

## **Cooper Fulleon Limited**

(formerly Fulleon Limited)

### **Report and Accounts**

31 December 2008

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## Directors' report

The directors present their report and the audited accounts for the year ended 31 December 2008.

### Results and dividends

The profit for the year after taxation amounted to £2,314,000 (2007: £2,004,000).

The directors do not recommend the payment of a dividend (2007: £nil).

### Change of name

On 1 April 2008, the company changed its name from Fulleon Limited to Cooper Fulleon Limited.

### Principal activity 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	
		2008	2007
Return on sales	Profit before tax/Turnover	20.3%	18.8%
Gross profit %	Gross profit/Turnover	45.0%	47.5%
Operating profit %	Operating profit/Turnover	17.9%	17.7%
Operating working capital turns	Turnover/Trade debtors+ stocks-trade creditors	6.7	7.1
Inventory turns	Annual cost of sales(COS)/stocks	8.6	7.9
Operating profit per employee (£'000)	Operating profit/employees	26.0	19.1
Trade debtor days	Trade debtors/Average sales per day	58.1	53.4
Trade creditor days	Trade creditors/Average COS per day	49.0	49.1

## 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.

### 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 during the year and subsequently are as follows:

RL Campbell

GL Gawronski

AGG Haack      Resigned 27 June 2008

PW Maxwell      Resigned 31 January 2009

SD Whittaker

KMA Beyen      Appointed 25 August 2008

BT Walder      Appointed 5 September 2008

### Directors' qualifying third party indemnity provisions

Cooper Industries Limited, 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 the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### Disclosure of information to the auditor

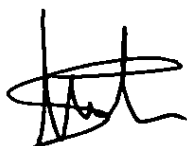
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's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

## Directors' report

### 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 the members.

On behalf of the board



SD Whittaker

Director

27 October 2009

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 those accounts, 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, subject to any material departures disclosed and explained in the accounts;
- 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 that 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 Cooper Fulleon Limited (formerly Fulleon Limited)**

We have audited the accounts of Cooper Fulleon Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. These accounts have been prepared under 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 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**

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the accounts.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

# **Independent auditors' report**

**to the members of Cooper Fulleon Limited (formerly Fulleon Limited)**

## **Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the accounts.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditor  
Birmingham

*30 October 2009*

## Profit and Loss Account

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
<b>Turnover</b>	2	15,971	15,047
Cost of sales		(8,781)	(7,895)
<b>Gross profit</b>		7,190	7,152
Net operating expenses	4	(4,331)	(4,482)
<b>Operating profit</b>	5	2,859	2,670
Interest receivable and similar income	6	384	159
<b>Profit on ordinary activities before taxation</b>		3,243	2,829
Tax on profit on ordinary activities	7	(929)	(825)
<b>Profit on ordinary activities after taxation and retained</b>	14	2,314	2,004

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

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




## Balance Sheet

at 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Tangible assets	8	1,677	1,697
<b>Current assets</b>			
Stocks	9	1,019	995
Debtors	10	3,236	2,682
Cash at bank and in hand		9,665	6,841
		<u>13,920</u>	<u>10,518</u>
<b>Creditors: amounts falling due within one year</b>	11	(3,707)	(2,639)
<b>Net current assets</b>		<u>10,213</u>	<u>7,879</u>
<b>Total assets less current liabilities</b>		<u>11,890</u>	<u>9,576</u>
<b>Capital and reserves</b>			
Called up share capital	13	40	40
Profit and loss account	14	11,850	9,536
<b>Shareholders' funds</b>	14	<u>11,890</u>	<u>9,576</u>

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



SD Whittaker  
Director

27 October 2009

## Notes to the Accounts

at 31 December 2008

### 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 accounts.

#### **Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **Cash flow statement**

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 accounts.

#### **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.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **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.

#### **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.

#### **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 years 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 to the profit and loss account on a straight line basis over the lease term.

## Notes to the Accounts

at 31 December 2008

### 1. Accounting policies (continued)

#### *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.

#### *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.

#### *Related party transactions*

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

### 2. Turnover

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

	2008 £'000	2007 £'000
United Kingdom and Republic of Ireland	7,016	6,386
Europe	7,870	7,656
Other	1,085	1,005
	<u>15,971</u>	<u>15,047</u>

### 3. Employees and directors

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

	2008 No.	2007 No.
Production	76	80
Sales	17	16
Administration	29	44
	<u>122</u>	<u>140</u>

## Notes to the Accounts

at 31 December 2008

### 3. Employees and directors (continued)

The aggregate payroll costs of these persons were as follows:

	2008 £'000	2007 £'000
Wages and salaries	2,426	2,742
Social security costs	241	271
Other pension costs	55	55
	<u>2,722</u>	<u>3,068</u>

Directors serving in the current year received emoluments in relation to services provided to this company amounting to £112,181 (2007: £99,524) of which £7,163 (2007: £6,412) 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 (2007: 1).

### 4. Net operating expenses

	2008 £'000	2007 £'000
Distribution costs	467	424
Administrative expenses	3,864	4,058
	<u>4,331</u>	<u>4,482</u>

### 5. Operating profit

Operating profit is stated after charging:

	2008 £'000	2007 £'000
Depreciation of owned fixed assets	123	162
Hire of plant and equipment	69	64
Research and development expenditure written off	555	1,289
Auditors' remuneration - audit of the accounts	19	17
- other services	-	-
	<u></u>	<u></u>

### 6. Interest receivable and similar income

	2008 £'000	2007 £'000
Bank interest receivable	384	159
	<u></u>	<u></u>

## Notes to the Accounts

at 31 December 2008

### 7. Tax on profit on ordinary activities

	2008 £'000	2007 £'000
UK corporation tax:		
UK corporation tax on profits for the year	934	849
	<u>934</u>	<u>849</u>
Deferred tax:		
Origination / reversal of timing differences	(5)	9
Adjustments in respect of prior years	-	(10)
Changes in legislation	-	(23)
	<u>(5)</u>	<u>(24)</u>
	<u>929</u>	<u>825</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. The differences are reconciled below:-

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	3,243	2,829
	<u>3,243</u>	<u>2,829</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	924	849
Expenses not deductible for tax purposes	2	4
Depreciation in excess of capital allowances	4	(9)
Depreciation of ineligible assets	3	5
Other timing differences	1	-
	<u>934</u>	<u>849</u>
Total current tax	<u>934</u>	<u>849</u>

## Notes to the Accounts

at 31 December 2008

### 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 2008	1,693	1,760	3,453
Additions	-	68	68
Group Transfers In	-	277	277
At 31 December 2008	1,693	2,105	3,798
Depreciation:			
At 1 January 2008	264	1,492	1,756
Provided during the year	27	96	123
Group Transfers In	-	242	242
At 31 December 2008	291	1,830	2,121
Net book value:			
At 31 December 2008	1,402	275	1,677
At 31 December 2007	1,429	268	1,697

The total cost of non-depreciable land is £329,000 (2007: £329,000).

### 9. Stocks

	<i>2008 £'000</i>	<i>2007 £'000</i>
Raw materials and consumables	584	515
Work in progress	39	54
Finished goods and goods for resale	396	426
	1,019	995

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 Accounts

at 31 December 2008

### 10. Debtors

	2008 £'000	2007 £'000
Trade debtors	2,541	2,200
Amounts owed by group undertakings	327	291
Other debtors	270	98
Prepayments and accrued income	47	47
Deferred tax asset (note 12)	51	46
	<u>3,236</u>	<u>2,682</u>

### 11. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	1,179	1,061
Amounts owed to group undertakings	1,415	604
Corporation tax	929	849
Accruals and deferred income	184	125
	<u>3,707</u>	<u>2,639</u>

### 12. Deferred taxation

	2008 £000	2007 £000
At 1 January	(46)	(22)
Credited to the profit and loss account (note 7)	(5)	(24)
At 31 December	<u>(51)</u>	<u>(46)</u>

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

	<i>Provided</i>		<i>Not provided</i>	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Depreciation in excess of capital allowances	(44)	(39)	-	-
Other timing differences	(7)	(7)	-	-
	<u>(51)</u>	<u>(46)</u>	<u>-</u>	<u>-</u>

### 13. Share capital

	2008 £'000	2007 £'000
Authorised, allotted, called up and fully paid: 40,000 ordinary shares of £1 each	<u>40</u>	<u>40</u>

## Notes to the Accounts

at 31 December 2008

### 14. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 31 December 2006	40	7,532	7,572
Profit for the year	-	2,004	2,004
At 31 December 2007	40	9,536	9,576
Profit for the year	-	2,314	2,314
At 31 December 2008	40	11,850	11,890

### 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:

	<i>2008 £'000</i>	<i>2007 £'000</i>
Leases expiring:		
Within one year	1	13
In two to five years	62	39
	<u>63</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, £61,983,000 (2007: £49,633,000) was outstanding under such guarantees.

### 17. Capital commitments

Amounts contracted for but not provided for in the accounts amounted to £11,598 (2007: £7,895).

### 18. Pension commitments

The pension charge for the year ended 31 December 2008 was £55,000 (2007: £55,000). At 31 December 2008, there were no outstanding contributions (2007: £nil). The company employees participate in the Cooper Safety Limited defined contribution scheme.

### 19. Related party transactions

During the year, the company made purchases of £2,719,271 (2007: £2,439,691) from Digital Lighting, a company registered in China, of which 70% of the shares are held within the Cooper Industries group worldwide. At the year end, the amount owed to Digital Lighting was £42,903 (2007: £103,914).



## **Notes to the Accounts**

**at 31 December 2008**

### **20. Ultimate parent undertaking**

The parent undertaking of the only group of which the company is a member and for which group accounts are prepared is Cooper Industries Limited of Bermuda, a company listed on the New York Stock Exchange.

On 9 September 2009, Cooper Industries plc, a company incorporated in Ireland, became the ultimate parent undertaking.

Copies of the above accounts can be obtained from the offices of Cooper Industries (U.K.) Limited which are located at Jephson Court, Tancred Close, Royal Leamington Spa, CV31 3RZ, England.