

Registered No. 1972044

MARATHON MONITORS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

3 APRIL 1999



MARATHON MONITORS LIMITED
DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 3RD APRIL 1999

The Directors present their annual report and the audited accounts for the 53 weeks ended 3rd April 1999.

PROFITS AND DIVIDENDS

The Profit and Loss Account shows a profit before taxation of £4,645 and the profit after taxation amounts to £4,645. The Directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The Company ceased trading on 28th March 1998.

DIRECTORS

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

R R Jessop	(Chairman)
A Watson	resigned 31st March 1998
JPA Seabrook	appointed 31st March 1998

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 3rd April 1999, who were not also Directors of Halma p.l.c., in the Ordinary shares of that company were as follows:

	<u>At 28th March 1998</u>		<u>At 3rd April 1999</u>		<u>During the 53 weeks</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>	<u>Options</u>	
					<u>Granted</u>	<u>Exercised</u>
RR Jessop	45,205	308,676	59,651	323,897	69,500	54,279
JPA Seabrook	36,081	99,766	23,061	125,266	25,500	-

The market price at the date of exercise was £1.31.

The Directors held the above options under the share options schemes approved by Halma p.l.c. shareholders, exercisable by 2008 at prices between 52.8p and 138p per share.

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

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.

MARATHON MONITORS LIMITED
DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 3RD APRIL 1999 (Continued)


DIRECTORS' RESPONSIBILITIES (continued)

The Directors consider that, in preparing the financial statements on pages 4 to 9 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 is appropriate to use a going concern basis.

AUDITORS

Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1998, Price Waterhouse resigned as auditors in favour of the new firm, PricewaterhouseCoopers, and the Directors appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation. A resolution to reappoint PricewaterhouseCoopers as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



JPA Seabrook
Secretary

30th July 1999

2 Blacklands Way
Abingdon
Oxon OX14 1DY

Auditors' report to the members of Marathon Monitors Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report including, as described on pages 1 and 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 3 April 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

30 July 1999

MARATHON MONITORS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE 53 WEEKS ENDED 3RD APRIL 1999

52 weeks ended
28th March 1998

<u>£479,897</u>	TURNOVER (Note 2)	£ -
(54,417)	TRADING PROFITS / (LOSSES) (Note 3)	4,645
(376,237)	EXCEPTIONAL ITEM Costs of closure of business	-
(3,367)	INTEREST	
<u>(1,240)</u>	Bank overdraft interest payable	-
	Group loan interest payable	-
<u>(4,607)</u>		-
(435,261)	PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4,645
<u>2,396</u>	Tax on profit/(loss) on ordinary activities (Note 7)	-
(432,865)	PROFIT / (LOSS) FOR THE FINANCIAL YEAR TRANSFERRED TO/(FROM) RESERVES	4,645
<u>58,606</u>	Retained (losses)/profit brought forward	<u>(374,259)</u>
<u>£(374,259)</u>	Retained losses carried forward	<u>£(369,614)</u>

The results shown above have been derived
solely from discontinued operations.

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.

MARATHON MONITORS LIMITED

BALANCE SHEET AS AT 3RD APRIL 1999

28th March 1998

	CURRENT ASSETS	
<u>18,085</u>	Cash at Bank and in Hand	-
<u>18,085</u>		-
	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	
<u>392,244</u>	Creditors (Note 8)	<u>369,514</u>
<u>392,244</u>		<u>369,514</u>
£(374,159)	NET CURRENT LIABILITIES	£(369,514)
	CAPITAL AND RESERVES	
	CALLLED UP SHARE CAPITAL	
100	Equity Capital (Ordinary shares of £1 each)	100
	Authorised, issued and fully paid	
(374,259)	PROFIT AND LOSS ACCOUNT	(369,614)
£(374,159)	SHAREHOLDERS' FUNDS	£(369,514)

Approved by the Board of Directors
on 30th July 1999

RR JESSOP

JPA SEABROOK

The annexed notes form part of these accounts.

MARATHON MONITORS LIMITED

MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE 53 WEEKS ENDED 3RD APRIL 1999

52 weeks ended
28th March 1998

(432,865)	PROFIT / (LOSS) FOR THE FINANCIAL YEAR TRANSFERRED TO/(FROM) RESERVES	4,645
<u>58,706</u>	SHAREHOLDERS' FUNDS BROUGHT FORWARD	<u>(374,159)</u>
<u>£(374,159)</u>	SHAREHOLDERS' FUNDS CARRIED FORWARD	<u>£(369,514)</u>

MARATHON MONITORS LIMITED
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts set out on pages 4 -9 are prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

As at 3rd April 1999 the Company had net liabilities of £369,514. Having received assurance from its parent company, Halma p.l.c., of support to meet liabilities as they fall due for the foreseeable future, the Company has prepared accounts on a going concern basis.

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:

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 cost 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 in the accounts.

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.

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 become payable.

MARATHON MONITORS LIMITED
NOTES TO THE ACCOUNTS (Continued)

2. TURNOVER

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

	<u>1999</u>	<u>1998</u>
United Kingdom	-	371,302
Europe excluding UK	-	107,061
United States of America	-	<u>1,534</u>
	<u>£-</u>	<u>£479,897</u>

3. TRADING PROFITS/(LOSSES)

Trading profits/(losses) arise wholly from discontinued activities, and comprise:

	<u>1999</u>	<u>1998</u>
Turnover	-	479,897
Cost of Sales	-	<u>(443,739)</u>
Gross profit	-	36,158
Administrative costs	4,645	(87,576)
Distribution costs	-	<u>(2,999)</u>
	<u>£4,645</u>	<u>£(54,417)</u>

Trading profits/(losses) are arrived at after charging:

	<u>£</u>	<u>£</u>
Depreciation	-	31,407
Research and development	-	1,069
Auditors' remuneration - audit fees	-	2,700
Operating lease rents: property	-	20,345

The audit fees were paid by Crowcon Detection Instruments Limited on behalf of the Company.

4. DIRECTORS' REMUNERATION

	<u>1999</u>	<u>1998</u>
Remuneration	-	99,372
Pension contributions to a defined contribution scheme	-	<u>2,292</u>
	<u>£-</u>	<u>£101,664</u>

The Directors' remuneration includes compensation for loss of office of £nil (1998: £30,870).

5. PENSIONS

The Company participates in the Halma Group Pension Plan. This scheme 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. During the year retirement benefits accrued to no (1998: one) Director under this Scheme and to no (1998: one) Director under a defined contribution scheme.

The latest actuarial valuation of the Halma Group Pension Plan was carried out as at 1st December 1996. Details of this valuation are contained in the financial statements of the Halma Group.

The total pension cost of the Company was £nil (1998: £13,734).

MARATHON MONITORS LIMITED
NOTES TO THE ACCOUNTS (Continued)

6. EMPLOYEE INFORMATION

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

	<u>1999</u>	<u>1998</u>
Full-time	-	9
Part-time	-	1
	-	<u>10</u>

Employee costs of the Company comprised:

Wages and salaries	-	204,588
Social security costs	-	16,928
Other pension costs	-	13,734
	<u>£ -</u>	<u>£235,250</u>

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>1999</u>	<u>1998</u>
Deferred taxation	-	(2,375)
Prior year adjustments	-	(21)
Corporation tax	-	<u>(21)</u>
	<u>£ -</u>	<u>£(2,396)</u>

8. CREDITORS

	<u>1999</u>	<u>1998</u>
Amounts due to Group companies	369,514	352,244
Accruals and deferred income	-	40,000
	<u>£369,514</u>	<u>£392,244</u>

9. 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.

10. ULTIMATE PARENT COMPANY

The ultimate and immediate parent company of Marathon Monitors Limited is Halma p.l.c. The accounts of Halma p.l.c. can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Bucks HP7 ODE.