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Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 1997.

Principal activity

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

Business review and future developments

The results for the year are shown on page 5.

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

Dividends

A dividend of £Nil (1996: £Nil) was paid in the year. Retained profits of £820,000 (1996: £1,151,000) were transferred to reserves.

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.

Donations

The Company made charitable donations amounting to £239 during the year (1996: £Nil).

Directors and directors' interests

The directors who served during the year are as follows:

RB Fletcher
B Hurst
GK James
CD Parker (resigned 5 June 1997)
TS Strong

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

Directors' report *(continued)*

RB Fletcher, B Hurst and GK James are directors of the ultimate parent undertaking, Menvier-Swain Group plc and their interests in the shares of that company and their pension arrangements are shown in those financial statements. The interests of the other directors in the shares of the ultimate parent undertaking was as follows:

	At 30 April 1997		At 30 April 1996	
	Ordinary shares of 5p each	Share options	Ordinary shares of 5p each	Share options
CD Parker	11,645	17,762	4,798	60,388
TS Strong	-	21,370	-	9,803
	<hr/>	<hr/>	<hr/>	<hr/>

CD Parker was granted 5,788 options, and exercised 48,414 during the year.

TS Strong was granted 11,567 options, and exercised Nil during the year.

No options lapsed during the year.

There has been no movement in share options since the year end.

No director is materially interested in any other contract of significance in relation to the business of the company.

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' report *(continued)*

Auditor

A resolution for the reappointment of KPMG Audit Plc as auditors to the company will be proposed at the forthcoming annual general meeting.

By order of the board

A handwritten signature in cursive script, appearing to read 'M Jarrett'.

MF Jarrett
Secretary

Southam Road
Banbury
Oxfordshire
OX16 7RX

22 July 1997



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Auditor's report to the members of Fulleon Synchrobell Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditor

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 the company's affairs as at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

22 July 1997

Profit and loss account
for the year ended 30 April 1997

	<i>Note</i>	1997 £000	1996 £000
Turnover	2	8,158	7,609
Cost of sales		(5,366)	(4,775)
Gross profit		2,792	2,834
Net operating expenses	4	(1,523)	(1,168)
Operating profit		1,269	1,666
Net interest receivable	5	107	61
Profit on ordinary activities before taxation	6	1,376	1,727
Taxation on profit on ordinary activities	7	(556)	(576)
Profit on ordinary activities after taxation being retained profit for the financial year	14	820	1,151

A statement of movements on reserves is given in note 14.

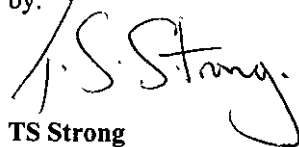
The above results derive entirely from the company's continuing operations.

Balance sheet

at 30 April 1997

	Note	1997	1996
		£000	£000
Fixed assets			
Tangible assets	8	1,396	1,228
Current assets			
Stocks	9	803	844
Debtors	10	3,783	3,067
Cash at bank and in hand		417	286
		<u>5,003</u>	<u>4,197</u>
Creditors: amount falling due within one year	11	<u>(2,793)</u>	<u>(2,656)</u>
Net current assets		2,210	1,541
Provision for liabilities and charges	12	(27)	(10)
Net assets		<u>3,579</u>	<u>2,759</u>
Capital and reserves			
Called up share capital	13	40	40
Profit and loss account	14	3,539	2,719
Equity shareholders' funds		<u>3,579</u>	<u>2,759</u>

These financial statements were approved by the board of directors on 22 July 1997 and were signed on its behalf by:



TS Strong
Director

Note of total recognised gains and losses
for the year ended 30 April 1997

The company had no recognised gains or losses other than the profit for the respective financial years.

Note of historical cost profits and losses
for the year ended 30 April 1997

There is no difference in either the current or preceding year between the results as stated on page 5 and those presented on an unmodified historical cost basis.

Reconciliation of movements in shareholders' funds
for the year ended 30 April 1997

	Called up share capital £000	Profit and loss account £000	Total 1997 £000	Total 1996 £000
Profit for the financial year	-	820	820	1,151
Shareholders' funds at the beginning of the year	40	2,719	2,759	1,608
	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds at the end of the year	40	3,539	3,579	2,759
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Turnover

Turnover represents the total amount receivable from the sale of goods and the provision of services exclusive of value added tax.

Depreciation

Freehold land is not depreciated. Depreciation is provided on other fixed assets so as to write down the cost of tangible fixed assets to their estimated residual values over their estimated useful lives.

Depreciation is provided at the following rates:

Freehold property	50 years
Motor vehicles	4 years
Plant and equipment	4 to 6.7 years

Stock and work in progress

Stock and work in progress is valued 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.

Taxation

The charge for taxation is based on the profit 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 is calculated on the liability method at the appropriate rates and is provided only to the extent that it is probable that an actual liability will crystallise. Deferred tax relating to pension contributions is provided to the extent that cash payable in respect of pension contributions differs from the regular cost charged through the profit and loss account.

Operating leases

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

Notes (continued)

1 Accounting policies (continued)

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. The resulting adjustments are dealt with through the profit and loss account.

Pensions

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 period when they fall due.

Research and development

Expenditure on research and development is written off in the year in which it is incurred, except to the extent it is fully recoverable.

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 a 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 it is a wholly owned subsidiary of Menvier-Swain Group plc, and its results are included in the consolidated financial statements of that company, which are publicly available.

2 Segmental analysis

The analysis of turnover by geographical destination is as follows:

	1997 £000	1996 £000
United Kingdom and Republic of Ireland	5,927	5,512
Europe	1,899	1,833
Other	332	264
	<hr/> 8,158 <hr/>	<hr/> 7,609 <hr/>

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

Notes (continued)

3 Employees and directors

The average number of persons (including directors) employed during the year, analysed by category, was as follows:

	Number of employees	
	1997	1996
Staff	124	118
Directors	5	4
	<hr/>	<hr/>
	129	122
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	1,546	1,423
Social security costs	144	128
Other pension costs	13	9
	<hr/>	<hr/>
	1,703	1,560
	<hr/>	<hr/>

Aggregate Directors Remuneration

	1997 £000	1996 £000
Directors' emoluments	106	88
Company pension contributions to money purchase schemes	6	4
	<hr/>	<hr/>
Total	112	92
	<hr/>	<hr/>

	Number of directors	
	1997	1996
Retirement benefits are accruing to the following number of directors under money purchase schemes	2	2
	<hr/>	<hr/>
The number of directors who exercised share options was	1	1
	<hr/>	<hr/>

Notes (continued)

4 Net operating expenses

	1997 £000	1996 £000
Distribution costs	130	101
Administration expenses	1,411	1,085
Other operating income	(18)	(18)
	<u>1,523</u>	<u>1,168</u>

5 Net interest receivable

	1997 £000	1996 £000
Bank interest receivable	22	22
Interest receivable from group companies	85	39
	<u>107</u>	<u>61</u>

6 Profit on ordinary activities before taxation

	1997 £000	1996 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting) the following:</i>		
Depreciation	190	180
Rentals under operating leases:		
Land and buildings	32	32
Hire of plant and equipment	7	10
Research and developments costs	144	90
Auditor's remuneration	8	8
Rent receivable	(18)	(18)
	<u> </u>	<u> </u>

The auditor and its associates were paid £Nil (1996: £Nil) in respect of non audit services.

7 Taxation on profit on ordinary activities

	1997 £000	1996 £000
UK corporation tax at 33% (1996: 33%) - current year	539	576
Deferred tax - current year	17	-
	<u>556</u>	<u>576</u>

Notes (continued)

8 Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>				
At beginning of year	796	1,188	140	2,124
Additions	153	169	38	360
Disposals	-	(12)	(10)	(22)
At end of year	949	1,345	168	2,462
<i>Depreciation</i>				
At beginning of year	54	757	85	896
Charge for the year	7	148	35	190
Disposals	-	(10)	(10)	(20)
At end of year	61	895	110	1,066
<i>Net book value</i>				
At 30 April 1997	888	450	58	1,396
At 30 April 1996	742	431	55	1,228

The total cost of non depreciable land is £603,000 (1996: £450,000). The directors considered that the book value of freehold land and buildings above is not materially different to the market value.

Capital commitments

Future capital expenditure authorised and contracted but not provided in the financial statements amounts to £34,000 (1996: £2,000).

9 Stocks

	1997 £000	1996 £000
Raw materials	463	471
Work in progress	278	283
Finished goods	62	90
Total	803	844

Notes (continued)

10 Debtors

	1997 £000	1996 £000
Trade debtors	1,605	1,438
Amounts due from parent and fellow subsidiary undertakings	2,046	1,589
Other debtors	2	1
Prepayments and accrued income	130	39
	<u>3,783</u>	<u>3,067</u>

11 Creditors: Amounts falling due within one year

	1997 £000	1996 £000
Trade creditors	833	762
Amounts owed to parent and fellow subsidiary undertakings	1,188	1,124
Taxation and social security	599	658
Accruals and deferred income	173	112
	<u>2,793</u>	<u>2,656</u>
Taxation and social security comprises:		
Social security	32	36
Other taxes	29	46
Corporation tax	538	576
	<u>599</u>	<u>658</u>

12 Deferred taxation

	1997 £000	1996 £000
At beginning of year	10	10
Transfer to profit and loss account	17	-
	<u>27</u>	<u>10</u>

The deferred taxation balance at 30 April 1997 is made up as follows:

	Provided 1997 £000	1996 £000	Not provided 1997 £000	1996 £000
Accelerated capital allowances	27	10	-	11
Other timing differences	-	-	-	-
	<u>27</u>	<u>10</u>	<u>-</u>	<u>11</u>

13 Called up share capital

	1997 £000	1996 £000
<i>Authorised</i>		
40,000 Ordinary shares of £1 each	40	40
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
40,000 Ordinary shares of £1 each	40	40
	<hr/>	<hr/>

14 Profit and loss account

	1997 £000	1996 £000
Retained profit brought forward	2,719	1,568
Retained profit for the year	820	1,151
	<hr/>	<hr/>
Retained profit carried forward	3,539	2,719
	<hr/>	<hr/>

15 Operating lease commitments

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

	1997 £000	1996 £000
Leases expiring:		
Within one year	21	-
Between two and five years	-	32
	<hr/>	<hr/>

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 £8,095,000 (1996: £9,659,000) was outstanding under such guarantees.

17 Pension scheme

The pension charge for the year ended 30 April 1997 was £12,000 (1996: £9,000). The company employees participate in the Menvier-Swain Group plc defined contribution scheme.

18 Ultimate holding company

The company is a wholly owned subsidiary of Menvier-Swain Group plc, a company incorporated in Great Britain and registered in England and Wales. The directors regard Menvier-Swain Group plc as the company's ultimate parent company. Copies of the latest published financial statements of that company can be obtained from Southam Road, Banbury, Oxfordshire OX16 7RX.