3012749

Cooper Lighting and Security Limited

Report and Financial Statements

31 December 2005

Registered No: 3012749

Directors
T V Helz
P W Maxwell
G D Smith
G L Gawronski
S Whittaker

Secretary
T V Helz
Abogado Nominees Limited

Auditors
Ernst & Young LLP
No. 1 Colmore Square
Birmingham
B4 6HQ

Bankers
National Westminster Bank plc
P O Box 34
15 Bishopsgate
London
EC2P 2AP

Solicitors
Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Registered office
100 New Bridge Street
London
EC4V 6JA

Directors' report

The directors present their report and financial statements for the year ended 31 December 2005.

Results and dividends
The profit for the year, after taxation, amounted to £6,475,000. A dividend of £12,710,000 was paid during the year.

Principal activities and review of the business
The principal activity of the company is the manufacture and distribution of lighting and fire protection equipment. On 22 December 2005 the company sold the business and assets of its Lamps Division for a consideration of £1,209,000. The assets were sold at net book value so no profit or loss arose on the sale.

Future developments
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.

Disabled employees
The company gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfill the requirements of the job. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement
It is group policy to communicate with and involve employees on matters affecting their interest at work and to inform them of the performance of the business. Each operating unit adopts such employee consultations as is appropriate in the circumstances, including consultative committees, training and giving full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position, and wherever possible to retrain employees who become disabled, so that they can continue in their employment in another position.

Directors
The directors who served the company during the year were as follows:

T V Helz	
P W Maxwell	
J E Scrimshaw	(Resigned 30 June 2006)
G D Smith	
L Thomasson	(Resigned 15 February 2006)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Subsequent to the year end the following were appointed as directors of the company: G L Gawronski (appointed 1 July 2006) and S Whittaker (appointed 1 July 2006).

Creditor payment policy and practice
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2005, the company had an average of 65 days purchases outstanding in trade creditors (2004 - 56 days).

Directors' report

Auditors

Ernst & Young LLP will be reappointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

On behalf of the board

G D Smith
Director
Date 30 October 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year that 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 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; and
- 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 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.

Independent auditors' report

to the members of Cooper Lighting and Security Limited

We have audited the company's financial statements for the year ended 31 December 2005, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 21. 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

The company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in the statement of Director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report

to the members of Cooper Lighting and Security Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally accepted Accounting Practice, of the state of the company affairs as at 31 December 2005 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

31 October 2006

Profit and loss account

for the year ended 31 December 2005

	Notes	2005 £000	2004 £000
Turnover			
Continuing operations	2	74,692	69,867
Discontinued operations		8,465	8,256
		83,157	78,123
Cost of sales	3	58,319	53,706
Gross profit		24,838	24,417
Distribution costs	3	11,639	10,489
Administrative expenses	3	3,697	3,181
Other operating income	3	(10)	(10)
Exceptional costs	3	571	986
Operating profit			
Continuing operations		8,084	9,072
Discontinued operations		857	699
Operating profit	3	8,941	9,771
Profit on disposal of tangible fixed assets	4	-	13
		8,941	9,784
Interest receivable	7	944	461
Interest payable	8	(35)	(7)
		909	454
Profit on ordinary activities before taxation		9,850	10,238
Tax on profit on ordinary activities	9	3,375	2,588
Profit retained for the financial year		6,475	7,650

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £6,475,000 attributable to the shareholders for the year ended 31 December 2005 (2004 – profit of £7,650,000)

Balance sheet
at 31 December 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Tangible assets	10	6,382	6,788
Investments	11	463	463
		6,845	7,251
Current assets			
Stocks	12	6,881	9,222
Debtors	13	28,513	38,319
Cash in hand		10,141	17,635
		45,535	65,176
Creditors: amounts falling due within one year	14	29,173	43,283
Net current assets		16,362	21,893
Total assets less current liabilities		23,207	29,144
Provisions for liabilities and charges			
Deferred taxation	9	298	-
		22,909	29,144
Capital and reserves			
Called up share capital	17	550	550
Profit and loss account	18	22,359	28,594
Equity shareholders' funds	18	22,909	29,144

....
G D Smith
Director

30 October 2006

Notes to the financial statements
at 31 December 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking, not about its group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

The company is a wholly owned subsidiary of Cooper Industries (UK) Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Cooper Industries (UK) Limited group.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	50 years
Plant and equipment	-	3 to 15 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price 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 where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less 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.

Notes to the financial statements
at 31 December 2005

1. Accounting policies (continued)

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.

Leasing and hire purchase commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Pension costs
The company participates in a multi-employer defined benefit pension plan. This plan is operated on a basis which means that it does not enable individual companies to identify their share of the underlying assets and liabilities on a consistent and reasonable basis so in accordance with FRS17 the company accounts for its contributions to the scheme as if it were a defined contribution plan.

Contributions to defined contribution plans are charged to the profit and loss account when they become payable.

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains and losses are included in the profit and loss account.

2. Turnover
Turnover represents the invoice value of goods and services provided, excluding value added tax.

An analysis of turnover by geographical market is given below:

	2005 *£000*	*2004* *£000*
United Kingdom	71,899	69,398
Continental Europe	4,661	5,629
Australasia	274	270
Rest of the World	6,323	2,826
	83,157	78,123

In the opinion of the directors, the company is engaged in a single class of business: the manufacture and distribution of lighting and fire protection equipment.

Notes to the financial statements
at 31 December 2005

3. Operating profit

This is stated after charging/(crediting):

		2005 £000	2004 £000
Auditors' remuneration	- audit services	38	46
	- non-audit services	10	11
Research and development expenditure written off		171	187
Depreciation of owned fixed assets		810	876
Operating lease rentals	- land and buildings	319	311
	- plant and machinery	642	684
Exceptional costs		571	986

	2005			2004		
	Continuing	*Discontinued*	*Total*	*Continuing*	*Discontinued*	*Total*
Cost of Sales	51,482	6,837	58,319	46,882	6,824	53,706
Net operating expenses						
Distribution expenses	10,868	771	11,639	9,756	733	10,489
Administrative expenses	3,697	-	3,697	3,181	-	3,181
Other operating income	(10)	-	(10)	(10)	-	(10)
Exceptional costs	571	-	571	986	-	986

Costs of £571,000 arose which the directors consider to be exceptional. These related to £409,000 provided for the costs of replacement of a faulty component in shipped product, £329,000 in respect of facility closure costs, £29,000 tax penalties and a credit of £196,000 on settlement of a commercial dispute.

4. Exceptional items

	2005 £000	2004 £000
Profit on disposal of fixed assets	-	13

5. Staff costs

	2005 £000	2004 £000
Wages and salaries	16,037	15,461
Social security costs	1,470	1,325
Other pension costs (note 20)	691	689
	18,198	17,475

Notes to the financial statements
at 31 December 2005

5. Staff costs (continued)

The monthly average number of employees during the year was as follows:

	2005	*2004*
	No.	*No.*
Production	564	603
Distribution	273	260
Administration	37	33
	874	896

6. Directors' emoluments

	2005	*2004*
	£000	*£000*
Emoluments	212	191

	2005	*2004*
	No.	*No.*
Members of defined benefit pension schemes	1	1

The amounts in respect of the highest paid director are as follows:

	2005	*2004*
	£000	*£000*
Emoluments	212	191

Benefits are accruing under a defined benefits pension scheme and, at the year-end the accrued pension amounted to £2,000 (2004 - £2,000).

7. Interest receivable

	2005	*2004*
	£000	*£000*
Bank interest receivable	944	461

8. Interest payable

	2005	*2004*
	£000	*£000*
Bank interest payable	35	7

Notes to the financial statements
at 31 December 2005

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2005 £000	2004 £000
Current tax:		
UK corporation tax	2,412	2,674
Adjustments in respect of previous periods	397	(474)
Double tax relief	(90)	-
Foreign tax	90	-
Total current tax (note 9(b))	2,809	2,200
Deferred tax:		
Origination and reversal of timing differences	566	388
Tax on profit on ordinary activities	3,375	2,588

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%). The differences are reconciled below:

	2005 £000	2004 £000
Profit on ordinary activities before taxation	9,850	10,238
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30.00% (2004: 30.00%)	2,955	3,071
Disallowed expenses and non-taxable income	14	268
Capital allowances in excess of depreciation	(75)	(236)
Short term timing differences	(14)	(175)
Adjustments in respect of previous years	397	(474)
Utilisation of prior years tax losses	(468)	(291)
Capital gains	-	37
Total current tax (note 9(a))	2,809	2,200

(c) Deferred tax

	2005 £000	2004 £000
Capital allowances in advance of depreciation	(507)	(423)
Other timing differences	209	691
Deferred taxation	(298)	268

	£000
At 1 January 2005	268
Profit and Loss Account movement arising during the year	(566)
At 31 December 2005	(298)

Notes to the financial statements
at 31 December 2005

10. Tangible fixed assets

	Freehold Property £000	*Plant & Machinery £000*	*Total £000*
Cost:			
At 1 January 2005	4,405	13,941	18,346
Additions	145	283	428
Disposals	-	(61)	(61)
Group transfers	-	642	642
At 31 December 2005	4,550	14,805	19,355
Depreciation:			
At 1 January 2005	716	10,842	11,558
Provided during the year	85	725	810
Disposals	-	(37)	(37)
Group transfers	-	642	642
At 31 December 2005	801	12,172	12,973
Net book value:			
At 31 December 2005	3,749	2,633	6,382
At 1 January 2005	3,689	3,099	6,788

The cost of non-depreciable land is £795,000 (2004 - £795,000).

11. Investments

	Shares in group companies £000
Cost:	
At 1 January 2005 & 31 December 2005	1,337
Net book value:	
At 1 January 2005 & 31 December 2005	463

	Country of incorporation	*Principal activity*	*Class and percentage of shares held*
Kestron Units Limited	England	Dormant	100% of Ordinary £1 shares

Notes to the financial statements
at 31 December 2005

12. Stocks

	2005 £000	2004 £000
Raw materials	2,570	2,845
Work in progress	167	525
Finished goods	4,144	5,852
	6,881	9,222

The difference between the purchase price or production cost of stocks and their replacement cost is considered by the directors as being not material.

13. Debtors

	2005 £000	2004 £000
Trade debtors	16,928	17,937
Amounts owed by group undertakings	11,126	17,604
Other debtors	26	23
Prepayments and accrued income	433	2,487
Deferred taxation (note 9)	-	268
	28,513	38,319

14. Creditors: amounts falling due within one year

	2005 £000	2004 £000
Trade creditors	12,591	10,072
Amounts owed to group undertakings	10,475	27,615
Corporation tax	2,110	2,540
Other taxation and social security	1,391	1,280
Other creditors	2,170	1,535
Accruals and deferred income	436	241
	29,173	43,283

The bank balance is subject to an unlimited cross guarantee with the banking facilities of the company's immediate parent undertaking and fellow group undertakings in the UK. There were outstanding pension contributions of £55,721 (2004: £118,948) included in creditors at the balance sheet date.

Notes to the financial statements
at 31 December 2005

15. Commitments under operating leases

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		*2004*	
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	-	154	4	124
In two to five years	14	448	-	496
In over five years	302	-	270	–
	316	602	274	620

16. Contingent liability

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, £34,290,000 (2004: £50,471,000) was outstanding under such guarantees.

17. Share capital

		Authorised
	2005	*2004*
	£000	*£000*
Ordinary shares of £0.05 each	550	550

	Allotted, called up and fully paid			
		2005		*2004*
	No.	*£000*	*No.*	*£000*
Ordinary shares of £0.05 each	11,000,000	550	11,000,000	550

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*
At 1 January 2004	550	20,944	21,494
Profit for the year	–	7,650	7,650
At 31 December 2004	550	28,594	29,144
Dividend paid	-	(12,710)	(12,710)
Profit for the year	-	6,475	6,475
At 31 December 2005	550	22,359	22,909

19. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2004 - £nil).

Notes to the financial statements
at 31 December 2005

20. Pension commitments

The company participates in a number of pension schemes. The first is a defined benefit multi-employer scheme, the Cooper Consolidated Pension Plan. The scheme includes employees of other fellow group undertakings and is funded by the payment of contributions to separately administered trust funds.

The company is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis. The company therefore accounts for its pension contributions to the scheme on a defined contribution basis, as allowed by FRS17. The pension costs are determined by a professionally qualified actuary on the basis of triennial valuations. The last formal valuation was made as at 5 April 2004. The valuation was made using the projected unit method.

The scheme was closed to new entrants on 31 August 1999. £431,000 of contributions were made to the scheme during 2005 (2004: £434,000, plus a one-off contribution of £1,925,000). Contributions to the scheme restarted in January 2006 at rate of 20% of pensionable salary.

The valuation of the scheme was updated for FRS17 purposes at 31 December 2005 by a qualified actuary. The major assumptions used by the actuary to determine the liabilities on a FRS17 basis for the scheme are set out below:

	2005	*2004*	*2003*
	%	*%*	*%*
Main assumptions:			
Rate of increase in salaries	3.40	3.40	3.25
Rate of increase in pensions in payment	3.50	3.60	3.50
Discount rate	4.70	5.30	5.50
Inflation assumption	2.90	2.90	2.75

The assets of the scheme and the expected rate of return were:

		2005		*2004*		*2003*
	Expected rate of return	*Value*	*Expected rate of return*	*Value*	*Expected rate of return*	*Value*
	%	*£000*	*%*	*£000*	*%*	*£000*
Equities	7.50	15,790	7.75	11,320	8.00	10,380
Government Bonds	4.10	5,210	4.5	3,300	4.75	2,950
Corporate Bonds	4.50	2,280	5.00	1,690	5.50	1,520
Other	4.60	100	6.70	3,130	4.00	60
Total market value of assets		23,380		19,440		14.910
Actuarial value of scheme liabilities		(25,380)		(21,140)		(18,680)
Deficit in the scheme		(2,000)		(1,700)		(3,770)

Notes to the financial statements

at 31 December 2005

20. Pension commitments (continued)

Full details of the Cooper Consolidated Pension Plan are shown in the financial statements of Cooper Industries (UK) Limited, a fellow group undertaking.

The other schemes in which the company participates are defined contribution pension schemes. The pension cost charged to the profit and loss account represents the contributions payable by the company to the scheme and amounted to £260,000 in the year ended 31 December 2005 (2004: £255,000).

21. Ultimate parent company

The immediate parent company is Crompton Lighting Holdings Limited, which is registered in England and Wales.

The parent undertaking of the smallest group of which the company is a member and for which group accounts are prepared is Cooper Industries (UK) Limited a company registered in England and Wales. Copies of these accounts are available from Jephson Court, Tancred Close, Royal Leamington Spa, CV31 3RZ, England. In the directors' opinion the company's ultimate parent undertaking is Cooper Industries Limited, which is incorporated in Bermuda and listed on the New York stock exchange. Copies of its group accounts are also available from Jephson Court, Tancred Close, Royal Leamington Spa, CV31 3RZ, England.