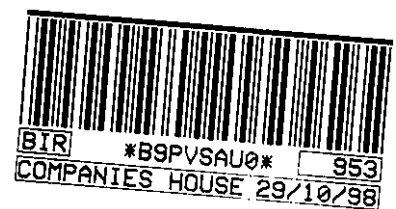


## **Fulleon Synchrobell Limited**

### **Directors' report and financial statements**

8 months ended 31 December 1997

Registered number 1342230



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the 8 months ended 31 December 1997.

### **Principal activity**

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

### **Change of ownership and accounting reference date**

On 15 December 1997 Coopers Industries Inc, a company incorporated and registered in Ohio, USA, acquired through its subsidiary Cooper Industries (UK) plc the entire share capital of Menvier-Swain Group plc the company's then ultimate parent company. Accordingly the company has changed its accounting reference date to 31 December to conform with that of its new ultimate parent undertaking.

### **Business review and future developments**

The results for the period are shown on page 5.

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

### **Dividends**

No dividend (*year ended 30 April 1997: £Nil*) was paid in the period. Retained profits of £1,246,000 (*year ended 30 April 1997: £820,000*) 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.

### **Directors and directors' interests**

The directors who served during the period are as follows:

RB Fletcher  
B Hurst  
GK James  
CD Parker (resigned 25 July 1997)  
TS Strong  
KTN Chapman (appointed 1 January 1998)

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

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

RB Fletcher, B Hurst and GK James are directors of the immediate 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 director in the shares of the immediate parent undertaking was as follows:

	At 31 December 1997		At 30 April 1997	
	Ordinary shares of 5p each	Share options	Ordinary shares of 5p each	Share options
TS Strong	-	-	-	21,370
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

TS Strong was granted 6,263 options, and exercised none during the period.

No options lapsed during the period.

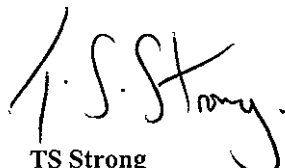
All of the remaining share options were released by the directors on consideration for a cash cancellation fee paid by Cooper Industries (UK) plc.

None of the directors had any interests in the ultimate parent company Cooper Industries Inc.

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

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

By order of the board

  
**TS Strong**  
*Director*

Southam Road  
 Banbury  
 Oxfordshire  
 OX16 7RX

12 February 1998

## **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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.



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 15.

### **Respective responsibilities of directors and auditor**

As described on page 3, 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 31 December 1997 and of its profit for the eight months then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

12 February 1998

**Profit and loss account**  
*for the 8 months ended 31 December 1997*

	<i>Note</i>	<b>8 months ended 31 December 1997 £000</b>	<b>Year ended 30 April 1997 £000</b>
<b>Turnover</b>	2	5,914	8,158
Cost of sales		(3,480)	(5,366)
		<hr/>	<hr/>
<b>Gross profit</b>		2,434	2,792
Net operating expenses	4	(631)	(1,523)
		<hr/>	<hr/>
<b>Operating profit</b>		1,803	1,269
Net interest (payable)/receivable	5	(119)	107
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	6	1,684	1,376
Taxation on profit on ordinary activities	7	(438)	(556)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation being retained profit for the financial period</b>	14	1,246	820
		<hr/> <hr/>	<hr/> <hr/>

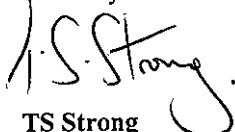
A statement of movements on reserves is given in note 14.

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

**Balance sheet**  
*at 31 December 1997*

	Note	31 December 1997		30 April 1997	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8		2,372		1,396
<b>Current assets</b>					
Stocks	9	912		803	
Debtors	10	4,151		3,783	
Cash at bank and in hand		1,646		417	
		<u>6,709</u>		<u>5,003</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,229)</u>		<u>(2,793)</u>	
<b>Net current assets</b>			<u>2,480</u>		<u>2,210</u>
<b>Total assets less current liabilities</b>			<u>4,852</u>		<u>3,606</u>
<b>Provision for liabilities and charges</b>	12		<u>(27)</u>		<u>(27)</u>
<b>Net assets</b>			<u>4,825</u>		<u>3,579</u>
<b>Capital and reserves</b>					
Called up share capital	13		40		40
Profit and loss account	14		4,785		3,539
<b>Equity shareholders' funds</b>			<u>4,825</u>		<u>3,579</u>

These financial statements were approved by the board of directors on 12 February 1998 and were signed on its behalf by:

  
**TS Strong**  
*Director*



**Note of total recognised gains and losses**  
*for the 8 months ended 31 December 1997*

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

**Note of historical cost profits and losses**  
*for the 8 months ended 31 December 1997*

There is no difference in either the current period or preceding period 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 8 months ended 31 December 1997*

	Called up share capital	Profit and loss account	Total 8 months ended 31 December 1997	Total Year ended 30 April 1997
	£000	£000	£000	£000
Profit for the financial period	-	1,246	1,246	820
Equity shareholders' funds at the beginning of the period	40	3,539	3,579	2,759
	<hr/>	<hr/>	<hr/>	<hr/>
Equity shareholders' funds at the end of the period	40	4,785	4,825	3,579
	<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***

Menvier-Swain Group plc 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.

#### ***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:

	<b>8 months ended 31 December 1997 £000</b>	<b>Year ended 30 April 1997 £000</b>
United Kingdom and Republic of Ireland	4,129	5,927
Europe	1,494	1,899
Other	291	332
	<hr/> 5,914 <hr/>	<hr/> 8,158 <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 period, analysed by category, was as follows:

	Number of employees	
	8 months ended 31 December 1997	Year ended 30 April 1997
Staff	115	124
Directors	5	5
	<hr/> 120 <hr/>	<hr/> 129 <hr/>

The aggregate payroll costs of these persons were as follows:

	8 months ended 31 December 1997 £000	Year ended 30 April 1997 £000
Wages and salaries	1,033	1,546
Social security costs	93	144
Other pension costs	9	13
	<hr/> 1,135 <hr/>	<hr/> 1,703 <hr/>

#### Aggregate Directors Remuneration

	8 months ended 31 December 1997 £000	Year ended 30 April 1997 £000
Emoluments for services as executives	51	106
Compensation for loss of office	14	-
Company pension contributions to money purchase schemes	4	6
	<hr/> 69 <hr/>	<hr/> 112 <hr/>

	Number of directors	
	8 months ended 31 December 1997	Year ended 30 April 1997
Retirement benefits are accruing to the following number of directors under money purchase schemes	1	2
	<hr/> - <hr/>	<hr/> 1 <hr/>
The number of directors who exercised share options was	-	1
	<hr/> - <hr/>	<hr/> 1 <hr/>

## Notes (continued)

### 4 Net operating expenses

	8 months ended 31 December 1997 £000	Year ended 30 April 1997 £000
Distribution costs	73	130
Administration expenses	570	1,411
Other operating income	(12)	(18)
	<u>631</u>	<u>1,523</u>

### 5 Net interest payable/(receivable)

	8 months ended 31 December 1997 £000	Year ended 30 April 1997 £000
<b>Interest payable</b>		
Bank interest payable	38	-
Interest payable to group companies	81	-
	<u>119</u>	<u>-</u>
 Bank interest receivable	 -	 (22)
Interest receivable from group companies	-	(85)
	<u>119</u>	<u>(107)</u>

### 6 Profit on ordinary activities before taxation

	8 months ended 31 December 1997 £000	Year ended 30 April 1997 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Depreciation	138	190
Rentals under operating leases:		
Land and buildings	24	32
Hire of plant and equipment	6	7
Research and developments costs	121	144
Auditor's remuneration	14	8
Rent receivable	(12)	(18)
Profit on disposal of fixed assets	(22)	-
	<u></u>	<u></u>

The auditor and its associates were paid £Nil (*year ended 30 April 1997: £Nil*) in respect of non audit services.

## Notes (continued)

### 7 Taxation on profit on ordinary activities

	8 months ended 31 December 1997 £000	Year ended 30 April 1997 £000
UK corporation tax at 31% ( <i>year ended 30 April 1997: 33%</i> ) - current period	438	539
Deferred tax - current period	-	17
	<u>438</u>	<u>556</u>

### 8 Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At beginning of period	949	1,345	168	2,462
Additions	849	211	48	1,108
Inter group transfer	-	9	-	9
Disposals	-	(36)	(56)	(92)
<b>At end of period</b>	<u>1,798</u>	<u>1,529</u>	<u>160</u>	<u>3,487</u>
<b>Depreciation</b>				
At beginning of period	61	895	110	1,066
Charge for the period	5	110	23	138
Disposals	-	(37)	(52)	(89)
<b>At end of period</b>	<u>66</u>	<u>968</u>	<u>81</u>	<u>1,115</u>
<b>Net book value</b>				
<b>At 31 December 1997</b>	<u>1,732</u>	<u>561</u>	<u>79</u>	<u>2,372</u>
<b>At 30 April 1997</b>	<u>888</u>	<u>450</u>	<u>58</u>	<u>1,396</u>

The total cost of non depreciable land is £746,000 (*year ended 30 April 1997: £603,000*). 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 £731,000 (*year ended 30 April 1997: £34,000*).

## Notes (continued)

### 9 Stocks

	31 December 1997 £000	30 April 1997 £000
Raw materials	541	463
Work in progress	300	278
Finished goods	71	62
	<hr/> 912	<hr/> 803
	<hr/> <hr/>	<hr/> <hr/>

### 10 Debtors

	31 December 1997 £000	30 April 1997 £000
Trade debtors	1,590	1,605
Amounts due from parent and fellow subsidiary undertakings	2,400	2,046
Other debtors	2	2
Prepayments and accrued income	159	130
	<hr/> 4,151	<hr/> 3,783
	<hr/> <hr/>	<hr/> <hr/>

### 11 Creditors: Amounts falling due within one year

	31 December 1997 £000	30 April 1997 £000
Bank overdraft	1,052	-
Trade creditors	755	833
Amounts owed to parent and fellow subsidiary undertakings	1,126	1,188
Taxation and social security	1,013	599
Accruals and deferred income	283	-
	<hr/> 4,229	<hr/> 2,793
	<hr/> <hr/>	<hr/> <hr/>
Taxation and social security comprises:		
Social security and other taxes	35	61
Corporation tax	978	538
	<hr/> 1,013	<hr/> 599
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 12 Deferred taxation

	31 December 1997 £000	30 April 1997 £000
At beginning of period	27	10
Transfer to profit and loss account	-	17
	<hr/>	<hr/>
At end of period	27	27
	<hr/>	<hr/>

The deferred taxation balance at 31 December 1997 is made up as follows:

	Provided 31 December 1997 £000	30 April 1997 £000	Not provided 31 December 1997 £000	30 April 1997 £000
Accelerated capital allowances	27	27	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

### 13 Called up share capital

	31 December 1997 £000	30 April 1997 £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

	8 months ended 31 December 1997 £000	Year ended 30 April 1997 £000
Retained profit brought forward	3,539	2,719
Retained profit for the period	1,246	820
	<hr/>	<hr/>
Retained profit carried forward	4,785	3,539
	<hr/>	<hr/>



## Notes (continued)

### 15 Operating lease commitments

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

	31 December 1997 £000	30 April 1997 £000
Leases expiring:		
Within one year	24	21
	<u>          </u>	<u>          </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 £9,404,000 (30 April 1997: £8,095,000) was outstanding under such guarantees.

### 17 Pension scheme

The pension charge for the 8 months ended 31 December 1997 was £9,000 (year ended 30 April 1997: £12,000). At 31 December 1997 there was no outstanding contributions (30 April 1997: £Nil). 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.

On 15 December 1997 the entire share capital of Menvier-Swain Group plc was acquired by Cooper Industries Inc, a company incorporated in Ohio, USA. The directors regard Cooper Industries Inc as the company's ultimate parent company.

Copies of the latest published financial statements of these companies can be obtained from the offices of Cooper Industries (UK) plc, Southam Road, Banbury, Oxon, OX16 7RX, England.