

Cooper Fulleon Limited

Report and Financial Statements

31 December 2011

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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 2011

Results and dividends

The profit for the year after taxation amounted to £2,872,000 (2010 profit – £2,244,000) The directors paid a dividend of £Nil (2010 – £14,500,000)

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	
		2011	2010
Return on sales	Profit before tax/Turnover	18.0%	18.5%
Gross Profit%	Gross Profit/Turnover	43.1%	42.0%
Operating Profit %	Operating Profit/Turnover	18.1%	17.8%
Operating working capital turns	Turnover/(Trade debtors+ stocks-trade creditors)	7.3	5.6
Inventory turns	Annual cost of sales(COS)/stocks	9.0	7.9
Operating Profit per employee (£'000)	Operating Profit/ number of employees	28.8	26.8
Trade debtor days	Trade debtors/Average sales per day	52.5	56.3
Trade creditor days	Trade creditors/Average COS per day	45.3	31.5

Directors' report (continued)

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
S D Whittaker
B T Walder

Directors' report (continued)

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



SD Whittaker
Director

Date 26 September 2012

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 2011 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 2011 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

27 September 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Turnover	2	18,756	16,867
Cost of sales		(10,681)	(9,780)
Gross Profit		8,075	7,087
Net operating expenses	4	(4,678)	(4,089)
Operating Profit	3	3,397	2,998
Interest receivable and similar income	6	(27)	129
Profit on ordinary activities before taxation		3,370	3,127
Tax	7	(498)	(883)
Profit for the financial year	13	2,872	2,244

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 2011

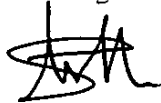
There are no recognised gains or losses other than disclosed in the profit and loss account above

Balance Sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	8	1,561	1,609
Current assets			
Stocks	9	1,193	1,243
Debtors	10	3,381	3,177
Cash at bank and in hand		3,958	129
		8,532	4,549
Creditors amounts falling due within one year	11	(4,639)	(3,576)
Net current assets		3,893	973
Total assets less current liabilities		5,454	2,582
Capital and reserves			
Called up share capital	12	40	40
Profit and loss account	13	5,414	2,542
Shareholders' funds	13	5,454	2,582

These financial statements were approved by the directors and authorised for issue on 26 September 2012 and are signed on their behalf by



SD Whittaker
Director

Notes to the financial statements

at 31 December 2011

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	–	30 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 2011

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 2011

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

	2011 £000	2010 £000
UK	6,714	6,384
Europe	10,822	9,497
Other	1,220	986
	<u>18,756</u>	<u>16,867</u>

3. Operating Profit

This is stated after charging

	2011 £000	2010 £000
Auditors' remuneration – audit of the accounts	23	20
Depreciation of owned fixed assets	93	93
Hire of plant and equipment	109	74
Research and development expenditure written off	701	681

4. Net operating expenses

	2011 £000	2010 £000
Distribution costs	144	239
Administrative expenses	4,534	3,850
	<u>4,678</u>	<u>4,089</u>

Notes to the financial statements

at 31 December 2011

5. Staff costs

	2011 £000	2010 £000
Wages and salaries	2,534	2,414
Social security costs	266	249
Other pension costs	109	93
	<u>2,909</u>	<u>2,756</u>

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

	2011 No	2010 No
Production	69	69
Sales	16	15
Administration	33	28
	<u>118</u>	<u>112</u>

Directors serving in the current year received emoluments in relation to services provided to this company amounting to £120,551 (2010 – £121,002) of which £13,272 (2010 – £10,111) 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 (2010 - 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 £24,500 (2010 £18,000).

6. Interest receivable and similar income

	2011 £000	2010 £000
Bank interest payable	(27)	(105)
Interest on intercompany loans	0	234
	<u>(27)</u>	<u>129</u>

Notes to the financial statements

at 31 December 2011

7. Tax

(a) Tax on profit on ordinary activities

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

	2011 £000	2010 £000
<i>Current tax</i>		
UK corporation tax on profits for the year	487	873
Adjustment in respect of prior years	(40)	-
Total current tax (note 7(b))	447	873
<i>Deferred tax</i>		
Origination/reversal of timing differences	9	10
Impact of change in rates	4	-
Adjustments in respect of prior years	38	-
	51	10
Tax on profit on ordinary activities	498	883

(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 26.5% (2010 – 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	3,370	3,127
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	893	876
<i>Effects of</i>		
Expenses not deductible for tax purposes	2	6
Depreciation in excess of capital allowances	(12)	(4)
Depreciation on ineligible assets less IBAs	16	6
Other timing differences	2	(3)
Group relief received for nil payment	(414)	-
Share scheme deduction	-	(8)
Adjustment in respect of prior years	(40)	-
Current tax for the year (note 7 (a))	447	873

Notes to the financial statements

at 31 December 2011

7. Tax (continued)

(c) Deferred tax asset

	2011 £000	2010 £000
At 1 January	86	96
Charged to the profit and loss account (note 7)	(51)	(10)
At 31 December	35	86

Deferred taxation assets recognised in the financial statements are as follows

	2011 £000	2010 £000
Depreciation in excess of capital allowances	22	35
Other timing differences	13	51
	35	86

(d) Change to future tax rates

In his budgets of 23 March 2011 and 21 March 2012, the Chancellor of the Exchequer proposed a decrease in the rate of the UK corporation taxation from 28% to 22%, falling by 2% in 2011 and 2012 and a further 1% a year over the period 2013 to 2014. On 5 July 2011, the reduced taxation rate of 25% was enacted and, in accordance with accounting standards, this has been reflected in the recognised deferred taxation asset disclosure.

If the proposed reduction in the tax rate to 22% had been substantively enacted at the balance sheet date, a closing deferred tax asset of £31,000 would arise.

Notes to the financial statements

at 31 December 2011

8. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Plant and equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost			
At 1 January 2011	1,712	2,134	3,846
Additions	0	62	62
Disposals	0	(739)	(739)
At 31 December 2011	1,712	1,457	3,169
Depreciation			
At 1 January 2011	348	1,889	2,237
Provided during the year	46	47	93
Disposals	0	(722)	(722)
At 31 December 2011	394	1,214	1,608
Net book value			
At 31 December 2011	1,318	243	1,561
At 31 December 2010	1,364	245	1,609

The total cost of non-depreciable land is £329,000 (2010 – £329,000)

9. Stocks

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Raw materials and consumables	971	844
Work in progress	21	29
Finished goods and goods for resale	201	370
	1,193	1,243

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 2011

10. Debtors

	2011 £000	2010 £000
Trade debtors	2,700	2,600
Amounts owed by group undertakings	259	171
Other debtors	350	272
Prepayments and accrued income	37	48
Deferred tax asset (note 7(c))	35	86
	<u>3,381</u>	<u>3,177</u>

11. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	1,325	843
Amounts owed to group undertakings	1,557	1,429
Corporation tax	1,320	873
Accruals and deferred income	437	431
	<u>4,639</u>	<u>3,576</u>

12. Issued share capital

		2011 £'000		2010 £'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 2010	40	14,798	14,838
Profit for the year	-	2,244	2,244
Dividend paid		(14,500)	(14,500)
At 1 January 2011	40	2,542	2,582
Profit for the year	-	2,872	2,872
Dividend paid	-	0	0
At 31 December 2011	40	5,414	5,454

14. Pension commitments

The pension charge for the year ended 31 December 2011 was £109,195 (2010 – £92,965). At 31 December 2011, there were no outstanding contributions (2010 – £nil). The company employees participate in the Cooper Safety Limited defined contribution scheme.

Notes to the financial statements

at 31 December 2011

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

	2011 £000	2010 £000
Leases expiring		
Within one year	21	15
In two to five years	67	34
	<u>88</u>	<u>49</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, £64,183,000 (2010 – £45,092,000) was outstanding under such guarantees

17. Capital commitments

Amounts contracted for but not provided for in the financial statements amounted to £Nil (2010 – £Nil)

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.