTS**  
**52 week period ended 1 April 2006**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	52 weeks ended 1 April 2006 £	52 weeks ended 2 April 2005 £
Current tax:		
UK corporation tax on profits of the period	690,211	758,227
Adjustment in respect of previous periods	53,388	(10,638)
	<u>743,599</u>	<u>747,589</u>
Deferred tax:		
Origination and reversal of timing differences	48,610	(24,712)
Adjustment in respect of previous periods	(4,115)	-
	<u>788,094</u>	<u>722,877</u>

The UK corporation tax assessed for the period is in line with the standard rate of corporation tax in the UK once allowance is made for the factors listed below:

	52 weeks ended 1 April 2006 £	52 weeks ended 2 April 2005 £
Profit on ordinary activities before tax	2,544,510	2,497,420
Applying standard rate of UK corporation tax (30%)	763,353	749,226
Income not chargeable for tax purposes	(27,613)	(15,711)
Depreciation (less than)/in excess of capital allowances	(8,120)	24,712
Other timing differences	(37,409)	-
Adjustment in respect of previous periods	53,388	(10,638)
	<u>743,599</u>	<u>747,589</u>

Transfer pricing adjustments have been offset against the corresponding group relief claimed.

**NOTES TO THE ACCOUNTS**  
**52 week period ended 1 April 2006**

**8. INTANGIBLE FIXED ASSETS**

	Development costs £
<b>Cost</b>	
At 3 April 2005	-
Additions	123,437
At 1 April 2006	<u>123,437</u>
<b>Amortisation</b>	
At 3 April 2005 and 1 April 2006	<u>-</u>
<b>Net book value</b>	
At 1 April 2006	<u>123,437</u>
At 2 April 2005	<u>-</u>

**9. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant, equipment, motor vehicles and short life tooling £	Total £
<b>Cost</b>			
At 3 April 2005	1,400,000	4,478,792	5,878,792
Additions	-	409,390	409,390
Disposals	-	(292,207)	(292,207)
At 1 April 2006	<u>1,400,000</u>	<u>4,595,975</u>	<u>5,995,975</u>
<b>Accumulated depreciation</b>			
At 3 April 2005	176,778	3,790,080	3,966,858
Charge for the period	19,600	246,358	265,958
Disposals	-	(178,628)	(178,628)
At 1 April 2006	<u>196,378</u>	<u>3,857,810</u>	<u>4,054,188</u>
<b>Net book value</b>			
At 1 April 2006	<u>1,203,622</u>	<u>738,165</u>	<u>1,941,787</u>
At 2 April 2005	<u>1,223,222</u>	<u>688,712</u>	<u>1,911,934</u>

**NOTES TO THE ACCOUNTS**  
**52 week period ended 1 April 2006**

**10. STOCKS**

	<b>1 April 2006 £</b>	<b>2 April 2005 £</b>
Raw materials and consumables	307,565	375,235
Work in progress	222,778	222,758
Finished goods	649,752	687,684
	<u>1,180,095</u>	<u>1,285,677</u>

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

**11. DEBTORS**

	<b>1 April 2006 £</b>	<b>2 April 2005 £</b>
<b>Falling due within one year:</b>		
Trade debtors	2,116,683	1,859,169
Amounts due from Group companies	6,623,064	4,948,533
Other debtors	2,168	3,939
Deferred tax asset	3,939	48,434
Prepayments and accrued income	74,733	175,908
	<u>8,820,587</u>	<u>7,035,983</u>
<b>Falling due after one year:</b>		
Prepayments and accrued income	21,987	27,718
	<u>8,842,574</u>	<u>7,063,701</u>

**Deferred taxation**

	<b>1 April 2006 £</b>	<b>2 April 2005 £</b>
Accelerated capital allowances	31,880	40,479
Other short term timing differences	(27,941)	7,955
	<u>3,939</u>	<u>48,434</u>

The movement on deferred tax comprises:

	<b>£</b>
At 3 April 2005	48,434
Credited to profit and loss account (note 7)	(44,495)
At 1 April 2006	<u>3,939</u>

**NOTES TO THE ACCOUNTS**  
**52 week period ended 1 April 2006**

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

	<b>1 April 2006 £</b>	<b>2 April 2005 £</b>
Trade creditors	1,113,796	1,228,688
Amounts due to Group companies	604,363	22,980
Other taxation and social security	310,320	129,534
Corporation tax payable	314,152	400,185
Other creditors	15,117	5,135
Accruals and deferred income	259,171	194,631
	<u>2,616,919</u>	<u>1,981,153</u>

**13. FINANCIAL COMMITMENTS**

Capital commitments:

Capital expenditure authorised and contracted at 1 April 2006, but not provided in these accounts amounts to £80,301 (2005: £49,170).

Commitments under operating leases:

At 1 April 2006 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>1 April 2006 £</b>	<b>2 April 2005 £</b>	<b>1 April 2006 £</b>	<b>2 April 2005 £</b>
Within two to five years	9,500	9,500	1,992	1,992
After five years	29,000	29,000	-	-
	<u>38,500</u>	<u>38,500</u>	<u>1,992</u>	<u>1,992</u>

**14. RESERVES**

	<b>Profit and loss account £</b>
Brought forward	773,999
Retained profit for the financial period	<u>1,756,416</u>
Carried forward	<u>2,530,415</u>



**NOTES TO THE ACCOUNTS**

**52 week period ended 1 April 2006**

**15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	<b>52 weeks ended 1 April 2006 £</b>	<b>52 weeks ended 2 April 2005 £</b>
Profit for the financial period	1,756,416	1,774,543
Dividends	-	(1,700,000)
Net addition to equity shareholders' funds	1,756,416	74,543
Brought forward	8,313,780	8,239,237
Carried forward	<u>10,070,196</u>	<u>8,313,780</u>

**16. CHANGE IN ACCOUNTING POLICY**

Following the adoption of the alternative treatment of development costs permitted under SSAP 13, there was no effect on the Company's previously reported results. If the previous policy had been adopted in the current year's results, the effect would have been to reduce reported profit after tax by £123,437.

**17. RELATED PARTIES**

The Company is exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Halma group of companies.

**18. ULTIMATE PARENT COMPANY**

The ultimate parent company of Keeler Limited and the parent of the only group for which consolidated accounts are prepared which include the Company 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.