

Fulleon Limited

Report and Accounts

31 December 2003

Registered Number: 1342230



Fulleon Limited

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the production of electronic sounders for use in fire alarm and security systems and associated equipment.

REVIEW OF THE BUSINESS

The results for the year are shown on page 4.

No dividends were paid during the year (2002: £nil). A retained profit of £1,706,000 (2002: profit of £1,406,000) was transferred to reserves.

The directors consider that the company's financial position at the end of the year is satisfactory.

FUTURE DEVELOPMENTS IN THE BUSINESS

The company is expected to continue with its current activity.

RESEARCH AND DEVELOPMENT

The company continues to invest in research into new products and activities as well as introducing new technology to improve service to customers and reduce manufacturing costs.

EMPLOYEES

The Company gives disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable candidates, having regard to their particular aptitudes and abilities. Whenever possible, provision is made for training and career development of disabled persons and every effort would be made to retrain any employee who became disabled. The Company recognises the importance of good employee relations and the management is encouraged to adopt such employee consultation as appropriate.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as follows:

K T N Chapman (resigned 31 December 2003)

J E Scrimshaw

M Clementson

P W Maxwell

No director had any interest in the shares of the company at any stage during the year.

The directors had no material interest in any other contract of significance in relation to the business of the company at any stage during the year.

AUDITORS

In accordance with Section 386 of the Companies Act 1985, a resolution has been passed to dispense with the obligation to appoint auditors annually. Accordingly Ernst & Young LLP shall be deemed to be re-appointed as auditors 28 days after the accounts are sent to members.

On behalf of the board



P W Maxwell

Director

28/10/04

Fulleon Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year, which 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 year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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 FULLEON LIMITED

We have audited the company's financial statements for the year ended 31 December 2003, which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of Movement in Shareholders' Funds and the related notes 1 to 19. These financial statements have been prepared on the basis of 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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

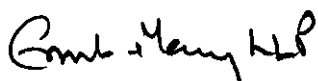
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham

28/10/04

Fulleon Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
TURNOVER	2	14,341	13,333
Cost of sales		(8,342)	(8,323)
GROSS PROFIT		5,999	5,010
Net operating expenses	4	(3,629)	(2,892)
OPERATING PROFIT	6	2,370	2,118
Net interest receivable	5	33	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,403	2,118
Tax on profit on ordinary activities	7	(697)	(712)
RETAINED PROFIT FOR THE YEAR	14	1,706	1,406

There are no recognised gains and losses other than as shown above.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 31 December 2003

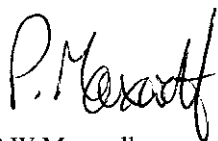
	2003 £'000	2002 £'000
Retained profit for the year	1,706	1,406
Opening shareholders' funds	3,673	2,267
Closing shareholders' funds	5,379	3,673

Fulleon Limited

BALANCE SHEET at 31 December 2003

	Notes	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	8	2,002	2,035
CURRENT ASSETS			
Stocks	9	1,307	1,199
Debtors	10	3,322	2,827
Cash at bank and in hand		1,486	1,917
		<u>6,115</u>	<u>5,943</u>
CREDITORS: amounts falling due within one year	11	<u>(2,738)</u>	<u>(4,305)</u>
NET CURRENT ASSETS		<u>3,377</u>	<u>1,638</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,379</u>	<u>3,673</u>
CAPITAL AND RESERVES			
Called up share capital	13	40	40
Profit and loss account	14	5,339	3,633
EQUITY SHAREHOLDERS' FUNDS		<u>5,379</u>	<u>3,673</u>

The report and accounts were approved by the board of directors on the date shown below and were signed on its behalf by:



P W Maxwell
Director

28/12/04

NOTES TO THE ACCOUNTS

at 31 December 2003

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's financial statements.

Accounting convention

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents amounts invoiced by the company in respect of goods sold during the year and services provided, net of value added tax and trade discounts.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, so as to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold buildings	50 years
Motor vehicles	4 years
Plant and equipment	4 to 7 years

The carrying values of tangible fixed assets are reviewed for impairment in periods, if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Finished goods and work in progress includes all direct costs and attributable overheads incurred in bringing the stocks to their present location and condition. Net realisable value is based on estimated selling prices less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Rentals payable under operating leases are charged on an accruals basis in accordance with the rentals determined under the respective lease terms.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pensions

Menvier Group plc, the immediate parent undertaking of the company operates a defined contribution pension scheme in respect of certain employees. The scheme's funds are administered by trustees and are independent of the Group's finances. Pension costs are charged to the profit and loss account in the period when they fall due.

NOTES TO THE ACCOUNTS

at 31 December 2003

1. ACCOUNTING POLICIES (continued)

Research and development

Expenditure on research and development is written off in the year in which it is incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any such expenditure is carried forward within prepayments and accrued income and is amortised in line with the expected future sales from the related project. The amounts carried forward at 31 December 2003 amount to £nil (2002: £ nil).

Cash flow

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement, on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

Related party transactions

Under Financial Reporting Standard 8 the company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that its results are included in the consolidated financial statements of Cooper Industries (U.K.) Limited, which are publicly available.

2. TURNOVER

The analysis of turnover by geographical area (by destination) is as follows:

	2003 £'000	2002 £'000
United Kingdom and Republic of Ireland	8,426	8,300
Europe	5,360	4,516
Other	555	517
	<u>14,341</u>	<u>13,333</u>

The directors consider that there is only one class of business, all originating in the United Kingdom.

3. EMPLOYEES AND DIRECTORS

The monthly average number of employees (including directors) during the year, was as follows:

	2003 No.	2002 No.
Production	111	118
Sales	13	14
Administration	27	23
	<u>151</u>	<u>155</u>

Fulleon Limited

NOTES TO THE ACCOUNTS at 31 December 2003

3. EMPLOYEES AND DIRECTORS *(continued)*

The aggregate payroll costs of these persons were as follows:

	2003 £'000	2002 £'000
Wages and salaries	2,534	2,504
Social security costs	232	212
Other pension costs	36	34
	<u>2,802</u>	<u>2,750</u>

Aggregate directors' emoluments, comprise:

	2003 £'000	2002 £'000
Emoluments	78	112
Compensation for loss of office	-	46
	<u>78</u>	<u>158</u>
Company contributions paid to money purchase pension schemes	<u>3</u>	<u>10</u>

	2003 No.	2002 No.
Retirement benefits are accruing to the following number of directors under money purchase pension schemes:	<u>1</u>	<u>2</u>

4. NET OPERATING EXPENSES

	2003 £'000	2002 £'000
Distribution costs	339	224
Administration expenses	3,290	2,668
	<u>3,629</u>	<u>2,892</u>

5. NET INTEREST RECEIVABLE

	2003 £'000	2002 £'000
Bank interest receivable	52	66
Interest payable to group undertakings	(19)	(65)
Other interest payable	-	(1)
	<u>33</u>	<u>-</u>

Fulleon Limited

NOTES TO THE ACCOUNTS at 31 December 2003

6. OPERATING PROFIT

Operating profit is stated after charging / (crediting) the following:

	2003 £'000	2002 £'000
Depreciation of owned fixed assets	236	231
Loss on disposal of fixed assets	6	-
Hire of plant and equipment	45	51
Research and development expenditure written off	421	372
Auditors' remuneration - audit fees	10	9
-other services	-	4
	<u>716</u>	<u>700</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
UK corporation tax:		
UK corporation tax on profits for the year	724	650
Adjustments in respect of prior years	(8)	50
	<u>716</u>	<u>700</u>
Deferred tax:		
Originating on reversal of timing differences	(1)	(2)
Depreciation in excess of capital allowances	7	7
Adjustments in respect of prior years	(25)	7
	<u>697</u>	<u>712</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are reconciled below:-

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	2,403	2,118
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002:30%)	721	635
Disallowed expenses and non taxable income	9	19
Capital allowances in excess of depreciation	(7)	(7)
Other timing differences	1	3
Adjustments in respect of previous years	(8)	50
Total current tax	<u>716</u>	<u>700</u>

Fulleon Limited

NOTES TO THE ACCOUNTS

at 31 December 2003

8. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £'000</i>	<i>Plant and equipment £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost:				
At 1 January 2003	1,693	1,709	27	3,429
Additions	-	216	-	216
Disposals	-	(223)	(1)	(224)
At 31 December 2003	1,693	1,702	26	3,421
Depreciation:				
At 1 January 2003	128	1,239	27	1,394
Provided during the year	27	209	-	236
Disposals	-	(210)	(1)	(211)
At 31 December 2003	155	1,238	26	1,419
Net book value:				
At 31 December 2003	1,538	464	-	2,002
At 31 December 2002	1,565	470	-	2,035

The total cost of non-depreciable land is £329,000 (2002: £329,000). The directors consider that the book value of freehold land and buildings is not materially different to the market value.

9. STOCKS

	<i>2003 £'000</i>	<i>2002 £'000</i>
Raw materials and consumables	1,039	783
Work in progress	15	113
Finished goods and goods for resale	253	303
	1,307	1,199

The difference between the purchase price or production cost of stocks and their replacement cost is considered by the directors as being not material.

Fulleon Limited

NOTES TO THE ACCOUNTS at 31 December 2003

10. DEBTORS

	2003 £'000	2002 £'000
Trade debtors	2,837	2,461
Amounts owed by group undertakings	255	134
VAT recoverable	93	137
Prepayments and accrued income	101	78
Deferred tax asset	36	17
	<u>3,322</u>	<u>2,827</u>

11. CREDITORS: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	1,074	1,072
Amounts owed to group undertakings	607	2,315
Corporation tax	724	658
Other taxes and social security costs	75	56
Accruals and deferred income	258	204
	<u>2,738</u>	<u>4,305</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax

	2003 £000	2002 £000
At 1 January	(17)	(29)
(Credited)/charged during the year	(19)	12
At 31 December	<u>(36)</u>	<u>(17)</u>

Deferred taxation assets provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Capital allowances in advance of depreciation	(35)	(13)	-	-
Other timing differences	(1)	(4)	-	-
	<u>(36)</u>	<u>(17)</u>	<u>-</u>	<u>-</u>

13. SHARE CAPITAL

	2003 £'000	2002 £'000
Authorised, allotted, called up and fully paid: 40,000 ordinary shares of £1 each	40	40

Fulleon Limited

NOTES TO THE ACCOUNTS

at 31 December 2003

14. PROFIT AND LOSS ACCOUNT

	2003 £'000	2002 £'000
Retained profit brought forward	3,633	2,227
Retained profit for the year	1,706	1,406
Retained profit carried forward	<u>5,339</u>	<u>3,633</u>

15. OPERATING LEASE COMMITMENTS

At the end of the year the company had annual commitments under non-cancellable operating leases in respect of plant and machinery as follows:

	2003 £'000	2002 £'000
Leases expiring:		
Within one year	7	5
In two to five years	19	32
	<u>26</u>	<u>37</u>

16. CONTINGENT LIABILITIES

Guarantees have been given by the company in the ordinary course of business in respect of overdraft facilities granted to certain group companies. At the balance sheet date, £63,031,000 (2002: £34,936,000) was outstanding under such guarantees.

17. CAPITAL COMMITMENTS

Amounts contracted for but not provided for in the financial statements amounted to £nil (2002: £9,000).

18. PENSION COMMITMENTS

The pension charge for the year ended 31 December 2003 was £35,978 (2002: £34,143). At 31 December 2003, there were no outstanding contributions (2002: £nil). The company employees participate in the Menvier Group plc defined contribution scheme.

19. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the smallest group of which the company is a member and for which group accounts are prepared is Cooper Industries (U.K.) Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent company is Cooper Industries Limited of Bermuda, a company listed on the New York Stock Exchange.

Copies of the latest published report and accounts of these companies can be obtained from the offices of Cooper Industries (U.K.) Limited, Jephson Court, Tancred Close, Royal Leamington Spa, Warwickshire CV31 3RZ, England.