Fulleon Limited

Report and Accounts

31 December 2002

Registered Number: 1342230

ERNST & YOUNG

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 December 2002.

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 (2001: £8,000,000). A retained profit of £1,406,000 (2001: loss of £6,693,000) was transferred to/(from) 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:

T S Strong (resigned 31 July 2002)
K T N Chapman
J E Scrimshaw
M Clementson (appointed 29 July 2002)
P W Maxwell (appointed 29 July 2002)

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

K T N Chapman 23/9/03
Director

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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULLEON LIMITED

We have audited the company's financial statements for the year ended 31 December 2002, which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

30/4/03.

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2002

	Notes	2002 £'000	2001 £'000 Restated
TURNOVER	2	13,333	12,224
Cost of sales		(8,323)	(7,610)
GROSS PROFIT		5,010	4,614
Net operating expenses	4	(2,892)	(3,076)
OPERATING PROFIT	6	2,118	1,538
Net Interest receivable/(payable)	5	-	346
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,118	1,884
Tax on profit on ordinary activities	7	(712)	(577)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,406	1,307
DIVIDENDS		-	(8,000)
RETAINED PROFIT/(LOSS) FOR THE YEAR	14	1,406	(6,693)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2002

	2002 £000	Restated 2001 £000
Profit for the financial year	1,406	1,307
Total recognised gains and losses relating to the year	1,406	1,307
Prior year adjustment	29	
Total gains and losses recognised since last annual report	1,435	

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2002

	2002 £000	Restated 2001 £000
Total recognised gains and losses for the year	1,406	1,307
Dividends	-	(8,000)
Total movements during the year	1,406	(6,693)
Opening shareholders' funds (originally £2,238,000 before adding prior year adjustment of £29,000)	2,267	8,960
Closing shareholders' funds	3,673	2,267

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BALANCE SHEET
at 31 December 2002

	Notes	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible assets	8	2,035	2,130
CURRENT ASSETS			
Stocks	9	1,199	1,391
Debtors	10	2,827	2,901
Cash at bank and in hand		1,917	1
		5,943	4,293
CREDITORS: amounts falling due within one year	11	(4,305)	(4,156)
NET CURRENT ASSETS		1,638	137
TOTAL ASSETS LESS CURRENT LIABILITIES		3,673	2,267
CAPITAL AND RESERVES			
Called up share capital	13	40	40
Profit and loss account	14	3,633	2,227
EQUITY SHAREHOLDERS' FUNDS		3,673	2,267

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

K T N Chapman 23/9/03
Director

NOTES TO THE ACCOUNTS
at 31 December 2002

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 and change in accounting policy
The accounts have been prepared under the historical cost convention.

In preparing the financial statements for the current year, the company has adopted FRS 19 'Deferred Tax'. The adoption of FRS 19 has resulted in a change in accounting policy for deferred tax. Deferred tax is recognised on a full provision basis in accordance with the accounting policy described below.

Previously, deferred tax was provided for on a partial provision basis, whereby provision was made on all timing differences to the extent that they were expected to reverse in the future without replacement.

This change in accounting policy has resulted in a prior year adjustment for the company. Shareholders' funds at 1 January 2001 have been increased by £64,000 and the tax charge for the year to 31 December 2001 has been increased by £35,000. The deferred tax asset has increased by £29,000 at 31 December 2001. Profit for the current year has been reduced by £12,000 as a result of the change in accounting policy.

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 were transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay les 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.

1. **ACCOUNTING POLICIES** *(continued)*

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.

Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Revenue grants are credited to the profit and loss account so as to match them with the expenditure to which they relate.

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 2002 amount to £nil (2001: £46,283).

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:

	2002	*2001*
	£'000	*£'000*
United Kingdom and Republic of Ireland	8,300	7,592
Europe	4,516	4,146
Other	517	486
	13,333	12,224

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

NOTES TO THE ACCOUNTS
at 31 December 2002

3. EMPLOYEES AND DIRECTORS

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

	2002	*2001*
	No.	*No.*
Production	118	137
Sales	14	13
Administration	23	24
	155	174

The aggregate payroll costs of these persons were as follows:

	2002	*2001*
	£'000	*£'000*
Wages and salaries	2,504	2,477
Social security costs	212	208
Other pension costs	34	21
	2,750	2,706

Aggregate directors' emoluments, comprise:

	2002	*2001*
	£'000	*£'000*
Emoluments	112	147
Compensation for loss of office	46	-
	158	147
Company contributions paid to money purchase pension schemes	10	9

	2002	*2001*
	No.	*No.*
Retirement benefits are accruing to the following number of directors under money purchase pension schemes:	2	2

4. NET OPERATING EXPENSES

	2002	*2001*
	£'000	*£'000*
Distribution costs	224	200
Administration expenses	2,668	2,876
	2,892	3,076

NOTES TO THE ACCOUNTS
at 31 December 2002

5. NET INTEREST RECEIVABLE/(PAYABLE)

	2002 £'000	2001 £'000
Bank interest receivable	66	192
Interest (payable)/receivable from group undertakings	(65)	154
Other interest payable	(1)	-
	-	346

6. OPERATING PROFIT

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

	2002 £'000	2001 £'000
Depreciation of owned fixed assets	231	243
Hire of plant and equipment	51	52
Research and development expenditure written off	372	380
Auditors' remuneration - audit fees	9	9
-other services	4	5
Government grants	-	(81)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
UK corporation tax:		
UK corporation tax on profits for the year	650	542
Adjustments in respect of prior years	50	-
	700	542
Deferred tax:		
Originating on reversal of timing differences	(2)	18
Depreciation in excess of capital allowances	7	17
Adjustments in respect of prior years	7	-
	712	577

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are reconciled below:-

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	2,118	1,884
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001:30%)	635	565
Disallowed expenses and non taxable income	19	12
Capital allowances in excess of depreciation	(7)	(17)
Other timing differences	3	(18)
Adjustments in respect of previous years	50	-
Total current tax	700	542

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	*Plant and equipment £'000*	*Motor vehicles £'000*	*Total £'000*
Cost:				
At 1 January 2002	1,693	1,738	27	3,458
Additions	-	137	-	137
Disposals	-	(166)	-	(166)
At 31 December 2002	1,693	1,709	27	3,429
Depreciation:				
At 1 January 2002	101	1,200	27	1,328
Provided during the year	27	204	-	231
Disposals	-	(165)	-	(165)
At 31 December 2002	128	1,239	27	1,394
Net book value:				
At 31 December 2002	1,565	470	-	2,035
At 31 December 2001	1,592	538	-	2,130

The total cost of non-depreciable land is £329,000 (2001: £329,000). The directors consider that the book value of freehold land and buildings is not materially different to the market value.

9. STOCKS

	2002 £'000	*2001 £'000*
Raw materials and consumables	783	739
Work in progress	113	397
Finished goods and goods for resale	303	255
	1,199	1,391

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 2002

10. DEBTORS

	2002 £'000	Restated 2001 £'000
Trade debtors	2,461	2,141
Amounts owed by group undertakings	134	286
VAT recoverable	137	342
Other debtors	6	4
Prepayments and accrued income	72	99
Deferred tax asset	17	29
	2,827	2,901

11. CREDITORS: amounts falling due within one year

	2002 £'000	2001 £'000
Bank overdraft	-	557
Trade creditors	1,072	801
Amounts owed to group undertakings	2,315	2,035
Corporation tax	658	568
Other taxes and social security costs	56	56
Accruals and deferred income	204	139
	4,305	4,156

12. PROVISIONS FOR LIABILITIES AND CHARGES

Provision for deferred tax

	2002 £000	Restated 2001 £000
At 1 January	(29)	(64)
Provided during the year	12	35
At 31 December	(17)	(29)

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

	Provided		Not provided	
	2002 £'000	Restated 2001 £'000	2002 £'000	Restated 2001 £'000
Capital allowances in advance of depreciation	(13)	(20)	-	-
Other timing differences	(4)	(9)	-	-
	(17)	(29)	-	-

13. SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised, allotted, called up and fully paid:		
40,000 ordinary shares of £1 each	40	40

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NOTES TO THE ACCOUNTS
at 31 December 2002

14. PROFIT AND LOSS ACCOUNT

	2002 £'000	*Restated* 2001 £'000
Retained profit brought forward	2,227	8,856
Prior year adjustment	-	64
Retained profit/(loss) for the year	1,406	(6,693)
Retained profit carried forward	3,633	2,227

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:

	2002 £'000	2001 £'000
Leases expiring:		
Within one year	5	21
In two to five years	32	24
	37	45

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, £34,936,000 (2001: £40,808,000) was outstanding under such guarantees.

17. CAPITAL COMMITMENTS

Amounts contracted for but not provided for in the financial statements amounted to £9,000 (2001: £4,500).

18. PENSION COMMITMENTS

The pension charge for the year ended 31 December 2002 was £34,143 (2001: £21,258). At 31 December 2002, there were no outstanding contributions (2001: £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.