

VOLUMATIC LIMITED

1 APRIL 1989

DIRECTORS' REPORT AND ACCOUNTS

1069143

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 1 APRIL 1989

The Directors present their annual report and the audited accounts for the 52 weeks ended 1 April 1989.

PROFITS AND DIVIDENDS

The Profit and Loss Account shows a profit before taxation of £641,423 and the profits after taxation amounts to £412,592. An interim dividend on the Ordinary Shares of £400,000 was paid on 2 April 1989. The Directors do not recommend the payment of a final dividend. The remaining profit of £12,592 will be added to reserves.

PRINCIPAL ACTIVITIES

The company is principally engaged in the assembly, servicing and distribution of security and safety products and there has been no significant change in these activities during the period.

REVIEW OF BUSINESS

The Directors consider that the Company's financial results and resources are satisfactory. The need by the Company's customers to provide security should ensure a continuing demand for the Company's retail security and document destruction products.

FUTURE DEVELOPMENTS

The Company continues to improve its existing products and search for new products.

FIXED ASSETS

There have been no significant changes in fixed assets during the period. Note 7 to the accounts sets out the movements which have occurred during the period.

DIRECTORS

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

S R O'SHEA
P A TETT
F R PEGG
H L MATHEW
N ASHURST
G V SMITH
D W DALTON

STATEMENT OF ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 1989 (Continued)

DIRECTORS' INTERESTS

The Company is a wholly owned subsidiary of Halma p.l.c. In accordance with Schedule 7 paragraph 2 of the Companies Act 1985 the interests of the Directors at 1 April 1989 who were not also Directors of Halma p.l.c., in the Ordinary Shares of that Company were as follows :

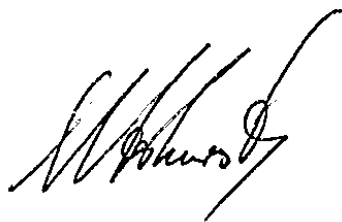
	2 April 1988 (or appointment)	1 April 1989
F R PENG	53,328	67,527
S R O'SHEA	540	540
N ASHURST	1,674	1,970
G V SMITH	260	526

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

AUDITORS

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

By Order of the Board



N ASHURST
Secretary

19 June 1989

Taurus House
Enders Road
Coventry West Midlands

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF VOLUMATIC LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 1 April 1989 and of its profit and source and application of funds for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants

19 June 1989

VOLUMATIC LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 1 APRIL 1989

1988

£2,878,781	TURNOVER (Note 2)	£3,108,250
<hr/>		<hr/>
481,716	Trading Profits (Note 3)	603,217
	INTEREST	
(6,733)	Bank Overdraft Interest Payable	(9,519)
34,699	Group Loan Interest Receivable	47,725
<hr/>		<hr/>
27,966		38,206
<hr/>		<hr/>
509,682	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	641,423
(182,158)	Tax on profit on ordinary activities (Note 6)	(228,831)
<hr/>		<hr/>
327,524	PROFIT FOR THE FINANCIAL YEAR	412,592
(300,000)	Dividends - Ordinary interim payable	(400,000)
<hr/>		<hr/>
27,524	TRANSFER TO RESERVES	12,592
398,858	Retained profit at beginning of the period	426,382
<hr/>		<hr/>
£426,382	Retained profits at end of the period	£438,974
<hr/>		<hr/>

The annexed notes form part of these accounts

VALOMATIC LIMITED

BALANCE SHEET AS AT 1 APRIL 1989

1988		FIXED ASSETS	
207,890		Tangible Assets (Note 7)	213,369
		CURRENT ASSETS	
304,327		Stocks (Note 8)	464,809
697,239		Debtors (Note 9)	806,296
126,063		Cash at Bank and in Hand	77,477
10,163		Deferred Taxation (Note 11)	8,562
<u>1,147,792</u>		<u>1,357,144</u>	
		CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	
300,000		Dividend Payable	400,000
181,200		Corporation Tax	266,680
447,109		Creditors (Note 10)	463,859
<u>928,309</u>		<u>1,130,539</u>	
219,483		NET CURRENT ASSETS	226,605
<u>£427,382</u>		TOTAL ASSETS LESS CURRENT LIABILITIES	<u>£439,974</u>
		CAPITAL AND RESERVES	
Authorised, issued and fully paid			Authorised, issued and fully paid
		CALLED UP SHARE CAPITAL	
900		£1 Ordinary Shares	900
100		£1 Deferred Shares	100
<u>1,000</u>		<u>1,000</u>	
426,382		PROFIT AND LOSS ACCOUNT	438,974
<u>£427,382</u>		<u>£439,974</u>	

Approved by the Board of Directors
on 19 June 1989

H L MATHEW

H L MatheW
N Ashurst

N ASHURST

The annexed notes form part of these accounts

VOLLMATIC LIMITED

SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED 1 APRIL 1989

1988		SOURCE OF FUNDS	
509,682		Profit before Taxation	641,423
	62,254	Depreciation	69,418
	10,073	Disposal of Fixed Assets	18,955
	<u> </u>		<u> </u>
72,327			88,373
<u> </u>			<u> </u>
582,009			729,796
		APPLICATION OF FUNDS	
	58,914	Capital Expenditure	93,843
	201,282	Taxation Paid	141,750
	150,000	Dividends Paid	300,000
	<u> </u>		<u> </u>
(410,196)			(535,593)
<u> </u>			<u> </u>
171,813			194,203
		(INCREASE)/DECREASE IN WORKING CAPITAL	
	23,892	(Increase)/Decrease in stocks	(160,482)
	(103,389)	Decrease/(Increase) in Debtors	(109,057)
	(8,168)	Decrease/(Increase) in Creditors	16,750
	<u> </u>		<u> </u>
(87,665)			(252,789)
<u> </u>			<u> </u>
£84,148			£(58,586)
<u> </u>			<u> </u>
		INCREASE/(DECREASE) IN NET LIQUID FUNDS	
£84,148		Increase in Cash Balances	£(58,586)
<u> </u>			<u> </u>

The annexed notes form part of these accounts

VASMACTO LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts set out on pages 4 - 11 are prepared under the historical cost convention.

Turnover

Turnover represents sales less returns excluding Value Added Tax.

Profits

Profit before taxation reflects profits arising from normal trading and excludes profits and losses on transactions outside the ordinary activities of the Company. Such items are treated as extraordinary items.

Depreciation

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

Plant, machinery and equipment	8% to 20%
Motor vehicles	20%

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 fixed assets over the corresponding depreciation charged in the accounts, and also on timing differences relating to patents.

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 are included at the lower of cost and net realisable value. Costs include 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.

Leases

Rental Payments in respect of operating leases are charged to the profit and loss account in the period in which they become payable.

NOTES TO THE ACCOUNTS

2. TURNOVER

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

	<u>1989</u>	<u>1988</u>
United Kingdom	2,526,138	2,236,917
Europe	411,478	532,265
Far East and Australia	88,107	49,674
Africa, Near and Middle East	12,218	20,529
United States of America	67,154	36,924
Other	3,155	2,472
	<hr/>	<hr/>
	£3,108,250	£2,878,781
	<hr/>	<hr/>

3. TRADING PROFITS

	<u>1989</u>	<u>1988</u>
Trading profits comprise :		
Turnover	3,108,250	2,878,781
Cost of Sales	2,167,602	2,019,695
	<hr/>	<hr/>
Gross Profit	940,648	859,086
Distribution Costs	(74,174)	(63,854)
Administration Expenses	(261,513)	(300,302)
Other Operating Expenses	(1,744)	(13,214)
	<hr/>	<hr/>
	£603,217	£481,716
	<hr/>	<hr/>
Trading Profits are arrived after charging :		
Depreciation	69,418	62,254
Directors' Remuneration (Note 4)	152,331	112,152
Auditors' Remuneration	6,000	6,737
Hire of Plant and Machinery	4,380	3,079

NOTES TO THE ACCOUNTS (Continued)

4. DIRECTORS' REMUNERATION

Remuneration (excluding pension contributions)

	<u>1989</u>	<u>1988</u>
Chairman	Nil	Nil
Highest paid Director	40,700	£30,160
Other Directors		
£ 0 - £ 5,000	1	-
£ 5,001 - £10,000	-	1
£20,001 - £25,000	3	3
£25,001 - £30,000	1	-

5. EMPLOYEE INFORMATION

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

	<u>1989</u>	<u>1988</u>
Full-time	56	51
Part-time	2	5
	<u>58</u>	<u>56</u>

Employee costs of the Company comprised:

Wages and salaries	582,566	505,364
Social Security costs	50,736	48,595
Other pension costs	24,385	12,151
	<u>£657,687</u>	<u>£566,110</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1989</u>	<u>1988</u>
Corporation Tax at 35%	228,100	181,200
Relief for capital allowances in excess of depreciation	(138)	-
Charge for depreciation in excess of capital allowance	-	1,879
Prior year adjustment	869	(921)
	<u>£228,831</u>	<u>£182,158</u>

Comprising

Current Taxation	227,230	180,279
Deferred Taxation	1,601	1,879
	<u>£228,831</u>	<u>£182,158</u>

DEBIT TO THE ACCOUNTS (Continued)

7. TANGIBLE ASSETS	Plant, Equipment and Vehicles
COST	
At 2 April 1988	352,442
Additions	93,843
Disposals	(41,692)
	<hr/>
At 1 April 1989	404,593
	<hr/>
Depreciation	
At 2 April 1988	144,543
Charge for the Period	69,418
Disposals	(22,737)
	<hr/>
At 1 April 1989	191,224
	<hr/>
NET BOOK VALUE	
At 1 April 1989	£213,369
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NET BOOK VALUE	
At 2 April 1988	£207,899
	<hr/>

CAPITAL COMMITMENTS

Capital expenditure authorised and outstanding at 1 April 1989 amount to £Nil (1988: £36,129). Contracts placed against these authorisations so far as not provided in these accounts amounted to £Nil (1988: £14,713).

8. STOCKS

	<u>1989</u>	<u>1988</u>
Raw Materials and Consumables	115,818	84,494
Finished Goods and Goods for resale	348,991	219,833
	<hr/>	<hr/>
	£464,809	£304,327
	<hr/>	<hr/>

9. DEBTORS

	<u>1989</u>	<u>1988</u>
Trade Debtors	507,554	589,640
Amounts due from Group Companies	264,870	84,730
Other Debtors	14,022	1,594
Prepayments and accrued income	19,850	21,275
	<hr/>	<hr/>
	£806,296	£697,239
	<hr/>	<hr/>

Trade debtors include £Nil due after more than one year (1988: £25,414).

NOTES TO THE ACCOUNTS (Continued)

10. CREDITORS	<u>1989</u>	<u>1988</u>
Trade Creditors	333,656	308,787
Taxation and Social Security	24,134	54,593
Amount due to Group Companies	37,138	27,042
Accruals and Deferred Income	29,606	26,723
Other Creditors	39,325	29,964
	<hr/>	<hr/>
	£463,859	£447,109
	<hr/>	<hr/>

11. DEFERRED TAXATION	<u>1989</u>	<u>1988</u>
Deferred Taxation		
Comprises timing differences due to:		
Fixed Assets	1,475	7,427
Other - patents	(10,037)	(17,590)
	<hr/>	<hr/>
	£(8,562)	£(10,163)
	<hr/>	<hr/>

The potential amount for all timing differences is :

Fixed Assets	16,259	22,711
Other - patents	(10,037)	(17,590)
	<hr/>	<hr/>
	£6,222	£5,121
	<hr/>	<hr/>

The element of the deferred tax asset relating to patents will be released to the Profit and Loss Account over the lives of the respective patents.

12. PENSIONS

The Company operates three pension schemes which are financed through separate trustee administered funds. Contributions to these funds which are charged against profits are based upon actuarial advice following the most recent valuation of these funds.

13. ULTIMATE HOLDING COMPANY

The ultimate holding company of Volumatic Limited is Halma P.L.C., a company incorporated in Great Britain.