

Registered No.408759

**KEELER LIMITED**

52 weeks ended 28th March 1998

**DIRECTORS' REPORT AND ACCOUNTS**



## **KEELER LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28th March 1998**

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

#### **PROFITS AND DIVIDENDS**

The Profit and Loss Account shows a profit before taxation of £1,710,530 and the profit after taxation amounts £1,463,576. An interim dividend on the Ordinary shares of £1,100,000 was paid on 28th March 1998. The Directors do not recommend the payment of a final dividend.

#### **PRINCIPAL ACTIVITIES**

The Company is principally engaged in the manufacture and distribution of ophthalmic and medical products. The Company operates a branch in France. There has been no significant change in the activities during the period.

#### **REVIEW OF BUSINESS**

The Company performed to expectations in the period under review and is expected to continue to do so in the coming period.

#### **SUPPLIER PAYMENT POLICY**

The Company does not follow any particular supplier payment code of practice. The Company has due regard to the payment terms of suppliers and generally settles all undisputed accounts within 30 days of the due date for payment. At 28th March 1998, the Company's trade creditors represented 51 days of annual purchases.

#### **MILLENNIUM AND ECONOMIC AND 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.

#### **RESEARCH AND DEVELOPMENT**

The Company will continue to invest substantial sums in R & D.

#### **FIXED ASSETS**

Note 9 to the Accounts sets out the movements which have occurred during the period.

## KEELER LIMITED

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

#### DIRECTORS

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

P A Tett	Chairman
M Buxton-Hoare	
D C Chilvers	Appointed 1st September 1997
C R Keeler	Resigned 30th September 1997
M R Ham	Resigned 30th November 1997
M A Little	
J B Wilson	

D C Chilvers was appointed a Director since the last Annual General Meeting. Being eligible he offers himself for re-election.

#### DIRECTORS' INTERESTS

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

	<u>at 29th March 1997</u>		<u>at 28th March 1998</u>		<u>during the 52 weeks</u>	
	Shares	Options	Shares	Options	Granted	Exercised
M Buxton-Hoare	-	32,300	-	76,266	33,200	-
M A Little	1,045	10,800	1,393	23,500	9,100	-
J B Wilson	1,275	10,400	3,700	22,666	8,800	-

The Directors held the above options under the share option schemes approved by Halma p.l.c. shareholders, exercisable by 2007 at prices between 122.5p and 138p per share.

The interests given at 29th March 1997 are stated before the 1 for 3 scrip issue made in 1997. All other figures are stated in post scrip terms.

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

## **KEELER LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28th 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.

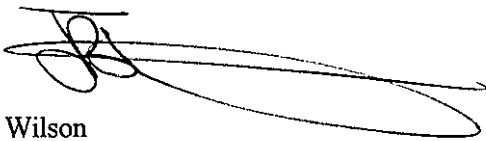
The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors consider that, in preparing the financial statements on pages 6 to 15, 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 B Wilson  
Secretary

24th July 1998

Clewer Hill Road  
Windsor  
Berkshire  
SL4 4AA

*Price Waterhouse*



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

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

### **Respective responsibilities of Directors and Auditors**

As described on page 4, the Directors of the Company 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 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**

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 its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
and Registered Auditors

24 July 1998

# KEELER LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 28th March 1998

70 weeks ended 29th March 1997		52 weeks ended 28th March 1998
<u>£15,889,533</u>	TURNOVER (Note 2)	<u>£12,401,950</u>
2,053,187	Trading profits before exceptional items	1,682,054
<u>2,514,000</u>	Exceptional items (Note 4 )	<u>-</u>
4,567,187	TRADING PROFITS (Note 3)	1,682,054
	INTEREST	
26,172	Bank interest received	293
26,620	Group Loan interest receivable	24,508
(2,172)	Other interest (payable)/receivable	3,675
<u>50,620</u>		<u>28,476</u>
4,617,807	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,710,530
(749,462)	Tax on profit on ordinary activities (Note 8)	(246,954)
<u>3,868,345</u>	PROFIT FOR THE FINANCIAL PERIOD	<u>1,463,576</u>
-	Dividends - Ordinary interim paid	<u>(1,100,000)</u>
3,868,345	PROFIT TRANSFERRED TO RESERVES	363,576
(3,468,892)	Retained (losses)/profit brought forward	399,453
<u>£399,453</u>	Retained profits carried forward	<u>£763,029</u>

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

The annexed notes form part of these accounts.

# KEELER LIMITED

## BALANCE SHEET AS AT 28th March 1998

At 29th March 1997

At 28th March 1998

		FIXED ASSETS		
2,460,123		Tangible Assets (Note 9)		2,583,653
		CURRENT ASSETS		
	2,520,237	Stocks (Note 10)	2,298,227	
	5,081,487	Debtors (Note 11)	4,828,524	
	30,742	Cash at bank and in hand	145,005	
	<u>7,632,466</u>		<u>7,271,756</u>	
		CREDITORS: Amounts falling due within one year		
	561,125	Corporation Tax	371,181	
	<u>1,592,230</u>	Creditors (Note 12)	<u>1,156,035</u>	
	<u>2,153,355</u>		<u>1,527,216</u>	
5,479,111		NET CURRENT ASSETS		<u>5,744,540</u>
7,939,234		TOTAL ASSETS LESS CURRENT LIABILITIES		8,328,193
		PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)		25,383
<u>£7,939,234</u>				<u>£8,302,810</u>
Issued and fully paid	Authorised	CAPITAL AND RESERVES	Authorised	Issued and fully paid
		CALLED UP SHARE CAPITAL		
5,008,004	8,000,000	Equity Capital (ordinary shares of £1 each)	8,000,000	5,008,004
2,531,777		SHARE PREMIUM ACCOUNT		2,531,777
399,453		PROFIT AND LOSS ACCOUNT		<u>763,029</u>
<u>£7,939,234</u>		SHAREHOLDERS' FUNDS		<u>£8,302,810</u>

Approved by the Board of Directors on 24th July 1998

M Buxton-Hoare

Directors

J B Wilson

The annexed notes form part of these Accounts.

# KEELER LIMITED

## MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE 52 WEEKS ENDED 28th March 1998

<u>1997</u>		<u>1998</u>
3,868,345	PROFIT FOR THE FINANCIAL PERIOD	1,463,576
-	Dividends	<u>(1,100,000)</u>
3,868,345	PROFIT TRANSFERRED TO RESERVES	363,576
5,000,000	Issue of ordinary shares	-
2,531,777	Share premium on ordinary share issue	-
<u>(3,460,888)</u>	SHAREHOLDERS' FUNDS BROUGHT FORWARD	<u>7,939,234</u>
<u>£7,939,234</u>	SHAREHOLDERS' FUNDS CARRIED FORWARD	<u>£8,302,810</u>



## KEELER LIMITED

### NOTES TO THE ACCOUNTS

#### 1. ACCOUNTING POLICIES

##### Basis of Accounting

The accounts set out on pages 6 to 15 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

With the exception of freehold land, 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:

Freehold buildings	2%
Plant, Machinery and Equipment	8% to 20%
Motor Vehicles	20%
Short Life Tooling	33 <sup>1</sup> / <sub>3</sub> %

##### 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.

## KEELER LIMITED

### NOTES TO THE ACCOUNTS (Continued)

#### 1. ACCOUNTING POLICIES (Continued)

##### Foreign Currency Translation

Transactions denominated in foreign currencies are translated at the exchange rate 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	6,523,418	7,878,437
United States of America	2,031,749	2,731,284
Europe excluding United Kingdom	1,735,800	2,134,516
Asia	1,449,756	2,093,179
Other	661,227	1,052,117
	<u>£12,401,950</u>	<u>£15,889,533</u>

# KEELER LIMITED

## NOTES TO THE ACCOUNTS (Continued)

3. TRADING PROFITS	<u>1998</u>	<u>1997</u>
Trading profits arise wholly from continuing activities and comprise:		
Turnover	12,401,950	15,889,533
Cost of sales	<u>(9,232,624)</u>	<u>(12,326,677)</u>
Gross profit	3,169,326	3,562,856
Distribution costs	(322,143)	(466,266)
Administrative expenses including exceptional credits (Note 4)	(1,151,345)	1,420,153
Other (Expense)/Income	<u>(13,784)</u>	<u>50,444</u>
	<u>£1,682,054</u>	<u>£4,567,187</u>
Trading profits are arrived at after charging:	£	£
Depreciation	313,568	320,782
Research and development	473,161	632,452
Auditors' remuneration : Audit fees	8,445	15,500
: non-audit fees	300	900
Operating lease rents : property	46,697	56,448
: other	41,593	89,266
4. EXCEPTIONAL ITEMS	<u>1998</u>	<u>1997</u>
Reversal of SSAP24 Pension creditor	-	514,000
Reversal of provision against former subsidiary debtor	-	2,000,000
	<u>£-</u>	<u>£2,514,000</u>
5. DIRECTORS' REMUNERATION	<u>1998</u>	<u>1997</u>
Total Remuneration (excluding pension contributions)	<u>£309,077</u>	<u>£514,620</u>
Highest paid Director	<u>£84,485</u>	<u>£118,439</u>

## KEELER LIMITED

### NOTES TO THE ACCOUNTS (Continued)

#### 6. 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's assets. Retirement benefits are accruing to 4 Directors under this Scheme.

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

The total pension cost of the Company was £210,349 (1997 : £111,901). 1997 was a lower cost as the Company enjoyed a pension holiday for part of that period. This amount includes £8,317 (1997 : £nil) in respect of the highest paid Director. The accrued pension of the highest paid Director as at 28th March 1998 is £2,373 per annum (1997 : £nil).

#### 7. EMPLOYEE INFORMATION

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

	<u>1998</u>	<u>1997</u>
	Number	Number
Full-time	157	161
Part-time	<u>13</u>	<u>12</u>
	<u>170</u>	<u>173</u>

Employee costs of the Company comprised:

Wages and salaries	2,938,873	3,889,545
Social security costs	259,878	324,980
Other pension costs	<u>210,349</u>	<u>111,901</u>
	<u>£3,409,100</u>	<u>£4,326,426</u>

#### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
UK corporation tax at 31% (1997 : 33%)	506,152	545,192
Deferred Taxation	<u>16,357</u>	<u>169,620</u>
	522,509	714,812
Prior year adjustments :		
Corporation tax	(284,581)	34,650
Deferred tax	<u>9,026</u>	<u>-</u>
	<u>£246,954</u>	<u>£749,462</u>

The charge for the year would decrease by £25,383 (1997 : increase by £143,123) if the full amount of potential deferred tax was provided.

# KEELER LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 9. TANGIBLE ASSETS

	Freehold Property	Plant, Machinery and Tooling	Equipment and Vehicles	Total
	£	£	£	£
<b>COST OR VALUATION</b>				
At 29th March 1997	1,400,000	2,349,417	2,274,646	6,024,063
Additions	-	231,423	238,274	469,697
Disposals	-	(8,355)	(193,587)	(201,942)
At 28th March 1998	1,400,000	2,572,485	2,319,333	6,291,818
<b>DEPRECIATION</b>				
At 29th March 1997	19,600	1,938,436	1,605,904	3,563,940
Charge for the period	19,600	100,088	193,880	313,568
Disposals	-	(8,355)	(160,988)	(169,343)
At 28th March 1998	39,200	2,030,169	1,638,796	3,708,165
<b>NET BOOK VALUE</b>				
At 28th March 1998	£1,360,800	£542,316	£680,537	£2,583,653
At 29th March 1997	£1,380,400	£410,981	£668,742	£2,460,123

Capital expenditure authorised and contracted at 28th March 1998 but not provided in these accounts amounts to £73,730 (1997: £86,504)

At 28th March 1998 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and Buildings		Other	
	1998 £	1997 £	1998 £	1997 £
Within one year	-	-	4,579	2,666
Within two to five years	9,000	9,000	7,425	36,058
After five years	35,965	36,659	2,708	-
	£44,965	£45,659	£14,712	£38,724

# KEELER LIMITED

## NOTES TO THE ACCOUNTS (Continued)

10. STOCKS	<u>1998</u>	<u>1997</u>
Raw materials and consumables	373,806	391,143
Work in progress	779,676	792,948
Finished goods and goods for resale	1,144,745	1,336,146
	<u>£2,298,227</u>	<u>£2,520,237</u>

11. DEBTORS	<u>1998</u>	<u>1997</u>
Trade debtors	2,003,879	1,711,084
Amounts due from Group companies	2,687,773	3,245,741
Other debtors	16,572	1,107
Prepayments and accrued income	120,300	123,555
	<u>£4,828,524</u>	<u>£5,081,487</u>

Prepayments and accrued income include £2,843 falling due after more than one year (1997 : £12,810)

12. CREDITORS	<u>1998</u>	<u>1997</u>
Trade creditors	861,343	1,446,783
Taxation and social security	120,806	84,137
Accruals and deferred income	158,293	26,416
Other Creditors	15,593	34,894
	<u>£1,156,035</u>	<u>£1,592,230</u>

# KEELER LIMITED

## NOTES TO THE ACCOUNTS (Continued)

13. PROVISION FOR LIABILITIES AND CHARGES	<u>1998</u> £	<u>1997</u> £
DEFERRED TAXATION		
Comprises timing differences due to :		
Fixed assets	38,505	-
Other	(13,122)	-
	<u>£25,383</u>	<u>£-</u>
The potential amount for all timing differences is :		
Fixed assets	-	-
Other	-	-
	<u>£-</u>	<u>£-</u>
The movement on deferred taxation comprises :	£	
At 29th March 1997	-	
Charged/(credited) to profit and loss in respect of :		
Fixed assets	(17,898)	
Other timing differences	44,126	
Future rate changes	(845)	
At 28th March 1998	<u>£25,383</u>	

## 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 Keeler 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.