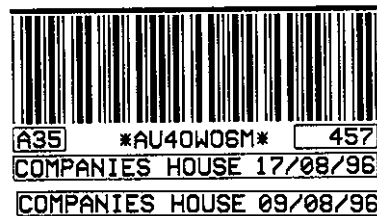


Registered Number: 1734845

**PALMER ENVIRONMENTAL SERVICES LIMITED**

**52 WEEKS ENDED 30TH MARCH 1996**

**DIRECTOR'S REPORT AND ACCOUNTS**



# **PALMER ENVIRONMENTAL SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 30TH MARCH 1996**

The Directors present their annual report and the audited accounts for the fifty two weeks ended 30th March 1996.

### **PROFITS AND DIVIDENDS**

The Profit and Loss Account shows a profit before taxation of £NIL and the profit after taxation amounts to £NIL. The Directors do not recommend the payment of a final dividend.

### **REVIEW OF BUSINESS**

On 2nd April 1995, the business and assets of the Company were transferred at net book amount to Palmer Environmental Limited, a wholly owned subsidiary of Halma plc. The Company has therefore not traded during the year.

### **FUTURE DEVELOPMENTS**

The Company has no plans to recommence trading within the leak detection industry.

### **FIXED ASSETS**

All fixed assets were transferred to Palmer Environmental Limited on 2nd April 1995. Note 7 to the Accounts sets out the movements which have occurred during the period.

# **PALMER ENVIRONMENTAL SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 30TH MARCH 1996**

### **DIRECTORS**

The Directors of the Company during the period and at the period end were as follows:-

Mr C Q Summerhayes.

Mr K J Roy was appointed a Director since the last Annual General Meeting. Being eligible he offers himself for re-election.

Mr D R Hobbs resigned from the Board on 3rd August 1995.

Mr N E Pearson resigned from the Board on 11th August 1995.

Liability insurance has been provided for the Directors of the Company as permitted by the Companies Act 1985.

### **DIRECTORS' INTERESTS**

The Company is a wholly-owned subsidiary of Halma p.l.c. In accordance with paragraph 2 of schedule 7 to the Companies Act 1985, the interests of the Directors at 30th March 1996, who were not also Directors of Halma p.l.c., in the Ordinary shares of that Company were as follows:

	<u>at 2nd April 1995</u>		<u>at 30th March 1996</u>		<u>during the 52 weeks</u>	
	Shares	Options	Shares	Options	<u>Options</u>	
					Granted	Exercised
K J Roy	504,100	37,100	612,132	62,657	25,557	-

The Directors' held the above options under the share option schemes approved by Halma p.l.c. shareholders in 1993 and 1990, exerciseable by 2005 at prices between £1.49 and £1.69 per share.

The interests given at 2nd April 1995 are stated before the one for three scrip issue made in 1995. All other figures are stated in post scrip terms.

Apart from these interests, no such Director had during the period any other interests in the shares of that Company.

# **PALMER ENVIRONMENTAL SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 30TH MARCH 1996**

### **DIRECTORS' RESPONSIBILITIES**

It is the responsibility of 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 as at the end of the financial period and of the profit or loss for that period.

The Directors have responsibility for ensuring that proper accounting records are maintained which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors also 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.

The Directors consider that, in preparing the financial statements on pages 5 to 15, appropriate accounting policies have been used, which have been consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed and that it is appropriate to use a going concern basis.

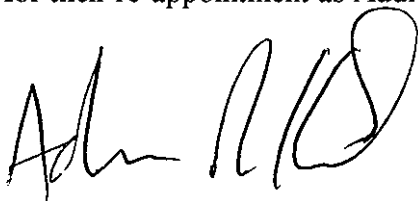
### **AUDITORS**

Price Waterhouse have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting for their re-appointment as Auditors.

By Order of the Board

Dated 26th July 1996

Mr A R Knowles  
Secretary  
Ty Coch House  
Llantarnam Park Way  
Cwmbran  
Gwent NP44 3AW



*Price Waterhouse*



**AUDITORS' REPORT TO THE SHAREHOLDERS OF PALMER ENVIRONMENTAL SERVICES LIMITED**

We have audited the financial statements on pages 5 to 15, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

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 the 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 March 1996 and of its result for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

**PRICE WATERHOUSE**

Chartered Accountants  
and Registered Auditors

26 July 1996

**PALMER ENVIRONMENTAL SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE 52 WEEKS ENDED 30TH MARCH 1996**

52 Weeks Ended 1st April 1995			52 Weeks Ended 30th March 1996
£	£		£
<u>1,989,174</u>		TURNOVER (Note 2)	<u>-</u>
581,577		TRADING PROFITS (Note 3)	-
		INTEREST	
	(1,103)	Bank Overdraft interest payable	( - )
	20,112	Group Loan interest receivable/(payable)	( - )
<u>19,009</u>			<u>-</u>
600,586		PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	-
( 196,635)		Tax on profit on ordinary activities (Note 6)	-
<u>403,951</u>		PROFIT FOR THE FINANCIAL YEAR	-
( 300,000)		Dividends - Equity	-
<u>103,951</u>		PROFIT TRANSFERRED TO RESERVES	NIL
1,061,401		Retained profit brought forward	1,165,352
<u>£1,165,352</u>		Retained profit carried forward	<u>£1,165,352</u>

The Company had no recognised gains or losses during the year other than those reflected in the above Profit and Loss Account.

The annexed notes form part of these accounts.

# PALMER ENVIRONMENTAL SERVICES LIMITED

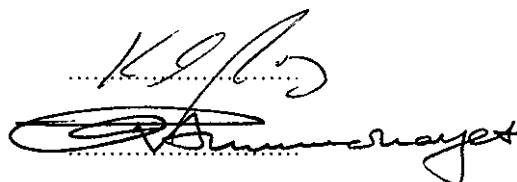
## BALANCE SHEET AS AT 30TH MARCH 1996

1st April 1995				30th March 1996
£	£		£	£
207,865		<b>FIXED ASSETS</b>		
		Tangible Assets (Note 7)		-
		<b>CURRENT ASSETS</b>		
	211,989	Stocks (Note 8)	-	
	1,849,502	Debtors (Note 9)	1,763,858	
	-	Cash at Bank and in Hand	-	
	<u>2,061,491</u>		<u>1,763,858</u>	
		<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
	( 11,471)	Bank Overdrafts	-	
	( 198,973)	Corporation Tax	-	
	<u>( 288,955)</u>	Creditors (Note 10)	<u>-</u>	
	<u>( 499,399)</u>		<u>-</u>	
<u>1,562,092</u>		<b>NET CURRENT ASSETS</b>		<u>1,763,858</u>
1,769,957		<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,763,858
(6,099)		<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 11)</b>		-
<u>£ 1,763,858</u>				<u>£1,763,858</u>
		<b>CAPITAL AND RESERVES</b>		
Issued and Fully Paid	Authorised		Authorised	Issued and Fully Paid
		<b>CALLED UP SHARE CAPITAL</b>		
-	150,000	Undesignated share of £1 each	150,000	
273,510	<u>275,000</u>	Ordinary shares of 50p each	<u>275,000</u>	273,510
150,000		<b>OTHER RESERVES - Capital</b>		150,000
174,996		- Share Premium		174,996
<u>1,165,352</u>		<b>PROFIT AND LOSS ACCOUNT</b>		<u>1,165,352</u>
<u>£1,763,858</u>		<b>SHAREHOLDERS FUNDS (EQUITY INTEREST ONLY)</b>		<u>£1,763,858</u>

Approved by the Board of Directors  
Date 26th July 1996

K J Roy  
Directors

C Q Summerhayes  
The annexed notes form part of  
these accounts.



**PALMER ENVIRONMENTAL SERVICES LIMITED**

**MOVEMENT IN SHAREHOLDERS' FUNDS  
FOR THE 52 WEEKS ENDED 30TH MARCH 1996**

52 Weeks Ended 1st April 1995		52 Weeks Ended 30th March 1996
£		£
403,951	PROFIT FOR THE FINANCIAL YEAR	-
(300,000)	Dividends	-
<hr/>		<hr/>
103,951	PROFIT TRANSFERRED TO RESERVES	-
1,659,907	SHAREHOLDERS' FUNDS BROUGHT FORWARD	1,763,858
<hr/>		<hr/>
<u>£1,763,858</u>	SHAREHOLDERS' FUNDS CARRIED FORWARD	<u>£1,763,858</u>



## PALMER ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE ACCOUNTS

#### 1. ACCOUNTING POLICIES

##### Basis of Accounting

The accounts set out on pages 5 - 15 are prepared under the historical cost convention, modified for the revaluation of certain land and buildings and in accordance with applicable UK Accounting Standards.

##### Turnover

Turnover represents sales, less returns, excluding value added tax.

##### Depreciation

Depreciation is provided on all tangible fixed assets on the straight line method, each item being written off over its estimated life. The principal annual rates used for this purpose are:-

Long Leasehold Properties:	
- less than 50 years unexpired	Period of Lease
Plant, Machinery and Equipment:	8% to 20%
Motor Vehicles	20%
Short Life Tooling	33 1/3%

##### Research and Development

Expenditure on Research and Development is written off in the financial period in which it is incurred.

##### Leases

The costs of operating leases of property and other assets are charged as incurred.

##### Deferred Taxation

Provision is made for taxation deferred because of timing differences between profits as computed for taxation purposes and profits as stated in the accounts except to the extent that such taxation will not be payable in the foreseeable future. Timing differences are due primarily to the excess of tax allowances on tangible fixed assets over the corresponding depreciation charged to the accounts.

## PALMER ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE ACCOUNTS (Cont'd)

#### 1. ACCOUNTING POLICIES (Cont'd)

##### Foreign Currency Translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling on the date of the transaction. Balance Sheet items denominated in foreign currencies are translated at the exchange rate ruling on the Balance Sheet date. Foreign currency exchange differences are dealt with in arriving at the Profit on Ordinary Activities before Taxation.

##### Stocks

Stocks and Work in Progress are included at the lower of cost and net realisable value. Cost includes the appropriate proportion of production and other overheads considered by the Directors to be attributable to bringing the stock to its location and condition at the period end.

##### Pensions

Contributions to the Halma Group Pension Plan are assessed by a qualified actuary based on the cost of providing pensions across all participating Halma Group companies. Costs are not determined for each individual company hence contributions are charged to the profit and loss account in the period in respect of which they became payable.

#### 2. TURNOVER

The geographical analysis of the Company's turnover is as follows:

	<u>1996</u>	<u>1995</u>
United Kingdom	-	719,239
United States of America	-	32,307
Europe Excluding UK	-	992,274
Far East and Australasia	-	81,926
Africa, Near and Middle East	-	33,980
Canada	-	53,452
South America	-	75,996
	<u>£ NIL</u>	<u>£1,989,174</u>

# **PALMER ENVIRONMENTAL SERVICES LIMITED**

## **NOTES TO THE ACCOUNTS** (Continued)

### 3. TRADING PROFITS

	<u>1996</u>	<u>1995</u>
Turnover	-	1,989,174
Cost of Sales	-	(1,098,291)
Gross Profit	-	890,883
Distribution costs	-	( 29,240)
Administrative expenses	-	( 280,066)
	<u>£ NIL</u>	<u>£ 581,577</u>
Trading profits are arrived at after charging:	£	£
Depreciation (Note 7)	-	58,192
Research and development	-	119,917
Auditors' remuneration - audit fees	-	11,530
non-audit fees	-	1,110
Operating lease rents - property	-	12,105

### 4. DIRECTORS' REMUNERATION

	<u>1996</u>	<u>1995</u>
Remuneration (including pension contributions):	£ Nil	£ 71,475
Remuneration (excluding pensions contributions):		
Chairman	£ Nil	£ Nil
Highest Paid Director	£ Nil	£ 46,072
Other Directors	Number	Number
£0 - £5,000	2	-
£15,001-£20,000	Nil	1

# PALMER ENVIRONMENTAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 5. EMPLOYEE INFORMATION

The average number of persons employed by the company during the period was:

	<u>1996</u>	<u>1995</u>
Full-time	-	25
Part-time	<u>-</u>	<u>-</u>
	<u>NIL</u>	<u>25</u>

	<u>1996</u>	<u>1995</u>
Employee costs of the company comprised:		
	<u>£</u>	<u>£</u>
Wages and salaries	-	380,777
Social security costs	-	31,571
Other pension costs	<u>-</u>	<u>33,209</u>
	<u>NIL</u>	<u>445,557</u>

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Corporation Tax at 33%	-	198,629
Relief for capital allowance in excess of depreciation	<u>-</u>	<u>( 1,994)</u>
	<u>NIL</u>	<u>196,635</u>

Comprising:

Corporation tax	-	198,142
Deferred taxation	<u>-</u>	<u>(1,507)</u>
	<u>NIL</u>	<u>196,635</u>

# **PALMER ENVIRONMENTAL SERVICES LIMITED**

## **NOTES TO THE ACCOUNTS** (Continued)

### **7. TANGIBLE ASSETS**

	Land and Buildings Improvements <u>Leasehold</u>	Plant Equipment Vehicles, etc	<u>TOTAL</u>
	£	£	£
<b>COST OR VALUATION</b>			
At 1st April 1995	39,552	413,722	453,274
Additions	-	-	-
Transfers to Group Co. At 30th March 1996	<u>(39,552)</u> <u>NIL</u>	<u>(413,722)</u> <u>NIL</u>	<u>(453,274)</u> <u>NIL</u>
<b>DEPRECIATION</b>			
At 1st April 1995	27,328	218,081	245,409
Transfers to Group Co. At 30th March 1996	<u>(27,328)</u> <u>NIL</u>	<u>(218,081)</u> <u>NIL</u>	<u>(245,409)</u> <u>NIL</u>
<b>NET BOOK VALUE</b>			
At 30th March 1996	<u>£NIL</u>	<u>£ NIL</u>	<u>£ NIL</u>
At 1st April 1995	<u>£ 12,224</u>	<u>£195,641</u>	<u>£207,865</u>

Capital expenditure authorised and outstanding at 30th March 1996 amounted to £NIL (1995: £7,101).

# **PALMER ENVIRONMENTAL SERVICES LIMITED**

## **NOTES TO THE ACCOUNTS** (Continued)

### 7. TANGIBLE ASSETS (Continued)

At 30th March 1996 the Company had annual commitments under non-cancellable operating leases expiring as follows:-

	Land and Buildings	
	1996	1995
Within two to five years	-	12105
	<u>£ -</u>	<u>£12105</u>

### 8. STOCKS

	<u>30th March 1996</u>	<u>1st April 1995</u>
	£	£
Raw materials and consumables	-	67,363
Work in progress	-	80,147
Finished goods and goods for re-sale	-	64,479
	<u>NIL</u>	<u>211,989</u>

# **PALMER ENVIRONMENTAL SERVICES LIMITED**

## **NOTES TO THE ACCOUNTS** (Continued)

### 9. DEBTORS

	<u>30th March 1996</u>	<u>1st April 1995</u>
	<u>£</u>	<u>£</u>
Amounts falling due within one year :		
Trade Debtors	-	580,961
Amounts due from Group companies	1,763,858	1,245,808
Prepayments and accrued income	-	<u>22,733</u>
	<u>1,763,858</u>	<u>1,849,502</u>

### 10. CREDITORS

	<u>30th March 1996</u>	<u>1st April 1995</u>
	<u>£</u>	<u>£</u>
Amounts falling due within one year :		
Trade Creditors	-	192,137
Taxation and Social security	-	25,334
Amounts due to Group companies	-	2,643
Accruals and deferred income	-	66,898
Other creditors	-	1,943
	<u>NIL</u>	<u>288,955</u>

# PALMER ENVIRONMENTAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 11. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION	<u>30th March 1996</u>	<u>1st April 1995</u>
Comprises timing differences due to:		
Fixed Assets	<u>£ NIL</u>	<u>£6,099</u>
	<u>30th March 1996</u>	<u>1st April 1995</u>
The potential amount for all timing differences is:		
Fixed Assets	<u>£ NIL</u>	<u>£6,099</u>
The movement on deferred tax comprises:		
At 2nd April 1995	6,099	
Transferred to other Group company	<u>(6,099)</u>	
At 30th March 1996	<u>£ NIL</u>	

### 12. CONTINGENT LIABILITY

At 30th March 1996 there was no contingent liability in respect of performance bonds issued by the Company's bankers (1995: £4903).

### 13. PENSIONS

The Company participates in the Halma Group Pension Plan. This schedule is of the defined benefit type providing benefits to certain employees within the Halma Group and the assets are held separately from the Group's assets.

The latest actuarial valuation of the Halma Group Pension Plan was carried out as at 1st December 1993. Details of this valuation are contained in the financial statements of the Halma Group.

The total pension cost of the company was £NIL (1995 : £33,209). The significant change being due to the transfer of business to Palmer Environmental Limited.

### 14. CASH FLOW STATEMENT

The Company is not required to produce a Cash Flow Statement. Such a statement is prepared on a Group basis and is disclosed in the accounts of the ultimate parent company.

### 15. ULTIMATE PARENT COMPANY

The ultimate parent company of Palmer Environmental Limited is Halma p.l.c., a company registered in England. The accounts of Halma p.l.c. can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Bucks HP7 0DE.