Registration number 01322200

ADI-Gardiner Ltd

Report and accounts 2012

Registration number 01322200

Contents

The directors of ADI-Gardiner Ltd present the report and audited accounts of the company for the year ended 31 December 2012

Principal activities
The company provides contract manufacturing services to a fellow group company

Business review and future developments

Management monitors the business using the following key indicators	2012	*2011*
	%	%
Gross profit %	18 5	*19 6*
Operating result % of turnover	0 1	*(1 6)*
Headcount % change compared with previous year	(6 4)	*(2 9)*

Gross profit
The decrease is a result of ongoing challenging economic conditions

Operating result
The decrease is a result of ongoing challenging economic conditions

Headcount
The decrease in headcount is in line with the needs of the business

Prior year adjustment
Until 9 April 2010 the company participated in a defined benefit scheme, the Honeywell Integrated Pension Scheme (HIPS), which was closed to new entrants and had no active members The assets of HIPS were transferred to the Honeywell UK Pension Scheme on 9 April 2010, and the company's obligations in respect of former employees were transferred to fellow group companies Under transitional arrangements, the company incurred pension contributions of £160,000 in 2011, but is not expected to make further contributions In the prior year balance sheet the company incorrectly reported a net deficit relating to its former employees of £205,000

In these accounts, the pension obligation has been written back and the prior year pension contributions have been reclassed as defined contribution contributions The net effect is to increase net assets by £45,000

Principal risks and uncertainties
The management of the business and the execution of the company's strategy are subject to a number of risks The key business risks affecting the company are
- rate of growth of domestic and commercial construction
- fluctuation in demand for residential retrofits and upgrades
- fluctuations in industrial capital spend
- adverse economic conditions in the UK construction industry
- changes to fire security, health care and safety concerns/regulations

In response to the risks the company
- maintains a UK-wide presence and aims to have a competitive installed cost and integrated product solutions through technology and productivity,
- ensures effective pricing and continued recognition of brand and quality to maintain market position,
- maintains a high technology offering while widening its product base and expanding into new areas, and
- monitors applicable regulations to ensure products and systems provide high quality solutions for current needs,

The company expects to continue its activities and its current level of performance for the foreseeable future

Financial risk management
Hedges
The company hedges its exposures to significant foreign currency movements
At 31 December, the fair value of unrealised assets/(liabilities) under hedge contracts was not material (2011 £nil)

Other risks
The company's exposure to risks such as prices, credit risk, liquidity, and cash flow is within reasonable commercial limits and these exposures are not hedged

Results and dividends
The company's loss for the financial year was £69,000 (2011 £1,328,000 loss) which will be deducted from reserves The results for the year are shown on page 5

The directors do not recommend the payment of a dividend (2011 £nil)

Directors
The directors of the company who held office during the year and up to the date of signing these accounts were

KamleshKumar Mistry
Peter O'Toole
Hemant Trivedi
Mike Reddington
Adrian Connell

Directors' indemnities
Pursuant to the Company's articles of association, the directors were throughout the year to 31 December 2012 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 236 of the Companies Act 2006

Employment of disabled persons
The company recognises that physically or otherwise disabled individuals are not, of necessity, prevented from making a valuable and significant contribution to the business, and where people have the attitudes and abilities necessary for the job, the company gives sympathetic consideration towards employing them, or retaining them in work should the disability emerge during employment The company's policy is to ensure that no discrimination, either direct or indirect, occurs against employees or applicants, whether in selection, promotion, access to training, or appraisal

Employee involvement
The company keeps employees fully informed of the company's strategies and their impact on the performance of the company and the group and encourages employee participation Briefing meetings are held for each division to give information on company matters and provide an opportunity for discussion E-mail bulletins are circulated regularly to all employees to ensure a common awareness of financial and economic factors that affect the performance of the company Furthermore, employees can acquire shares in the ultimate parent company through the UK ShareBuilder Plan

Directors' responsibilities statement
The directors are responsible for preparing the Directors' report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year Under that law the directors have prepared the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law) Under company law the directors must not approve the accounts unless they are satisfied that they 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 period

In preparing these accounts, the directors are required to
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006 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

Disclosure of information to auditors

In the case of each of the persons who is a director at the time this report is approved

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as at director to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board

KamleshKumar Mistry
Director
3rd April 2013

Independent auditors' report

to the members of ADI-Gardiner Ltd Registration number 01322200

We have audited the financial statements of ADI-Gardiner Ltd for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Directors responsibilities statement set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the report and accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alison Cashmore (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
West London
2 May 2013

Profit and loss account

for the year ended 31 December 2012

	Note	2012 £000	*2011 £000 restated*
Turnover	3	89,614	*88,018*
Cost of sales		(73,060)	*(70,804)*
Gross profit		16,554	*17,214*
Distribution costs		(11,819)	*(12,411)*
Administrative expenses		(4,643)	*(6,025)*
Operating profit/(loss)	4	92	*(1,222)*
Interest payable and similar charges	7	(82)	*(95)*
Profit/(loss) on ordinary activities before taxation		10	*(1,317)*
Tax on profit/(loss) on ordinary activities	8	(79)	*152*
Loss for the financial year	18	(69)	*(1,165)*

All amounts are derived from continuing operations

There is no material difference between the profit on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

The company has no recognised gains and losses other than the loss for the year, and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet

at 31 December 2012

ADI-Gardiner Ltd
Registration number 01322200

	Note	2012 £000	*2011 £000 restated*
Fixed assets			
Tangible assets	10	268	*429*
		268	*429*
Current assets			
Stock	12	5,376	*6,576*
Debtors	13	20,141	*20,602*
		25,517	*27,178*
Creditors amounts falling due within one year	14	(23,026)	*(24,757)*
Net current assets		2,491	*2,421*
Total assets less current liabilities		2,759	*2,850*
Provisions for liabilities	15	(70)	*(92)*
Net assets		2,689	*2,758*
Capital and reserves			
Called up share capital	17	100	*100*
Profit and loss account	18	2,589	*2,658*
Total shareholders' funds	18	2,689	*2,758*

The accounts on pages 5 to 13 were approved by the board of directors on 3rd April 2013 and signed on its behalf by

KamleshKumar Mistry
Director

1. Accounting policies
These accounts are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The accounting policies which have been applied consistently throughout the year are set out below

Changes in accounting policies
The accounting policies have been reviewed by the board of directors in accordance with FRS18 "Accounting policies"

There were no changes to accounting standards in 2012 which were applicable to the company

Turnover and revenue recognition
Turnover comprises sales to customers and service revenues net of value added tax Turnover comprises the cost plus mark-up of manufacturing services research and development, and selling and marketing, net of value added tax

Leases
Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease

Bad debt provision
An allowance for doubtful debts is made against trade debtors which exceed 180 days past due date Provisioning made against debts subsequently settled after 180 days past due are released back to the current profit and loss account

Foreign currency
Transactions denominated in foreign currency are booked using daily or monthly exchange rates prevailing when the transaction is recorded Monetary assets and liabilities which are denominated in foreign currencies are translated into Pounds sterling at rates of exchange approximating to those ruling at the balance sheet date Exchange gains or losses resulting from the year's trading are reflected in the operating results for the year Exchange gains and losses from financing activities are recognised in interest income and expense Gains or losses on foreign currency hedges obtained from the ultimate parent company are recognised when realised The fair value of unrealised hedges at the year end is disclosed in the Directors' report if material

Taxation
Current tax is the amount of tax estimated to be payable or recoverable in respect of the taxable profit or loss for a period, along with adjustments to estimates in respect of previous periods

Deferred tax
Deferred tax is recognised in respect of the future estimated tax consequences of transactions or events recognised in the accounts of the current and previous periods

Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less accumulated depreciation Depreciation is calculated using the straight line method at rates calculated to write down the cost to the estimated residual value over the estimate useful life Cost comprises purchase costs together with any incidental expenses of acquisition The annual depreciation rates used for the major assets are

Buildings - short leasehold	20%
Fixtures & fittings	20%

Land is not depreciated

Stock

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value The cost of raw materials, consumables and goods for resale represents purchase cost on a first-in, first-out basis The cost of work in progress and finished goods is the 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 Provisions for obsolete and slow moving stocks are made where appropriate Consignment stock is held by certain customers as part of maintenance agreements between the company and those customers this stock is replenished when used

Provisions

The company recognises a provision when it has a present obligation, either legal or constructive, which can be reliably measured and it is probable that the transfer of economic benefits will be required to settle that obligation Provisions are based on the best estimate of expenditure required to settle the obligation

Pensions

Defined contribution plans are externally funded, with the assets of the plan held separately from those of the company in separate trustee administered funds Contributions to such plans are charged to the profit and loss account as they become payable

2. Cash flow statement and related party transactions

The company is a wholly owned subsidiary company of a group headed by Honeywell International Inc , and is included in the consolidated accounts of that company, which are publicly available Consequently, the company has taken advantage of the exemption within FRS 1 "Cash flow statements" (revised 1996) from preparing a cash flow statement

In accordance with the exemptions available under FRS 8 "Related party disclosures", transactions with other wholly owned undertakings within the Honeywell group are not required to be disclosed in these accounts, on the grounds that this company is a wholly owned subsidiary of Honeywell International Inc , whose accounts are publicly available

3. Turnover

	2012	*2011*
	£000	*£000*
Analysis of turnover by geographical market		
United Kingdom	86,714	*84,700*
Europe	1,881	*2,059*
Other	1,019	*1,259*
	89,614	*88,018*

Turnover is derived from markets and classes of business which do not substantially differ from each other

Turnover, stated net of value added tax, is attributable to the principal activity of the company The business is carried out in the UK and the turnover derives mainly from that origin

4. Operating profit/(loss)	2012	*2011*
Operating profit/(loss) is stated after charging/(crediting)	£000	*£000*
Depreciation and amortisation		
Tangible assets - owned	177	-
Rental charges under operating leases		
Land and buildings	691	*861*
Loss on disposal of tangible assets	5	-
Reorganisation and redundancy	22	-
Profit on foreign exchange	(25)	*(13)*

5. Auditors' remuneration	2012	*2011*
	£000	*£000*
Fees payable to the company's auditor for the audit of the company's annual accounts	22	*36*

6. Employees and directors

Average number of persons employed during the year	2012	*2011*
(including executive directors)	number	*number*
Selling, servicing and marketing	256	*270*
General and administration	53	*60*
	309	*330*
Staff costs	£000	*£000*
Wages and salaries	8,352	*8,187*
Social security costs	960	*935*
Pension contributions to defined contribution plans (note 16)	147	*139*
	9,459	*9,261*
Directors' remuneration		
Aggregate emoluments	442	*399*
Pension costs - defined contribution	25	*24*
	467	*423*
Highest paid director		
Aggregate emoluments	190	*173*
	190	*173*
The number of directors who were	number	*number*
Members of a defined contribution plans	2	*2*

During the year the highest paid director did (2011 did not) exercise options over shares of Honeywell International Inc , the ultimate parent company

7. Interest

	2012 £000	*2011 £000*
Interest payable and similar charges		
Interest payable on bank overdrafts	82	*93*
Interest payable to group undertakings	-	*2*
	82	*95*

8. Tax on profit/(loss) on ordinary activities

	2012 £000	*2011 £000 restated*
Current tax		
UK corporation tax on profit/(loss) for the year	-	-
Deferred tax		
Origination and reversal of timing differences	54	*(178)*
Effect of decreased tax rate on opening balance	25	*26*
Total deferred tax	79	*(152)*
Tax on profit/(loss) on ordinary activities	79	*(152)*

Factors affecting tax charge for the year
The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012
Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24 5%

Difference between tax at standard rate of UK corporation tax and total tax charge	2012 £000	*2011 £000 restated*
Profit/(loss) on ordinary activities before taxation	10	*(1,480)*
Standard rate of UK corporation tax (%)	24 5	*26 5*
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax	2	*(392)*
Effects of		
Expenses not deductible for tax purposes and other permanent differences	23	*61*
Capital allowances in excess of/(less than) depreciation	38	*(37)*
Movements in general provisions and other short term timing differences	(52)	*90*
Group relief not paid for	(11)	*278*
Total tax charge for the year	-	-

Factors that may affect future tax charges
Deferred tax is provided at 23% on temporary differences reversing in 2013 and thereafter There are proposals to reduce UK Corporation Tax in stages to 20% by 1 April 2015 The effect of these proposals is not material

There are no provided or unprovided amounts relating to deferred tax

9. Deferred tax

Tax effect of timing differences because of	2012 £000	*2011 £000 restated*
Differences between capital allowances and depreciation	248	*307*
Other short term timing differences	33	*53*
Deferred tax asset (note 13)	281	*360*

Movements in deferred tax

	£000
At 1 January 2012	360
(Charge)/credit to the profit and loss account (note 8)	(79)
At 31 December 2012	281

The deferred tax asset is recognised because it is more likely than not that there will be sufficient taxable profits in the future to recover the asset
There are no unprovided amounts relating to deferred tax

10. Tangible assets

	Land & buildings £000	Fixture & fittings £000	Total £000
Cost			
At 1 January 2012	821	614	1,435
Additions	21	-	21
Disposals	(29)	(177)	(206)
At 31 December 2012	813	437	1,250
Accumulated depreciation			
At 1 January 2012	636	370	1,006
Charge for the year	102	75	177
Disposals	(24)	(177)	(201)
At 31 December 2012	714	268	982
Net book value			
At 31 December 2012	99	169	268
At 31 December 2011	*185*	*244*	*429*

11. Investments

	Subsidiary undertakings £000	Total £000
Cost		
At 1 January 2012	1,523	1,523
Disposals	(1,523)	(1,523)
At 31 December 2012	-	-
Provision for impairment		
At 1 January 2012	1,523	1,523
Disposals	(1,523)	(1,523)
At 31 December 2012	-	-
Net book value		
At 1 January and 31 December 2012	-	-

The company's subsidiary undertaking, Alarm Express Holdings Ltd, was dissolved during the year

12. Stocks

	2012 £000	*2011 £000*
Raw materials	-	*84*
Finished goods for sale	5,376	*6,492*
	5,376	*6,576*

13. Debtors

	2012 £000	*2011 £000*
Amounts falling due within one year		
Trade debtors	18,593	*18,835*
Amounts owed by group undertakings	173	*139*
Deferred tax asset (note 9)	281	*360*
Other debtors	1,025	*1,178*
Prepayments and accrued income	69	*90*
	20,141	*20,602*

14. Creditors: amounts falling due within one year

	2012	*2011*
	£000	*£000*
		restated
Bank overdrafts	2,058	*3,850*
Trade creditors	14,459	*14,182*
Amounts owed to group undertakings	3,923	*4,153*
Taxation and social security	687	*592*
Accruals and deferred income	1,899	*1,980*
	23,026	*24,757*

15. Provisions for liabilities

	At 1 January	Credit to P&L	At 31 December
	£000	£000	£000
Property	92	(22)	70
	92	(22)	70

The property provision is for the remaining rent and termination expenses of a vacated property The provision is expected to be utilised by 2016

16. Pensions

Defined contribution sections	2012	*2011*
	£000	*£000*
Contributions to defined contribution plans during the year	147	*139*

17. Called up share capital	2012	*2011*
Allotted, called up and fully paid	£000	*£000*
At 1 January and 31 December 100,000 Ordinary shares of 1 each	100	*100*

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	2012 Total	*2011 Total*
	£000	£000	£000	*£000*
At 1 January previously stated	100	2,613	2,713	*4,086*
Prior year adjustment	-	45	45	*-*
At 1 January as restated	100	2,658	2,758	*4,086*
Loss for the financial year	-	(69)	(69)	*(1,328)*
Movement on deferred tax relating to				
At 31 December	100	2,589	2,689	*2,758*

Prior year adjustment
The prior year comparatives have been restated See the directors' report for details of the restatement

19. Operating lease commitments	2012	*2011*
At 31 December the company had annual commitments under non-cancellable operating leases expiring as follows	£000	*£000*
Land and buildings		
expiring in within one year	354	*170*
expiring in two to five years	337	*625*
expiring in more than five years	-	*66*
	691	*861*

20. Contingent liabilities
The company, with other Honeywell group companies in the UK, has provided a bank guarantee under a composite accounting agreement Under this agreement, bank interest is calculated on the net group position after setting off positive and overdrawn cash balances The maximum contingent liability under this agreement is the total of overdrawn balances held by group companies, amounting to £431,583,000 (2011 £568,591,000)
Positive cash balances held by the group exceeded overdrawn balances in 2012 and 2011

21. Ultimate parent undertaking
The immediate parent undertaking is ADI-Gardiner EMEA Ltd, a company incorporated in England

The ultimate parent undertaking and controlling party is Honeywell International Inc , a company incorporated in the USA, which is the smallest and largest group to consolidate these accounts Copies of these accounts are publicly available and can be obtained from Corporate Publications, PO Box 2245, Morristown, New Jersey 07962-224 USA or from the Internet at www honeywell com