

Keeler Limited

Report and Financial Statements

53 week period ended 3 April 2010

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Keeler Limited

REPORT AND FINANCIAL STATEMENTS 2010

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Keeler Limited

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Beasley
J Hooker
D J Keeler (USA)
A J Meyers (USA)
M G Norris (resigned 22 September 2010)
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 LLP
Reading

Keeler Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 53 week period ended 3 April 2010

RESULTS AND DIVIDENDS

The profit and loss account shows a profit before taxation of £3,465,336 (2009 £2,762,896) and the profit after taxation of £2,553,205 (2009 £2,872,696). An interim dividend on the ordinary shares of £2,800,000 (2009 £1,500,000) was paid on 3 April 2010. The directors do not recommend the payment of a final dividend (2009 £nil).

BUSINESS REVIEW, PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The company is a wholly owned subsidiary of Halma plc and operates as part of the group's Health Optics and Photonics 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 has a strategy of investing in new product development which has resulted in the launch of three new products in the period. The directors will further leverage the company's strength in new product development in the coming years.

The company's profit and loss account on page 6 shows that margins and profit before tax have been increased despite a decrease in sales.

The balance sheet, on page 7 of the financial statements, shows that the company's financial position at the year end has reduced slightly in net asset terms compared with the prior year. Details of amounts owed by its parent and other group companies are shown in note 15 on page 18.

The Halma plc 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 Health Optics and Photonics division of Halma plc, which includes the company, is discussed in the group's Annual Report which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive and economic 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 operates in some regulated markets and this is a risk area. The company manages this risk through operating an internationally approved quality system.

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 and by the forward selling of US dollar receipts.

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.

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The current economic conditions create uncertainty over the level of demand for the company's products. The company has net assets and a positive cash balance as set out in the balance sheet on page 7. The company also has access to the Halma group's financial resources (including a £165m 5-year revolving credit facility). After making enquiries, the directors have a reasonable expectation that despite the current economic uncertainty the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

ENVIRONMENT

The Halma plc 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 9 to the financial statements on page 14.

DIRECTORS

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

AUDITORS

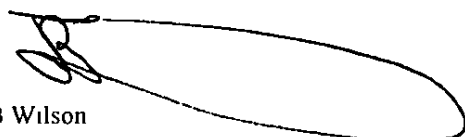
In the case of each of the persons who are directors of the company at the date when this report is approved:

- So far as each of the directors is aware, there is no relevant audit information 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 s418 of the Companies Act 2006.

Deloitte 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
1 November 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 proper accounting records that 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEELER LIMITED

We have audited the financial statements of Keeler Limited for the 53 weeks ended 3 April 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 3 April 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Mark Mullins (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom
1 November 2010

Keeler Limited

PROFIT AND LOSS ACCOUNT

For the 53 week period ended 3 April 2010

	Note	53 weeks ended 3 April 2010 £	£	52 weeks ended 28 March 2009 £	£
TURNOVER	2	14,652,824		15,880,529	
Cost of sales		(9,333,278)		(10,818,097)	
Gross profit		5,319,546		5,062,432	
Distribution costs		(287,507)		(319,407)	
Administrative expenses		(1,590,921)		(2,029,477)	
Other operating income		89,746		61,500	
		<u>(1,788,682)</u>		<u>(2,287,384)</u>	
OPERATING PROFIT		3,530,864		2,775,048	
Interest receivable and similar income					
Bank interest		5,810		15,655	
Interest payable and similar charges	6	(71,338)		(27,807)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	3,465,336		2,762,896	
Tax (charge)/credit on profit on ordinary activities	10	(912,131)		109,800	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD	19, 20	<u>2,553,205</u>		<u>2,872,696</u>	

All amounts derive from continuing operations

There are no recognised gains and losses in the current or preceding period other than the profit for the periods Accordingly, no Statement of Total Recognised Gains and Losses has been presented

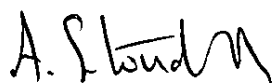
Keeler Limited

BALANCE SHEET 3 April 2010

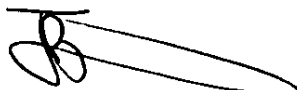
	Note	3 April 2010		28 March 2009	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	12		673,184		432,372
Tangible fixed assets	13		<u>2,035,898</u>		<u>2,052,603</u>
			2,709,082		2,484,975
CURRENT ASSETS					
Stocks	14	1,498,624		1,621,874	
Debtors	15	9,569,095		8,840,984	
Cash at bank and in hand		<u>250,959</u>		<u>217,494</u>	
			11,318,678		10,680,352
CREDITORS. amounts falling due within one year	16		<u>(2,695,387)</u>		<u>(1,647,936)</u>
NET CURRENT ASSETS			8,623,291		9,032,416
PROVISIONS FOR LIABILITIES AND CHARGES	17		<u>(216,299)</u>		<u>(154,522)</u>
NET ASSETS			<u>11,116,074</u>		<u>11,362,869</u>
CAPITAL AND RESERVES					
		Authorised	Issued and fully paid	Authorised	Issued and fully paid
CALLED UP SHARE CAPITAL					
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	19		<u>3,576,293</u>		<u>3,823,088</u>
SHAREHOLDER'S FUNDS	20		<u>11,116,074</u>		<u>11,362,869</u>

These financial statements of Keeler Limited, company number 00408759, were approved by the Board of Directors on 1 November 2010

Signed on behalf of the Board of Directors



Dr A Sotoudeh
Director



J B Wilson
Director

NOTES TO THE ACCOUNTS
53 week period ended 3 April 2010

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year with the exception of the policy for FRS 26 Financial Instruments Recognition and Measurement which has been adopted during the year. See note 5 for further information.

The company is not in scope for FRS29 which is applicable to all entities adopting FRS 26, with the exception of subsidiary undertakings, other than banks or insurance companies, 90 per cent or more of whose voting rights are controlled within the group, provided the entity is included in publicly available consolidated financial statements which include disclosures that comply with FRS 29. The ultimate parent company, into which the results of this company are consolidated, produces disclosures that comply with IFRS7 Financial Instruments Disclosures (the IFRS equivalent to FRS 29).

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The current economic conditions create uncertainty. The company has net assets and a positive cash balance as set out in the balance sheet on page 7. The company also has access to the Halma group's financial resources (including a £165m 5-year revolving credit facility). After making enquiries, the directors have a reasonable expectation that despite the current economic uncertainty the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents sales, less returns, excluding value added tax. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

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, motor vehicles and short life tooling	8% to 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, even if payments are not made on such a basis.

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

NOTES TO THE ACCOUNTS
53 week period ended 3 April 2010

1. ACCOUNTING POLICIES (CONTINUED)

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

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the profit and loss account in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments).

Derivative financial instruments

The company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in 'Financial instruments' note to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the profit and loss account.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through the profit and loss account, which are initially measured at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments of a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the combined and consolidated statement of financial position. Cash and cash equivalents in the combined and consolidated statement of cash flows and in the presentation of net debt are reflected net of overdrafts.

NOTES TO THE ACCOUNTS

53 week period ended 3 April 2010

Trade receivables

Trade receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less allowance for any impairment as appropriate. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, where the time value of money has a material impact, discounted at the effective interest rate computed at initial recognition.

Trade payables

Trade payables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method.

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. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. 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 plc and is included in the consolidated financial statements of Halma plc, 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).

Share-based payments

The Halma plc group operates a Performance Share Plan in which the company's employees participate. Awards under the plan are equity-settled and are subject to both market based and non-market based vesting criteria. Their fair value at the date of grant is established by using an appropriate simulation method to reflect the likelihood of market-based performance conditions being met. The fair value is charged to the profit and loss on a straight-line basis over the vesting period, with appropriate adjustments being made during this period to reflect expected and actual forfeitures arising from the non-market based performance conditions only.

Keeler Limited

NOTES TO THE ACCOUNTS

53 week period ended 3 April 2010

2. TURNOVER

The geographical analysis of the company's turnover by destination is as follows

	53 weeks ended 3 April 2010 £	52 weeks ended 28 March 2009 £
United Kingdom	7,100,598	7,298,922
United States of America	2,941,456	3,817,532
Europe excluding United Kingdom	1,486,078	1,726,145
Far East and Australasia	1,545,007	1,664,564
Africa, Near and Middle East	1,236,864	1,206,449
Other	342,821	166,917
	<u>14,652,824</u>	<u>15,880,529</u>

Turnover all originates in the United Kingdom and derives from the manufacture and distribution of ophthalmic, optometric and medical products

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is arrived at after charging/(crediting)

	53 weeks ended 3 April 2010 £	52 weeks ended 28 March 2009 £
Amortisation of development costs	210,555	100,945
Impairment of development costs	-	37,932
Depreciation – owned assets	336,894	326,474
Research and development	514,931	571,753
Auditors' remuneration - audit fees	18,219	18,743
Operating lease rentals - other	42,540	41,250
(Profit)/loss on disposal of fixed assets	(228)	8,309
Rental income	(89,746)	(61,500)
Foreign exchange loss	10,989	58,609
	<u>10,989</u>	<u>58,609</u>

NOTES TO THE ACCOUNTS

53 week period ended 3 April 2010

4. DIRECTORS' EMOLUMENTS

	53 weeks ended 3 April 2010 £	52 weeks ended 28 March 2009 £
Aggregate emoluments (excluding pension contributions)	690,634	351,816
Highest paid director	218,773	92,012

The total pension cost of the company was £752,687 (2009 £1,169,336) This amount includes £17,389 (2009 £17,780) in respect of the highest paid director The accrued pension of the highest paid director as at 3 April 2010 is £18,053 per annum (2009 £14,317) The accrued pensions of the remaining directors as at 3 April 2010 are £42,321 per annum (2009 £38,528)

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

5. DERIVATIVE FINANCIAL INSTRUMENTS

	Carrying value 2010 £	2009 £
Financial liabilities carried at fair value through profit and loss		
FX Forward contracts	71,338	-

As highlighted in the accounting policies (note 1), FRS 26 Financial Instruments Recognition and Measurement has been adopted during the year The increased use of derivative financial instruments makes the adoption of this accounting policy appropriate Derivative financial instruments are now being accounted for at fair value through profit and loss The impact on the prior year has been considered It is not deemed to be material and accordingly the prior year figures have not been restated

6. INTEREST PAYABLE AND SIMILAR CHARGES

	53 weeks ended 3 April 2010 £	52 weeks ended 28 March 2009 £
Group interest	-	27,807
Change in fair value of derivative financial instruments	71,338	-
	<u>71,338</u>	<u>27,807</u>

NOTES TO THE ACCOUNTS
53 week period ended 3 April 2010

7. PENSIONS

The company participates in the Halma group pension plan, which has both a defined benefit pension section and a defined contribution pension section. The company is unable to identify its share of the underlying assets and liabilities of the defined benefit section of the scheme and accordingly accounts for the scheme entirely as if it were a defined contribution scheme. The assets of the pension scheme are separately held in trustee administered funds.

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 2008 and updated as at 3 April 2010 by a qualified independent actuary.

The assets of the defined benefit section and the expected long-term rates of return were

Halma group pension plan	2010		2009		2008	
	%	£'000	%	£'000	%	£'000
Equities	7.75	67,007	7.50	46,148	7.50	62,120
Bonds	5.20	29,789	6.00	24,209	5.85	26,497
Property	6.75	10,099	7.50	3,026	6.00	2,938
S75 Debt	-	-		2,269		2,087
Total market value of assets		106,895		75,652		93,642
Present value of scheme liabilities		(142,067)		(111,230)		(122,089)
Deficit in the scheme		(35,172)		(35,378)		(28,447)
Related deferred tax		9,848		9,962		7,966
Net pension liability		(25,324)		(25,616)		(20,481)

Further disclosures can be found in the accounts of Halma plc.

8. SHARE-BASED PAYMENTS

Performance share plan

The Halma plc group operates a performance share plan in which the company's employees participate.

Awards made under this Plan vest after three years on a sliding scale subject to the group's relative Total Shareholder Return against the FTSE 250 excluding financial companies, combined with an absolute Return on Total Invested Capital measure.

A summary of the movements in share awards granted under the performance share plan is as follows:

	2010	2009
Outstanding at the beginning of year	34,945	18,477
Granted during the year	17,493	16,468
Vested during the year	(7,154)	-
Lapsed during the year	(686)	-
Outstanding at end of year	44,598	34,945
Exercisable at end of year	-	-

NOTES TO THE ACCOUNTS
53 week period ended 3 April 2010

8. SHARE-BASED PAYMENTS (CONTINUED)

The fair value of these awards was calculated using an appropriate simulation method to reflect the likelihood of the market-based performance conditions, which attach to half of the award, being met, using the following assumptions

	2010	2009	2008
Expected volatility [%]	27.5	25	19
Expected life [years]	3	3	3
Share price on date of grant [p]	196.9	192.75	240.67
Option price [p]	Nil	Nil	Nil
Fair value per option [%]	61.8	56	55
Fair value per option [p]	121.68	107.94	132.37

The expected volatility was determined by calculating the historic volatility of the group's share price over the previous three years

The total cost recognised in the Profit and Loss Account in respect of share-based payment schemes was £47,965 (2009 £51,395)

9. EMPLOYEE INFORMATION

	53 weeks ended 3 April 2010 No.	52 weeks ended 28 March 2009 No.
The average number of persons employed (including directors) by the company during the period was	95	107
Employee costs of the company (including directors) comprised	£	£
Wages and salaries	2,727,207	3,000,440
Social security costs	286,051	261,650
Other pension costs	752,687	1,169,336
Share based payments	47,965	51,395
	3,813,910	4,482,821

NOTES TO THE ACCOUNTS

53 week period ended 3 April 2010

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	53 weeks ended 3 April 2010 £	52 weeks ended 28 March 2009 £
Current tax		
UK corporation tax on profits of the period	850,354	-
Adjustment in respect of previous periods	-	(127,176)
	<u>850,354</u>	<u>(127,176)</u>
Deferred tax		
Origination and reversal of timing differences	61,777	(95,910)
Adjustment in respect of previous periods	-	113,286
	<u>61,777</u>	<u>113,286</u>
Tax on profit on ordinary activities	<u>912,131</u>	<u>(109,800)</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

	53 weeks ended 3 April 2010 £	52 weeks ended 28 March 2009 £
Profit on ordinary activities before tax	<u>3,465,336</u>	<u>2,762,896</u>
Applying standard rate of UK corporation tax of 28% (2009 28.5%)	970,294	773,611
R&D tax credit	(50,679)	(47,689)
Other permanent differences	(20,914)	(4,483)
Depreciation in excess of capital allowances	12,706	24,251
Other timing differences	(61,053)	71,659
Group relief claimed	-	(817,349)
Adjustment in respect of previous periods	-	(127,176)
	<u>-</u>	<u>(127,176)</u>
Current UK corporation tax charge/(credit)	<u>850,354</u>	<u>(127,176)</u>

Keeler Limited

NOTES TO THE ACCOUNTS 53 week period ended 3 April 2010

11. DIVIDENDS

Amounts recognised as distributions to the shareholder in the period

	3 April 2010 £	28 March 2009 £
Interim dividend for the period	<u>2,800,000</u>	<u>1,500,000</u>

The directors do not recommend the payment of a final dividend (2009 £nil)

12. INTANGIBLE FIXED ASSETS

	Development costs £
Cost	
At 29 March 2009	801,122
Additions	470,852
Retired	(19,485)
At 3 April 2010	<u>1,252,489</u>
Amortisation	
At 29 March 2009	368,750
Charge for the period	210,555
At 3 April 2010	<u>579,305</u>
Net book value	
At 3 April 2010	<u>673,184</u>
At 28 March 2009	<u>432,372</u>

NOTES TO THE ACCOUNTS
53 week period ended 3 April 2010

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant, equipment, motor vehicles and short life tooling £	Total £
Cost			
At 29 March 2009	1,565,413	5,274,103	6,839,516
Additions	-	341,511	341,511
Disposals	-	(101,030)	(101,030)
At 3 April 2010	1,565,413	5,514,584	7,079,997
Accumulated depreciation			
At 29 March 2009	262,127	4,524,786	4,786,913
Charge for the period	24,351	312,543	336,894
Disposals	-	(79,708)	(79,708)
At 3 April 2010	286,478	4,757,621	5,044,099
Net book value			
At 3 April 2010	1,278,935	756,963	2,035,898
At 28 March 2009	1,303,286	749,317	2,052,603

14. STOCKS

	3 April 2010 £	28 March 2009 £
Raw materials and consumables	513,177	510,832
Work in progress	200,098	195,980
Finished goods	785,349	915,062
	1,498,624	1,621,874

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

Keeler Limited

NOTES TO THE ACCOUNTS 53 week period ended 3 April 2010

15. DEBTORS

	3 April 2010 £	28 March 2009 £
Falling due within one year:		
Trade debtors	1,942,814	2,239,933
Amounts due from group companies	7,331,077	5,852,182
Other debtors	10,711	-
Corporation tax prepayment	168,954	591,188
Prepayments and accrued income	115,539	157,681
	<u>9,569,095</u>	<u>8,840,984</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	3 April 2010 £	28 March 2009 £
Trade creditors	1,475,981	1,024,305
Amounts due to group companies	721,875	187,349
Other taxation and social security	171,106	154,215
Other creditors	5,000	5,102
Derivative financial instruments	71,338	-
Accruals and deferred income	250,087	276,965
	<u>2,695,387</u>	<u>1,647,936</u>

NOTES TO THE ACCOUNTS
53 week period ended 3 April 2010

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £	Product warranties £	Other £	Total £
At beginning of period	94,522	40,000	20,000	154,522
Charged to profit and loss account	61,777	-	-	61,777
At end of period	<u>156,299</u>	<u>40,000</u>	<u>20,000</u>	<u>216,299</u>

The provision for product warranties relates to the expected warranty claims on products sold in the last year. It is expected that this expenditure will be incurred in the next financial year.

Other provisions consist of various dilapidations. It is expected that this expenditure will be incurred between 2011 and 2016.

Deferred taxation	3 April 2010 £	28 March 2009 £
Accelerated capital allowances	32,193	19,487
Other short term timing differences	(188,492)	(114,009)
	<u>(156,299)</u>	<u>(94,522)</u>

The movement on deferred tax comprises

	£
At 29 March 2009	(94,522)
Charged to profit and loss account (note 10)	<u>(61,777)</u>
At 3 April 2010	<u>(156,299)</u>

NOTES TO THE ACCOUNTS
53 week period ended 3 April 2010

18 FINANCIAL COMMITMENTS

Capital commitments:

Capital expenditure authorised and contracted at 3 April 2010, but not provided in these accounts amounts to £164,707 (2009 £83,699)

Commitments under operating leases:

At 3 April 2010 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings	
	3 April 2010	28 March 2009
	£	£
Within two to five years	10,750	10,750
After five years	31,790	30,500
	<u>42,540</u>	<u>41,250</u>

19. RESERVES

	Share premium account £	Profit and loss account £
Brought forward at 29 March 2009	2,531,777	3,823,088
Profit for the financial period	-	2,553,205
Dividends	-	(2,800,000)
Carried forward at 3 April 2010	<u>2,251,777</u>	<u>3,576,293</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	53 weeks ended 3 April 2010 £	52 weeks ended 28 March 2009 £
Profit for the financial period	2,553,205	2,872,696
Dividends	(2,800,000)	(1,500,000)
Net (deduction from)/addition to shareholder's funds	(246,795)	1,372,696
Brought forward	<u>11,362,869</u>	<u>9,990,173</u>
Carried forward	<u>11,116,074</u>	<u>11,362,869</u>

NOTES TO THE ACCOUNTS
53 week period ended 3 April 2010

21. 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

22. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party of Keeler Limited and the parent of the only group for which consolidated accounts are prepared which include the company is Halma plc. The accounts of Halma plc can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Bucks, HP7 0DE