

Cooper Fulleon Limited

Report and Financial Statements

31 December 2010

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COMPANIES HOUSE

Directors

R L Campbell
S D Whittaker
B T Walder

Secretaries

Abogado Nominees Limited
T V Helz

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Registered Office

Jephson Court
Tancred Close
Queensway
Royal Leamington Spa
Warwickshire CV31 3RZ

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

The profit for the year after taxation amounted to £2,244,000 (2009 profit – £2,948,000) The directors paid a dividend of £14,500,000 (2009 – £nil)

Principal activities and review of the business

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

Fulleon continues to trade successfully despite increased competition Ongoing emphasis on cost control resulted in the company maintaining operating margins and return on sales

Key Performance Indicators	Definition	Ratio	
		2010	2009
Return on sales	Profit before tax/Turnover	18.5%	18.5%
Gross Profit%	Gross Profit/Turnover	42.0%	42.3%
Operating Profit %	Operating Profit/Turnover	17.8%	17.6%
Operating working capital turns	Turnover/(Trade debtors+ stocks-trade creditors)	5.6	5.2
Inventory turns	Annual cost of sales(COS)/stocks	7.9	7.2
Operating Profit per employee (£'000)	Operating Profit/ number of employees	26.8	25.3
Trade debtor days	Trade debtors/Average sales per day	56.3	55.1
Trade creditor days	Trade creditors/Average COS per day	31.5	24.8

Directors' report

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as – competitive, legislative and financial

Competitive risks

There is increasing competition from companies in the market on price, service and technology

Legislative risks

In the UK and Europe, electronic sounders must be manufactured to EU standards which are subject to continuous revision. Any new directives may have an impact on the returns the company currently delivers. In addition to the compliance costs, failure to comply with the standards could materially affect the company's ability to operate in a particular market.

The developing markets of Asia and South America are setting their own standards which are different to those required in Europe and the US resulting in increased costs of entry into these markets.

Financial

As the company operates worldwide and sells in different currencies, exchange rate movement is a constant risk to profitability as it is not possible to continually revise prices.

Research and development activities

The company has maintained its commitment in the area of research and development. Continuity of investment in this area is essential for the company to retain a competitive position in the market.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report.

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

The directors who served the company during the year were as follows

R L Campbell
G L Gawronski (Resigned October 1st 2010)
S D Whittaker
K M A Beyen (Resigned July 29th 2011)
B T Walder

Directors' report

Directors' qualifying third party indemnity provisions

Cooper Industries plc, the ultimate parent has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

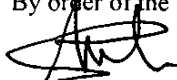
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



S Whittaker
Director

Date 28 September 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 are sufficient to show and explain the company's transactions and 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 Cooper Fulleon Limited

We have audited the financial statements of Cooper Fulleon Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 19. 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 auditor's 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 set out on page 5, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of Cooper Fulleon Limited

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

Ernst & Young LLP

Ken Griffin, (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

29 September 2011

Profit and loss account

for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Turnover	2	16,867	15,668
Cost of sales		(9,780)	(9,045)
Gross Profit		7,087	6,623
Net operating expenses	4	(4,089)	(3,863)
Operating Profit	3	2,998	2,760
Interest receivable and similar income	6	129	143
Profit on ordinary activities before taxation		3,127	2,903
Tax	7	(883)	45
Profit for the financial year	13	2,244	2,948

The profit and loss account is prepared in respect of continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2010

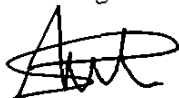
There are no recognised gains or losses other than disclosed in the profit and loss account above

Balance Sheet

at 31 December 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Tangible assets	8	1,609	1,628
Current assets			
Stocks	9	1,243	1,255
Debtors	10	3,177	26,216
Cash at bank and in hand		129	362
		4,549	27,833
Creditors amounts falling due within one year	11	(3,576)	(14,623)
Net current assets		973	13,210
Total assets less current liabilities		2,582	14,838
Capital and reserves			
Called up share capital	12	40	40
Profit and loss account	13	2,542	14,798
Shareholders' funds	13	2,582	14,838

These financial statements were approved by the directors and authorised for issue on 28 September 2011 and are signed on their behalf by



S Whittaker
Director

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Statement of cash flows

Under FRS1 (revised 1996) the company is exempt from the requirement to prepare a statement of cash flows, on the grounds that the ultimate parent undertaking includes the company in its own published group financial statements

Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Freehold buildings	–	50 years
Motor vehicles	–	4 years
Plant and machinery	–	4 to 7 years

The carrying values of tangible fixed assets are reviewed for impairment when 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.

Tax

The charge for taxation is based on the result for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes.

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

Deferred taxation

Deferred taxation 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 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

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

Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pensions

Cooper Safety Limited, 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 company's finances. Pension costs are charged to the profit and loss account in the year in which contributions fall due

Notes to the financial statements

at 31 December 2010

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report

An analysis of turnover by geographical market is given below

	2010 £000	2009 £000
UK	6,384	6,313
Europe	9,497	8,382
Other	986	973
	<u>16,867</u>	<u>15,668</u>

3. Operating Profit

This is stated after charging

	2010 £000	2009 £000
Auditors' remuneration – audit of the accounts	20	21
Depreciation of owned fixed assets	93	100
Hire of plant and equipment	74	72
Research and development expenditure written off	681	680

4. Net operating expenses

	2010 £000	2009 £000
Distribution costs	239	193
Administrative expenses	3,850	3,670
	<u>4,089</u>	<u>3,863</u>

Notes to the financial statements

at 31 December 2010

5. Staff costs

	2010	2009
	£000	£000
Wages and salaries	2,414	2,305
Social security costs	249	234
Other pension costs	93	71
	<u>2,756</u>	<u>2,610</u>

The average monthly number of employees during the year was made up as follows

	2010	2009
	No	No
Production	69	64
Sales	15	16
Administration	28	29
	<u>112</u>	<u>109</u>

Directors serving in the current year received emoluments in relation to services provided to this company amounting to £121,002 (2009 – £121,988) of which £10,111 (2009 – £7,067) relates to contributions paid to money purchase pension schemes in respect of the directors. Directors for whom the company makes contributions to money purchase pension schemes totalled 1 (2009 – 1).

In addition, a number of other directors of the company are remunerated by other companies in the Cooper group. These directors estimate that the value of their qualifying services provided to this company is £18,000.

6. Interest receivable and similar income

	2010	2009
	£000	£000
Bank interest receivable / (payable)	(105)	128
Interest on intercompany loans	234	15
	<u>129</u>	<u>143</u>

Notes to the financial statements

at 31 December 2010

7. Tax

(a) Tax on profit on ordinary activities

The tax charge/(credit) is made up as follows

	2010 £000	2009 £000
<i>Current tax</i>		
UK corporation tax on profits for the year	873	–
Total current tax (note 7(b))	873	–
<i>Deferred tax</i>		
Origination/reversal of timing differences	10	(45)
Adjustments in respect of prior years	–	–
	10	(45)
Tax on profit on ordinary activities	883	(45)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	3,127	2,903
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 28%)	876	813
<i>Effects of</i>		
Expenses not deductible for tax purposes	6	3
Depreciation in excess of capital allowances	(4)	(3)
Depreciation on ineligible assets less IBAs	6	4
Other timing differences	(3)	46
Utilisation of group losses	–	(863)
Share scheme deduction	(8)	–
Current tax for the year (note 7 (a))	873	–

Notes to the financial statements

at 31 December 2010

7. Tax (continued)

(c) Deferred tax asset

	2010 £000	2009 £000
At 1 January	96	51
(Charged)/credited to the profit and loss account (note 7)	(10)	45
At 31 December	86	96

Deferred taxation assets recognised in the accounts are as follows

	2010 £000	2009 £000
Depreciation in excess of capital allowances	35	41
Other timing differences	51	55
	86	96

(d) Change to future tax rates

In his budget of 22 June 2010, the Chancellor of the Exchequer announced Budget tax changes, which, if enacted in the proposed manner, will have a significant effect on the Company's future tax position. As at the balance sheet date, the tax changes announced in the Budget were not 'substantively enacted' and as such, in accordance with accounting standards, the changes have not been reflected in the Company's financial statements as at 31 December 2010.

The budget proposed a decrease in the rate of UK corporation tax from 28% to 23% by 1% each year, from April 2011, which will be enacted annually. The effect of the reduction in the tax rate to 24% on the Company's deferred tax asset would be to reduce the deferred tax asset by £13,000. The budget also proposed a decrease in the capital allowance rates available on plant and machinery and integral fixtures from 20% to 18% and 10% to 8% respectively from 1 April 2012. The above changes to the capital allowance and tax rates will impact the amount of the future cash tax payment to be made by the Company.

Notes to the financial statements

at 31 December 2010

8. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Plant and equipment £000</i>	<i>Total £000</i>
Cost			
At 1 January 2010	1,693	2,079	3,772
Additions	19	55	74
At 31 December 2010	1,712	2,134	3,846
Depreciation			
At 1 January 2010	319	1,825	2,144
Provided during the year	29	64	93
At 31 December 2010	348	1,889	2,237
Net book value			
At 31 December 2010	1,364	245	1,609
At 31 December 2009	1,374	254	1,628

The total cost of non-depreciable land is £329,000 (2009 – £329,000)

9. Stocks

	<i>2010 £000</i>	<i>2009 £000</i>
Raw materials and consumables	844	539
Work in progress	29	44
Finished goods and goods for resale	370	672
	1,243	1,255

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

Notes to the financial statements

at 31 December 2010

10. Debtors

	2010 £000	2009 £000
Trade debtors	2,600	2,364
Amounts owed by group undertakings	171	23,407
Other debtors	272	298
Prepayments and accrued income	48	51
Deferred tax asset (note 7(c))	86	96
	<u>3,177</u>	<u>26,216</u>

11. Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	843	614
Amounts owed to group undertakings	1,429	12,739
Corporation tax	873	935
Accruals and deferred income	431	335
	<u>3,576</u>	<u>14,623</u>

12. Issued share capital

		2010 £'000		2009 £'000
<i>Allotted, called up and fully paid</i>	<i>No</i>		<i>No</i>	
Ordinary shares of £1 each	40,000	40	40,000	40

13. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2009	40	11,850	11,890
Profit for the year	—	2,948	2,948
At 1 January 2010	40	14,798	14,838
Profit for the year	—	2,244	2,244
Dividend paid	—	(14,500)	(14,500)
At 31 December 2010	40	2,542	2,582

14. Pension commitments

The pension charge for the year ended 31 December 2010 was £92 695 (2009– £70 697). At 31 December 2010 there were no outstanding contributions (2009 – £nil). The company employees participate in the Cooper Safety Limited defined contribution scheme.

Notes to the financial statements

at 31 December 2010

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

	2010 £000	2009 £000
Leases expiring		
Within one year	15	12
In two to five years	34	40
	<u>49</u>	<u>52</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, £45,092,000 (2009 – £45,064,000) was outstanding under such guarantees

17. Capital commitments

Amounts contracted for but not provided for in the financial statements amounted to £Nil (2009 – £4,330)

18. Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with fellow group companies

19. Ultimate parent undertaking and controlling party

The company is a subsidiary of Cooper Safety Limited which is the immediate parent company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Cooper Industries Plc, which is registered in Ireland, and listed on the New York Stock Exchange. It is the only group which prepares group financial statements which include the results of Cooper Fulleon Limited.

Copies of the group financial statements of Cooper Industries Plc, are available to the public and may be obtained from Jephson Court, Tancred Close, Royal Leamington Spa, Warwickshire, CV31 3RZ.