

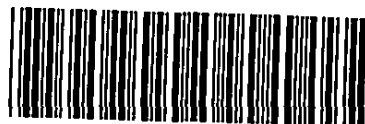
Ingersoll Rand Security Technologies Limited

Annual report and financial statements

for the year ended 31 December 2012

Registered number 29131

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# **Ingersoll Rand Security Technologies Limited**

## **Annual report and financial statements for the year ended 31 December 2012**

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# **Ingersoll Rand Security Technologies Limited**

## **Directors and advisers**

### **Directors**

J D Stanley  
C J Crampton  
P Mares (Resigned 1 August 2013)

### **Secretary**

M Cristea

### **Registered office**

Ingersoll Rand Security Technologies Limited  
Bescot Crescent  
Walsall  
West Midlands  
WS1 4DL

### **Independent Auditors**

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1

# **Ingersoll Rand Security Technologies Limited**

## **Directors' report for the year ended 31 December 2012**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

### **Principal activities**

The company is engaged in the production, specification and supply of a wide range of branded architectural products for the building industry, principally in non-ferrous metal and plastic

### **Review of the business**

The Company made an operating profit of £3.7 million (2011 profit £1.6 million). Loss on ordinary activities before tax for the year is £0.4 million (2011 profit £0.4 million), and after taxation charge of £1.6 million (2011 charge £1.5 million), loss for the year amounts to £2.0 million (2011 loss £1.1 million)

Despite the continuing challenging economic climate that was experienced in 2012 the Company continued to hold and grow its market share in its core areas while maintaining its gross profit margins by continuing its tight control over costs. The directors are confident that the company is in a position to respond when the market recovers.

The directors have continued to mitigate reduction in volume by keeping tight control of costs and were able to maintain operation profitability.

The Ingersoll Rand brand name and the Company's excellent customer relationships and reputation for quality has enabled the Company to grow its market share during the year and this is set to continue into 2013.

### **Key performance indicators (KPIs)**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Dividends**

No dividends have been paid or declared in 2012 (2011: £nil).

### **Research and development**

The Company continues to invest in research and development of new products and technology to maintain its competitive advantage over its competitors. All costs are charged to the profit and loss account at the time they are incurred.

# **Ingersoll Rand Security Technologies Limited**

## **Directors' report**

### **for the year ended 31 December 2012 (continued)**

#### **Future developments**

The directors believe that the company has exited the year in a strong position. The continuous investments in the sales organisation and new products including further expansion in Middle East will all enable the business to grow both sales and profitability in the future. The company continues to drive efficiencies to improve margins, utilising tools such as Lean Six Sigma and actively engages ideas for improvements from all employees.

#### **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 and uncertainties affecting the Company are considered to relate to competition from both national and independent manufacturers/distributors, employee retention and new technologies. The Company's strategy for combating these risks is to continually invest in research and development of new technology and product innovations and through pursuing employee involvement and complying with employment policies.

#### **Financial risk management policies and objectives**

The Company's operations expose it to a number of financial risks that include price risk, credit risk, liquidity risk, interest rate risk and cash flow risk. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department as required.

##### *Price risk*

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the costs of actively managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

##### *Credit risk*

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Often new customers are given cash accounts, then migrate to credit accounts once a payment history is established. The Company uses third party online credit evaluations as well as Companies House information, including latest financial statement submissions.

##### *Liquidity risk*

The Company actively manages its working capital requirements to ensure it has sufficient funds for its operations. This together with continued monitoring of cash collection on receivables and the Company's cash rich situation has mitigated any liquidity risk. The requirement for medium to long term debt finance will be reviewed by the board of directors based on the Company's forecast requirements.

##### *Interest rate and cash flow risk*

The Company has both interest bearing assets and interest bearing liabilities. The Company has a policy of maintaining short term deposits and cash balances at a level sufficient to fund its operations. The directors will revisit the appropriateness of this policy should the Company's operations or cash balances change in size or nature.

##### *Post balance sheet events*

There have been no significant events impacting the company since the year end.

# **Ingersoll Rand Security Technologies Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Directors**

The directors who held office during the year are given below

J D Stanley

C J Crampton

P Mares (Resigned 1 August 2013)

### **Donations**

Contributions were made to charities in the year to the value of £Nil (2011 £Nil)

### **Employment policies**

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

### **Employee involvement**

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests.

The Company encourages the involvement of employees by means of regular monthly calls where employees are free to raise questions and voice comments to the directors and management of the Company on any issue they feel relevant. The Company also holds annual conferences with all of its employees where there is a review of the current and prior year's performance together with future goals and objectives of the business. Employees are also free to ask any questions and comment direct to the directors of the Company in small informal groups.

The Company also holds reviews biannually for each employee with their direct manager. This forum is used to address any issues and concerns from the employee and from the Company and is also used to help identify and encourage individual growth and development of the employee as well as identify any training needs that the Company can accommodate.

The Company operates an employee engagement survey each year to gather feedback and recommendations from employees and the directors of the business then review these findings and authorise any appropriate action to be taken.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

# **Ingersoll Rand Security Technologies Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Statement of directors' responsibilities continued**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements 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 financial statements 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 financial statements, 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 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 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 financial statements 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.

### **Statement of disclosure of information to auditors**

In accordance with Section 418 of the Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent auditors**

The auditors PricewaterhouseCoopers, have expressed their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By order of the board

  
C Crampton  
Director



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGERSOLL RAND SECURITY TECHNOLOGIES LIMITED**

We have audited the financial statements of Ingersoll Rand Security Technologies Limited for the year ended 31 December 2012, which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds 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 Statement of Directors' Responsibilities set out on page 4 and 5 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 Annual Report 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





**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGERSOLL RAND  
SECURITY TECHNOLOGIES LIMITED - continued**

**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

A handwritten signature in black ink, appearing to read 'Alisa Hayden', is positioned above the printed name.

**Alisa Hayden (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Auditors  
Dublin, Ireland**

12 September 2013

# Ingersoll Rand Security Technologies Limited

## Profit and loss account for the year ended 31 December 2012

		2012	2011
	Note	£'m	£'m
<b>Turnover</b>	2	<b>49.5</b>	49.7
Net operating expenses – excluding exceptional items		(45.9)	(48.1)
Exceptional operating expenses	4	(4.4)	(7.7)
Exceptional operating income	4	4.5	7.7
Total operating expenses		(45.8)	(48.1)
<b>Operating profit</b>	3	<b>3.7</b>	1.6
Interest receivable and similar income	5	0.1	0.1
Other finance expenses	6	(4.2)	(1.3)
<b>(Loss)/profit on ordinary activities before taxation</b>	7	<b>(0.4)</b>	0.4
Tax on profit on ordinary activities	8	(1.6)	(1.5)
<b>Loss for the financial year</b>	19	<b>(2.0)</b>	(1.1)

All activities during 2012 and 2011 have been derived from continuing operations

There are no material differences between the (loss)/profit on ordinary activities before taxation and the loss for the financial year stated above and their historic cost equivalents

# Ingersoll Rand Security Technologies Limited

## Statement of total recognised gains and losses for the year ended 31 December 2012

		2012	2011
	Note	£'m	£'m
Loss for the financial year	19	(2.0)	(1.1)
Actuarial (loss)/gain on pension scheme	10	(16.8)	7.7
Movement on deferred tax relating to pension deficit		4.2	(2.1)
<b>Total recognised (losses)/profits relating to the year</b>		<b>(14.6)</b>	<b>4.5</b>

# Ingersoll Rand Security Technologies Limited

## Balance sheet as at 31 December 2012

	Note	2012 £'m	2011 £'m
<b>Fixed assets</b>			
Tangible assets	11	2.1	2.1
Investments	12	4.3	8.7
		6.4	10.8
<b>Current assets</b>			
Stock	13	3.8	4.4
Debtors	14	131.5	134.3
Cash at bank and in hand		54.2	57.8
		189.5	196.5
<b>Creditors - amounts falling due within one year</b>	15	(106.5)	(109.7)
<b>Net current assets</b>		83.0	86.8
<b>Total assets less current liabilities</b>		89.4	97.6
Creditors - amounts falling due after more than one year	15	(4.3)	(8.1)
Provisions for liabilities	16	(0.6)	(0.5)
<b>Net assets excluding pension deficit</b>		84.5	89.0
Pension deficit (net of related deferred tax)	10	(19.9)	(9.8)
<b>Net assets including pension deficit</b>		64.6	79.2
<b>Capital and reserves</b>			
Called up share capital	18	32.2	32.2
Share premium account	19	55.0	55.0
Revaluation reserve	19	2.7	2.7
Capital redemption reserve	19	0.9	0.9
Profit and loss account	19	(26.2)	(11.6)
<b>Total shareholders' funds</b>		64.6	79.2

The financial statements on pages 8 to 30 were approved by the board of directors on 27<sup>th</sup> August 2013 and were signed on its behalf by

Director

Ingersoll Rand Security Technologies Limited (Registered Number, 29131)

## Ingersoll Rand Security Technologies Limited

### Reconciliation of movements in shareholders' funds for the year ended 31 December 2012

		2012	2011
	Note	£'m	£'m
Loss for the financial year	19	(2.0)	(1 1)
Actuarial (loss)/gain on pension scheme	10	(16.8)	7 7
Deferred tax effect of actuarial gain		4.2	(2 1)
Net (deductions)/additions to shareholders' funds		(14 6)	4 5
Opening shareholders' funds		79.2	74 7
Closing total shareholders' funds		64.6	79 2

# **Ingersoll Rand Security Technologies Limited**

## **Notes to the financial statements for the year ended 31 December 2012**

### **1 Accounting policies**

#### **Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention, modified by the revaluation of certain fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, is set out below.

By virtue of Section 401 of the Company's Act 2006, the Company is exempt from submitting Group accounts. Consolidated accounts are prepared by the ultimate holding company, Ingersoll-Rand Plc. Copies of consolidated accounts may be obtained as detailed in note 24.

#### **Turnover**

Turnover represents the amounts receivable for the provision of goods and services falling within the Company's ordinary activities, excluding value added tax. Turnover is recognised upon delivery of goods and services to customers.

#### **Foreign currencies**

All transactions denominated in foreign currencies are translated into Sterling at the actual rate of exchange ruling on the date of the transaction. Monetary assets and liabilities, including long term liabilities, in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. All exchange differences arising are dealt with in the profit and loss account.

#### **Leased assets**

When fixed assets are financed by leasing agreements which give rights approximating to ownership the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The rentals payable are apportioned between interest which is charged to the profit and loss account, and capital, which reduces the outstanding obligations. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### **Provisioning policy**

Provisions are recognised on the balance sheet when the Company has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

These provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 1 Accounting policies (continued)

#### Depreciation of tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and where appropriate a provision for impairment is made

The historic cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use

Depreciation is provided on all tangible fixed assets on a straight-line basis to write off the cost of those assets over their estimated useful lives. The principal rates of depreciation are as follows

Freehold buildings	2%
Plant and equipment	10% - 33 75%

#### Fixed asset investments

Shares in subsidiary undertakings are stated at their underlying net asset value determined under these accounting policies

#### Impairment

At each balance sheet date the Company reviews the carrying amount of its tangible fixed assets to determine whether there are any indicators of impairment. If indicators of impairment exist then the recoverable amount of an asset is estimated and if this is less than its carrying amount, the difference is recognised in the profit and loss account as an impairment loss

#### Stock

Stock is valued at the lower of standard cost, which is updated from latest records/price lists and estimated net realisable value. Cost of finished goods and work in progress comprises materials, direct labour and an appropriate proportion of overhead expenses. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provisions are made, where necessary, for obsolete, slow moving and defective stocks

#### 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of 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 an undiscounted basis

#### Research and development

Expenditure on research and development is charged to the profit and loss account in the financial year in which it is incurred

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 1 Accounting policies (continued)

#### Pension costs

The Company operates two pension schemes which are held in the name of Ingersoll-Rand Holdings Limited Retirement Benefits Plan

A defined contribution pension scheme is operated and is open to new employees. The contributions of which are charged to the Company's profit and loss account in the year in respect of which they become payable.

The Company is a member of a group defined benefit scheme which is closed to new employees. As explained further in note 10, the Company accounted for this scheme as a defined contribution scheme until 1 December 2010. From this date the basis of responsibility and future funding for the assets and liabilities of the scheme was agreed, which enabled a reasonable basis for determining the share of the assets and liabilities attributable to the Company. Accordingly, from this date the company accounted for the scheme as a defined benefit scheme and the initial recognition of the net pension deficit at that date and the associated deferred tax asset recognised in the profit and loss account for the year.

Under defined benefit scheme accounting, the amounts charged to operating profit are the current service costs, excluding the costs of servicing the investments, and gains and losses on settlements and curtailments. They are included within staff costs and charged or credited to the statutory profit and loss account headings to which they relate. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately the costs are recognised over the period until vesting occurs. The interest cost, the cost of servicing the investments and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The assets of the scheme are held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The resulting defined asset or liability, net of the related deferred taxation, is presented separately after other net assets on the face of the balance sheet.

### 2 Turnover

Turnover by destination	2011	2011
	£'m	£'m
United Kingdom	35.4	37.4
Rest of the World	14.1	12.3
	49.5	49.7



# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 3 Operating profit

	2012	2011
	£'m	£'m
Turnover	49.5	49.7
Cost of sales	(30.6)	(34.6)
Distribution costs	(6.3)	(6.0)
Administrative expenses (including exceptional costs)	(8.9)	(7.5)
Total operating expenses	(45.8)	(48.1)
Operating profit	3.7	1.6

### 4 Exceptional Items

	2012	2011
	£'m	£'m
Waiver of intra group debt	4.5	7.7
Amounts written off investments	(4.4)	(7.7)
Exceptional Items	0.1	-

During the period a number of intra group debts between the Company and other members of the Ingersoll Rand group were settled on the dissolution of these entities. The Company has debt waivers in place releasing them from their liabilities. (See further details in note 12)

### 5 Interest receivable and similar income

	2012	2011
	£'m	£'m
Interest receivable from group undertakings	0.1	0.1

### 6 Other finance expenses

	2012	2011
	£'m	£'m
Other finance expenses	4.2	1.3

Other finance expenses comprise of the interest costs relating to the pension scheme, less the expected return on pension scheme assets (note 10)

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 7 (Loss)/profit on ordinary activities before taxation

	2012	2011
	£'m	£'m
<b>(Loss)/profit on ordinary activities before taxation is stated after charging:</b>		
Depreciation of tangible fixed assets – owned assets (note 11)	0.1	0.1
Auditor's remuneration – audit services	0.1	0.1
Research and development	0.2	0.6
Pension costs under defined contribution scheme accounting (note 10)	0.6	0.6
Operating lease rentals – plant and machinery	1.6	1.0
Operating lease rentals – other	0.4	0.8
Foreign exchange (gain)/loss	(0.2)	0.2

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

	2012	2011
	£'m	£'m
<b>Current tax at 24.5% (2011: 26.5%)</b>		
UK corporation tax on profit/loss of the period	-	-
Adjustments in respect of prior periods	-	-
<b>Total current year tax</b>	-	-
<b>Deferred tax:</b>		
Current year	1.6	1.2
Adjustments in respect of prior periods	-	0.3
<b>Total deferred tax charge/(credit) (note 17)</b>	1.6	1.5
<b>Tax on profit on ordinary activities</b>	1.6	1.5

Deferred tax for the current year has been recognised in respect of origination and reversal of timing differences during the year

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 8 Tax on (loss)/profit on ordinary activities (continued)

The tax assessed for the year is lower (2010 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012	2011
	£'m	£'m
<b>Reconciliation of actual tax (credit)/charge to expected tax charge</b>		
(Loss)/profit on ordinary activities before taxation	(0.4)	0.4
Expected tax charge at 24.5% (2011 26.5%)	(0.1)	0.1
Effects of		
Other timing differences	(0.8)	(0.8)
Group relief surrendered for nil consideration	-	0.3
Losses carried forward	0.9	0.4
<b>Corporation tax for the year</b>	-	-

During the year, as a result of the changes in the UK corporation tax rate to 24%, which was substantially enacted on 26 March 2012 and was effective from 1 April 2012, and to 23%, which was substantially enacted on 3 July 2012 and will be effective 1 April 2013. The relevant deferred tax balances have been re-measured.

In addition to the changes in rates of Corporation tax disclosed within the note above further changes to the UK corporation tax system have been announced. In the autumn statement 2012 a reduction to the main rate was announced to reduce the rate to 21% from 1 April 2014. In the Budget 2013 a further reduction to the main rate was announced to reduce the rate to 20% from 1 April 2015.

These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

The effect of the changes enacted in the Finance Act 2012 would be to further reduce the deferred tax asset provided at the balance sheet date by an additional £0.1m. This £0.1m decrease in the deferred tax asset would decrease profit by £0.1m. This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 23 per cent to 22 per cent with effect from 1 April 2014.

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 9 Directors and employees

	2012	2011
	£'m	£'m
Wages and salaries	10.0	9.0
Social security costs	1.0	0.8
Other pension costs (note 10) - defined contribution scheme	0.7	0.6
- Current service cost	0.6	0.7
	12.3	11.1

Monthly average number of persons employed by the Company during the year including directors on service contracts

	Number	Number
Hourly paid	132	113
Other	147	197
	279	310

#### Directors' emoluments:

	2012	2011
	£'m	£'m
Aggregate emoluments	0.3	0.3

#### Highest paid director:

	2012	2011
	£'m	£'m
Aggregate emoluments	0.2	0.2

No directors have contributions accruing under a defined contribution scheme (2011: nil). One director (2011: one) has retirement benefits accruing under a defined benefit scheme. No director exercised share options in the ultimate parent undertaking during the year (2011: one). Disclosures relating to share option arrangements are not included as they are not material.

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 10 Pensions

The Company participates in the Ingersoll-Rand Holdings Limited Retirement Benefits Plan

This is a funded defined benefit scheme providing benefits for Ingersoll-Rand employees in the UK. This fund is closed to all new employees, however they are eligible to join a defined contribution scheme. Contributions are based on pension costs across the UK group as a whole and actuarial information in relation to the scheme in prior years is given in the accounts of Ingersoll-Rand European Sales Limited.

Following the merger of the Company's pension scheme into the Ingersoll-Rand Holdings Limited Retirement Benefits plan in 2004, the Company has accounted for the plan until 1 December 2010 as if it were a defined contribution scheme. The Company accounted for the plan as a defined contribution scheme until then as it was not possible to identify the Company's share of the assets and liabilities of the scheme (note 1).

From 1 December 2010, the Company agreed with the other remaining participant of the pension scheme, Ingersoll-Rand European Sales Limited, the basis of responsibility and future funding for the assets and liabilities of the scheme, which enabled a reasonable basis for determining the share of the assets and liabilities attributable to the Company. Accordingly, from this date the Company has accounted for the scheme as a defined benefit scheme.

The defined benefit pension scheme is in deficit at the 2012 year end. A deficit on the pension scheme attributable to the Company of £26 million (prior to any associated deferred tax asset) existed at the year end. This pension liability, as detailed below, is calculated using the value of the scheme's liabilities at 5 April 2010 and updated to 31 December 2012 by a qualified actuary using the following assumptions:

Financial assumptions:	2012	2011
Rate of increase in salaries	4.25%	4.25%
Rate of increase in pensions in payment	3.00%	3.00%
Discount rate	4.50%	5.00%
RPI Inflation	3.00%	3.00%
Expected return on assets	5.00%	4.50%

Assumptions regarding future mortality are set based on advice from published statistics and experience. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The life expectancy in years for a member aged 65 is as follows:

	2012 Years	2011 Years
Male	22.7	22.5
Female	24.7	24.6

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 10 Pensions (continued)

#### Change in Projected Benefit Obligation (PBO)

	2012 £'m	2011 £'m
Benefit obligation, beginning of year	182.5	183.6
Current service cost	0.6	0.7
Interest cost	8.9	9.9
Participants contributions	0.1	0.1
Actuarial loss/(gain)	21.8	(4.2)
Gross benefits paid	(8.2)	(7.5)
Curtailments	-	(0.1)
<b>Benefit obligation at year end</b>	<b>205.7</b>	<b>182.5</b>

#### Change in Plan Assets:

	2012 £'m	2010 £'m
Fair value, beginning of year	169.5	164.1
Expected return	6.8	8.6
Actuarial gain	5.0	3.5
Employer contribution	6.7	0.7
Plan participants' contributions	0.1	0.1
Gross benefits paid	(8.2)	(7.5)
<b>Fair value of plan assets at year end</b>	<b>179.9</b>	<b>169.5</b>

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 10 Pensions (continued)

The assets in the scheme and expected return on assets were

	2012	2011
	£'m	£'m
Equities	66.3	60.1
Bonds	109.6	106.3
Cash	2.5	1.5
Property	1.5	1.6
Total assets at market value	179.9	169.5
Actuarial liabilities	(205.7)	(182.5)
Total deficit in the plan	(25.8)	(13.0)
Related deferred tax asset	5.9	3.2
Net pension liability	(19.9)	(9.8)

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 10 Pensions (continued)

	2012	2011
	£'m	£'m
<b>Analysis of the amount that has been charged to operating profit:</b>		
Current service cost	0.6	0.7
Curtailments	-	(0.1)
<b>Total operating charge</b>	<b>0.6</b>	<b>0.6</b>
<b>Analysis of the amount that has been charged to other finance expense:</b>		
Expected return on pension scheme assets	6.8	8.6
Interest on pension scheme liabilities	(8.9)	(9.9)
<b>Net expense</b>	<b>(2.1)</b>	<b>(1.3)</b>
<b>Analysis of amount that has been recognised in the statement of total recognised gains and losses ('STRGL')</b>		
Actual return less expected return on pension scheme assets	5.0	3.5
Changes in assumptions underlying the present value of the scheme liabilities	(21.8)	4.2
<b>Actuarial gain recognised in the STRGL</b>	<b>(16.8)</b>	<b>7.7</b>
<b>Cumulative amount recognised at the end of the year</b>	<b>(16.8)</b>	<b>7.7</b>



# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 10 Pensions (continued)

#### History of experience gains and losses.

	2012	2011
	£'m	£'m
Fair value of assets	179.9	169.5
Projected benefit obligation	(205.7)	(182.5)
Funded status	(25.8)	(13.0)
Difference between expected and actual return on Plan assets	5.0	3.5
% of plan assets at end of period	2.8%	2.1%
Experience (losses)/gains arising on Plan liabilities	-	-
% of plan liabilities at end of period	-	-

The values of the assets at 31 December 2012 and earlier have been taken as at mid-value

The Company expects to contribute 23.3% of active members' pensionable salaries over 2013, which will continue in subsequent years, together with additional annual contribution of approximately £8.5m in 2013 and £8.5m each year from 2014 to 2017. The Company contributions will be reviewed as part of the Plan's 2013 actuarial valuation and may be revised at that point.

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 11 Tangible assets

	Freehold properties £'m	Plant and equipment £'m	Total £'m
<b>Cost</b>			
At 1 January 2012	2.6	1.8	4.4
Disposals	-	(0.1)	(0.1)
<b>At 31 December 2012</b>	<b>2.6</b>	<b>1.7</b>	<b>4.3</b>
<b>Accumulated depreciation</b>			
At 1 January 2012	0.7	1.6	2.3
Charge for the year	-	0.1	0.1
Disposals	-	(0.2)	(0.2)
<b>At 31 December 2012</b>	<b>0.7</b>	<b>1.5</b>	<b>2.2</b>
<b>Net book value</b>			
<b>At 31 December 2012</b>	<b>1.9</b>	<b>0.1</b>	<b>2.1</b>
At 31 December 2011	1.9	0.2	2.1

The cost of freehold land not depreciated is £0.7 million (2011: £0.7 million)

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 12 Investments

The principal subsidiary undertaking which is 100% owned is NT Group Properties Limited, a company incorporated in England and Wales

A complete list of subsidiaries can be found in the Company's annual return

	Shares	Total
	£'m	£'m
<b>Cost or valuation</b>		
As at 1 January 2012	8.7	8.7
Disposal	(4.4)	(4.4)
<b>At 31 December 2012</b>	<b>4.3</b>	<b>4.3</b>
<b>Net book value</b>		
<b>At 31 December 2012</b>	<b>4.3</b>	<b>4.3</b>
At 31 December 2011	8.7	8.7

Disposals relate to dormant entities dissolved in the year whereby intercompany balances were written off by debt waiver

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 13 Stock

	2012	2011
	£'m	£'m
Raw materials and consumables	-	1.1
Work-in-progress	0.1	0.1
Finished goods	3.7	3.2
	3.8	4.4

There is no significant difference in value between finished goods and their replacement costs

### 14 Debtors

	2012	2011
	£'m	£'m
Amounts falling due within one year:		
Trade debtors	10.3	13.8
Amounts owed by fellow subsidiary undertakings	118.2	117.7
Deferred tax (note 17)	2.6	2.6
Prepayments and accrued income	0.4	0.2
	131.5	134.3

Included in amounts owed by fellow subsidiary undertakings are loans to various related companies which are repayable on demand. The interest charged on these loans varies from 0% to 1.5%.

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 15 Creditors

	2012	2011
	£'m	£'m
<b>Amounts falling due within one year:</b>		
Trade creditors	2.5	3.5
Amounts owed to fellow subsidiary undertakings	100.1	102.7
Other taxation and social security payable	0.6	0.8
Accruals and deferred income	3.3	2.7
	<b>106.5</b>	<b>109.7</b>
<b>Amounts falling due after more than one year:</b>		
Amounts owed to subsidiary undertakings	4.3	8.1

The Company has several unsecured loans from other related companies which are part of the Ingersoll Rand Group. The directors consider that these loans are not expected to be paid in the foreseeable future and do not attract interest.

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 16 Provisions for liabilities

	Onerous leases £'m
At 1 January 2012	0.5
Charged during the year	0.1
<b>At 31 December 2012</b>	<b>0.6</b>

Provisions have been made for the expected costs arising from onerous leases on properties no longer occupied by the Company. The provision is based on the lease costs that are not covered by expected rental income over the period of the lease terms, which range up to 15 years.

### 17 Deferred taxation

The deferred taxation asset comprises	2012 £'m	2011 £'m
Accelerated capital allowances	0.6	0.6
Short term timing differences	1.9	1.8
Trading losses	0.1	0.2
<b>Deferred tax asset</b>	<b>2.6</b>	<b>2.6</b>

	2012 £'m	2011 £'m
Opening deferred tax asset	2.6	4.2
Amount relating to FRS17	1.6	(0.1)
Amounts debited to profit and loss account (note 8)	(1.6)	(1.5)
<b>Closing deferred tax asset (note 14)</b>	<b>2.6</b>	<b>2.6</b>

In addition to the above, a deferred tax asset of approximately £3.0 million (2011: £0.4 million) in respect of trading losses and £5.8 million (2011: £5.8 million) in respect of advance corporation tax recoverable is available in the Company for relief against future UK profits. This has not been recognised as it is not expected to reverse in the foreseeable future.

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 18 Called up share capital

	Ordinary Shares of 25p each	£'m
<b>Authorised</b>		
At 1 January 2012 and 31 December 2012	172,186,496	43.0
<b>Allotted and fully paid up</b>		
At 1 January 2012 and 31 December 2012	128,994,880	32.2

### 19 Reserves

	Share premium account £'m	Revaluation reserve £'m	Capital redemption reserve £'m	Profit and loss account £'m
At 1 January 2012	55.0	2.7	0.9	(11.6)
Loss for the financial year	-	-	-	(2.0)
Actuarial gain on pension scheme (net of related deferred tax)	-	-	-	(12.6)
<b>At 31 December 2012</b>	<b>55.0</b>	<b>2.7</b>	<b>0.9</b>	<b>(26.2)</b>

# Ingersoll Rand Security Technologies Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 20 Financial commitments

	Land and buildings 2012 £'m	Other 2012 £'m	Land and buildings 2011 £'m	Other 2011 £'m
Annual commitments under non – cancellable operating leases which expire				
Within one year	0.4	-	0.3	-
Between two and five years	0.6	1.0	0.4	0.9
	1.0	1.0	0.7	0.9

Other commitments relate to car leasing

### 21 Dividends

No dividends have been paid or declared for 2012 (2011: £nil)

### 22 Cash flow statement

The company is a wholly owned subsidiary of Ingersoll-Rand Plc and is included in the consolidated financial statements of Ingersoll-Rand Plc, which are publically available

Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Ingersoll-Rand Plc group

### 23 Related party transactions

The company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Ingersoll-Rand Plc group. The Company's immediate parent and ultimate parent undertakings are detailed in note 24

### 24 Parent Company and controlling party

The Company's immediate parent company is Ingersoll-Rand Investments Limited which is a company registered in England and Wales. Copies of the immediate parent undertaking's financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ

The Company's ultimate parent company and ultimate controlling party is Ingersoll-Rand Plc, a company incorporated in Dublin, Ireland. This is the largest and smallest group to consolidate these financial statements. Copies of the consolidated financial statements may be obtained from The Corporate Secretary, Ingersoll-Rand Plc, 170/175 Lakeview Drive, Airside Business Park, Swords, Co. Dublin, Ireland