ADI-GARDINER Limited

Report and accounts 2007

Company registration number 1322200

Contents

Directors' report

for the year ended 31 December 2007

The directors of ADI-GARDINER Limited present their report and audited financial statements of the company for the year ended 31 December 2007

Principal activities
The principal activities of the company consist of the wholesale distribution of electronic security and surveillance systems, fire detection and prevention equipment and related products

Results
The company's profit for the financial year was £6,381,000 (2006 £2,618,000 profit) which will be transferred to reserves The results for the year are shown on page 5

Business review and future developments
2007 was a year of consolidation following the acquisition of the company by Honeywell International Inc which took place in May 2006 The results of the company during the year remained strong and the year end position was satisfactory The company's programme of continuous development combined with its strong market presence should result in continued positive results in future years

Turnover
Turnover for 2007 was up 24% on 2006 at £108m The key reason for this increase was the transfer of the business of the ADI division of Honeywell Video Systems UK Limited into the company with effect from 1 November 2006

Operating result
The operating result for 2007 reflects the strong sales performance combined with diligent control of operating expenses

Business key performance indicators
In order to maximise company performance and drive efficiency, management continually review the following measures

- Sales & gross margin by product category
- Operating profit margin
- Debtor days
- Stock days on hand
- Creditor days
- Net working capital

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

A P Connell
H Trivedi
P J O'Toole
J G Gazielly
M Reddington
A Richards
P Tochet (resigned 1 February 2008)
K Mistry (appointed 1 february 2008)

Directors' indemnities
Pursuant to the Company's articles of association, the directors were throughout the year to 31 December 2007 and are at the date of this report entitled to qualifying indemnity provision as defined in section 236 of the Companies Act 2006

Financial instrument policies
Financial risk management
The company's operations expose it to a variety of financial risks that include interest rate risk, foreign exchange risk, credit risk and liquidity risk Financial risks are monitored by the directors
Interest rate risk
The company borrows in the United Kingdom at both fixed and floating rates of interest The interest rate characteristics of new borrowings are positioned according to expected movements in interest rates
Currency risk
The company considers it has limited currency risk since it primarily transacts in sterling
Credit risk
The company's credit risk is primarily attributable to its trade receivables The company's client base comprises of a very large number of relatively small customers As a result, the company has limited exposure to any one client
Liquidity risk
The company ensures availability of funding through an appropriate amount of committed facilities, on a group wide basis, that are designed to ensure the company has sufficient available funds for its operations

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 commercial construction
- -Fluctuation in demand for residential retrofits and upgrades
- -Fluctuations in industrial capital spend
- -Adverse economic conditions in 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 wide range of competitively-priced products to satisfy our customers' requirements,
- -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

Employment of disabled persons
It is the company's policy that disabled persons shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities

Employee involvement
The company keeps employees fully informed of company affairs and encourages their active 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

Directors' report (continued)
for the year ended 31 December 2007

Statement of directors' responsibilities in respect of the annual report and the financial statements
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year The directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law) The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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 confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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

Disclosure of information to auditors
Each of the persons who is a director at the date of approval of this report confirms that

- 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 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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the Annual General Meeting

A.P Con.

A Connell
Director
23 June 2008

Independent auditors' report

to the members of ADI-GARDINER Limited

We have audited the financial statements of ADI-GARDINER Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

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 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

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's affairs as at 31 December 2007 and of its profit for the year then ended, and,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
23 June 2008

Profit and loss account

for the year ended 31 December 2007

	Notes	2007 £000	*2006 £000*
Turnover	3	107,703	*87,004*
Cost of sales		(81,070)	*(66,095)*
Gross profit		26,633	*20,909*
Operatıng expenses		(20,154)	*(18,182)*
Operating profit	5	6,479	*2,727*
Interest payable and sımılar charges	6	-	*(4)*
Interest receıvable	6	46	*117*
Other finance charges	19	(57)	*(56)*
Profit on ordinary activities before taxation		6,468	*2,784*
Taxatıon charge on profit on ordınary actıvıtıes	7	(87)	*(166)*
Retained profit for the financial year	18	6,381	*2,618*

Statement of total recognised gains and losses

for the year ended 31 December 2007

		2007 £000	*2006 £000*
Profit for the financial year		6,381	*2,618*
Actuarıal gaın/(loss)	19	184	*(54)*
Movement on deferred tax relatıng to actuarıal gaıns	19	(56)	*16*
Total recognised gains and losses relating to the year		6,509	*2,580*

There ıs no materıal dıfference between the profit on ordınary actıvıtıes before taxatıon and the profit for the year stated above and theır hıstorıcal cost equıvalents

Balance sheet

as at 31 December 2007

	Notes	2007 £000	*2006 £000*
Fixed assets			
Tangible fixed assets	8	335	*356*
Investments	9	1,523	*1,523*
		1,858	*1,879*
Current assets			
Stocks	10	11,294	*13,677*
Debtors	11	25,819	*23,930*
Cash at bank and in hand		2,275	*-*
		39,388	*37,607*
Creditors Amounts falling due within one year	13	(20,917)	*(25,077)*
Net current assets		18,471	*12,530*
Total assets less current liabilities		20,329	*14,409*
Creditors Amounts falling due after more than one year	14	(1,418)	*(1,418)*
Provisions for liabilities and charges	15	(354)	*(748)*
Net assets excluding pension deficit		18,557	*12,243*
Pension deficit	19	(553)	*(748)*
Net assets including pension deficit		18,004	*11,495*
Capital and reserves			
Called up share capital	17	100	*100*
Profit and loss account	18	17,904	*11,395*
Total equity shareholders' funds	18	18,004	*11,495*

The financial statements were approved by the board of directors on 23 June 2008 and were signed on its behalf by

A D Cm.

A Connell
Director
23 June 2008

Notes to the accounts

for the year ended 31 December 2007

1. Accounting policies

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom The accounting policies which have been applied consistently throughout the year are set out below,

Group accounts

The financial statements contain information about the company as an individual company and do not contain consolidated financial information as parent of a group The company is exempt under section 228A of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Honeywell International Inc , a company registered in the USA and whose accounts the directors consider to be drawn up in a manner equivalent to the 7th Directive

Investments

The company's interest in subsidiary undertakings and other investments is shown at cost less provision for permanent impairment The value of investments is reviewed annually by the directors and provision made where it is considered that there has been a permanent impairment of value

Tangible fixed 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 cost, together with any incidental expenses of acquisition

The cost of fixed assets is depreciated by equal instalments over the expected useful lives of the assets as follows

Short lease hold property	5 years
Fixtures and fittings	3 - 5 years

Leases

Assets held under any finance leases are capitalised and included in tangible fixed assets at historical cost A lease is deemed to be a finance lease when substantially all the risks and rewards of ownership lie with the company, as opposed to the finance company The obligations relating to finance leases, net of finance charges in respect of future years are included in creditors

Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments All other leases are accounted for as operating leases and the rentals charged to the profit and loss account on a straight line basis

Taxation

Taxation is calculated on profits chargeable to UK corporation tax at the current rate applicable

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 regarded 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 substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Notes to the accounts (continued)

for the year ended 31 December 2007

1. Accounting policies (continued)

Pensions

The company operates a defined benefit pension scheme Full actuarial valuations of the company's defined benefit scheme are carried out every three years, the valuations are updated to 31 December each year by qualified independent actuaries For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method, these liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent currency and term The post-retirement benefits surplus or deficit is included on the company's balance sheet, net of the related amount of deferred tax Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes The current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the schemes' assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of the related deferred tax, in the statement of total recognised gains and losses

Foreign currency

Transactions denominated in foreign currency are booked into the accounts using 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 or losses resulting from the year's trading are reflected in the operating results for the year

Turnover and revenue recognition

Turnover comprises sales to customers and service revenues net of value added tax Revenue from product and service sales is recognised on delivery and when acceptance by the customer has occurred Revenue from long term contracts for custom built control systems is recognised on the percentage of completion basis Revenue from service contracts is recognised evenly over the period of the contract Where, for a particular contract, turnover exceeds amounts invoiced on account, the excess is included in debtors as amounts recoverable on contracts Where amounts invoiced exceed turnover, the excess is included in payment on account

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 undertakings within the Honeywell group or with undertakings which the group has invested in are not required to be disclosed in these financial statements, on the grounds that this company is a wholly owned subsidiary of Honeywell International Inc , whose accounts are publicly available

3. Segmental reporting

Turnover is attributable to one activity, the sale of security and surveillance systems Turnover analysed by destination was as follows

	2007	*2006*
	£000	*£000*
United Kingdom	104,118	*83,905*
Rest of Europe	2,173	*1,971*
Rest of world	1 412	*1,128*
	107,703	*87,004*

Notes to the accounts (continued)

for the year ended 31 December 2007

4. Employees and directors	2007	*2006*
Average number of persons employed during the year	Number	*Number*
Selling, servicing and marketing	297	*272*
General and administration	113	*120*
	410	*392*
	£000	*£000*
Wages and salaries	10,259	*9,046*
Social security costs	896	*834*
Pension costs	180	*143*
	11,335	*10,023*
Directors' remuneration		
Aggregate emoluments	423	*447*
Pensions	21	*40*
	444	*487*
Highest paid director		
Emoluments excluding pension contributions	164	*114*
The number of directors who were		
Members of a defined benefit plan	Number	*Number*
Directors to whom retirement benefits are accruing	-	*-*

5. Operating profit	2007	*2006*
Operating profit is stated after charging	£000	*£000*
Depreciation		
Depreciation - in respect of owned assets	200	*277*
Rental charges under operating leases		
Plant and machinery	711	*737*
Other	867	*730*
Auditors' remuneration		
Audit fees	45	*43*
Exchange losses	65	*21*

6. Interest receivable and payable	2007	*2006*
	£000	*£000*
Interest receivable and similar income		
Interest receivable to group undertakings	4	*5*
Other interest receivable	42	*112*
	46	*117*
Interest payable and similar charges		
Other interest payable	-	*4*

Notes to the accounts (continued)

for the year ended 31 December 2007

7. Taxation on profit on ordinary activities	2007	*2006*
Current tax	£000	*£000*
UK corporation tax at 30% (2006 30%)	-	-
Deferred tax		
Current year	11	*181*
Impact of change in tax rate	43	-
Pension cost relief in excess of pension cost charge	33	*(15)*
	87	*166*
Total tax charge on profit on ordinary activities	87	*166*

The tax assessed for the year is lower (2006 lower) than the standard rate of UK corporation tax rate of 30% (2006 30%) and the differences are explained below

	2007	*2006*
	£000	*£000*
Profit on ordinary activities before tax	6,468	*2,784*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	1,940	*835*
Effects of		
Expenses not deductible for tax purposes and other permanent differences	64	*49*
Accelerated capital allowances and other timing differences	(125)	*(136)*
Other timing differences	(111)	*(24)*
Group relief received for nil payment	(1,901)	*(739)*
Pension contribution relief in excess of net pension cost charge	(33)	*15*
Total current tax charge for the year	(166)	-

8. Tangible fixed assets	Short Leasehold	Fixtures & fittings	Total
Cost	£000	£000	£000
At 1 January 2007	733	836	1,569
Additions	132	47	179
At 31 December 2007	865	883	1,748
Accumulated depreciation			
At 1 January 2007	483	730	1,213
Charge for the year	106	94	200
At 31 December 2007	589	824	1,413
Net book value			
At 31 December 2007	276	59	335
At 31 December 2006	*250*	*106*	*356*

9. Investments	2007
Ordinary shares in subsidiary undertakings	£000
Cost	
At 1 January and 31 December 2007	1,523

The company had investments in the following subsidiary undertakings as at 31 December 2006 The company's principal subsidiary undertakings, all of which are 100% owned unless indicated otherwise, are as follows

Principal subsidiary undertakings Name	*Country of registration or incorporation*
Directly held subsidiaries	
Alarm Express Holdings Limited	England and Wales
Gardiner Security (I E) Limited	Ireland
Gardiner Security Ltd (50% owned)	England and Wales

Gardiner Security (IE) operated in the Republic of Ireland and is a distributor of security systems and related equipment Alarmexpress Holdings Limited is a dormant holding company

In the opinion of the directors, the aggregate value of the company's investment in and advances to its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet

ADI-GARDINER Limited is itself a wholly owned subsidiary undertaking of ADI-GARDINER EMEA Limited, its immediate parent and, therefore, under the provisions of Section 228 of the Companies Act 1985 group accounts have not been prepared

10. Stocks	2007	*2006*
	£000	*£000*
Finished goods for sale	11,294	*13,677*

11. Debtors		
Amounts falling due within one year		
Trade debtors	22,096	*21,218*
Amounts owed by group undertakings	1,143	*329*
Recoverable corporation tax	271	*271*
Deferred taxation (note 12)	450	*493*
Other debtors	1,533	*1,316*
Prepayments and accrued income	326	*303*
	25,819	*23,930*

Amounts owed by group undertakings are unsecured, repayable on demand but bear no interest

Notes to the accounts (continued)

for the year ended 31 December 2007

12. Deferred taxation	2007 £000	*2006 £000*
At 1 January	493	*659*
Charge to the profit and loss account	(43)	*(166)*
At 31 December	450	*493*
Tax effect of timing differences because of		
Differences between capital allowances and depreciation	412	*342*
Short term timing differences	38	*151*
	450	*493*
Amounts included within pension deficit relating to deferred tax		
At 1 January	320	*289*
(Charge)/credit to the profit and loss account	(44)	*15*
Charge/(credit) to the statement of total recognised gains and losses	(56)	*16*
At 31 December	220	*320*

During the year as a result of the change in UK Corporation Tax rates which will be effective from 1 April 2008, deferred tax balances have been remeasured Deferred tax relating to timing differences which are expected to reverse in 2008 is measured at an average rate for 2008 of 28½%, and deferred tax relating to timing differences which are expected to reverse after 2008 is measured at 28%, as these are the tax rates which will apply on reversal This has resulted in a charge to the profit and loss account of £11,000 and a charge to the STRGL of £1,000

13. Creditors	2007	*2006*
Amounts falling due within one year	£000	*£000*
Bank overdraft	-	*524*
Trade creditors	14,206	*18,313*
Amounts owed to group undertakings	1,825	*2,199*
Taxation and social security	932	*414*
Accruals and deferred income	3,954	*3,627*
	20,917	*25,077*

Amounts owed to group undertakings are unsecured, repayable on demand but bear no interest

	2007	*2006*
14. Creditors - amounts falling due after more than one year	£000	*£000*
Amounts owed to group undertakings	1,418	*1,418*

Amounts owed to group undertakings are unsecured, repayable on demand but bear no interest

15. Provisions for liabilities and charges

	Onerous leases £000
At 1 January 2007	748
Utilised in year	(333)
Credited to the profit and loss account	(61)
At 31 December 2007	354

The onerous lease provision was established to cover anticipated rental costs net of rents received from, sub-tenants, arising arising from properties which the company no longer occupies

Notes to the accounts (continued)

for the year ended 31 December 2007

16. Operating lease commitments

At 31 December the company had annual commitments under non-cancellable operating leases expiring as follows

	2007	*2006*
Land and buildings	£000	*£000*
expiring in one year	37	*72*
expiring in two to five years	850	*636*
expiring after five years	99	*175*
	986	*883*
Other leases		
expiring in one year	12	*87*
expiring in two to five years	381	*43*
	393	*130*

17. Called up share capital

Authorised, allotted and fully paid		
1,000,000 ordinary shares of £1 each	100	*100*

18. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Profit & loss account £000	Total £000	*2006 Total £000*
At 1 January	100	11,395	11,495	*8,915*
Retained profit for the financial year	-	6,381	6,381	*2,618*
Actuarial gain/(loss) on the pension plan	-	184	184	*(54)*
Movement on deferred tax in relation to pension deficit	-	(56)	(56)	*16*
At 31 December	100	17,904	18,004	*11,495*
Pension liability	-	553	553	*748*
Profit and loss reserve excluding pension liability	100	18,457	18,557	*12,243*

19. Pension commitments

The company is a member of a group pension scheme, The Gardiner Pension Scheme, which has a defined benefit scheme
The plan's assets are held separately from the company's assets in a trustee administered fund

A full actuarial valuation was carried out as at 31 December 2007

	31 December 2007	*31 December 2006*	*31 December 2005*
Actuarial assumptions having the most significant effect on the results of the valuation			
Inflation rate	3 30%	*3 00%*	*2 80%*
Rate of increase in salaries	4 30%	*4 00%*	*3 80%*
Rate of increase for pensions			
pre 1997 (excess of guaranteed minimum payments)	3 30%	*3 00%*	*2 70%*
Rate of increase for other pensions and deferred pensions	3 30%	*3 00%*	*2 80%*
Discount rate for plan liabilities	5 80%	*5 10%*	*5 00%*
Expected return on assets by class of asset			
Equities	4 90%	*4 70%*	*4 50%*
Cash/ liquid assets	5 50%	*5 00%*	*4 50%*
Fair value of assets by class of asset	£000	*£000*	*£000*
Equities	951	*1,030*	*1,036*
Cash/ liquid assets	195	*24*	*3*
Total market value of assets	1,146	*1,054*	*1,039*
Present value of plan liabilities	(1,919)	*(2,122)*	*(2,002)*
Deficit in plan	(773)	*(1,068)*	*(963)*
Related deferred tax asset	220	*320*	*289*
Net pension deficit	(553)	*(748)*	*(674)*

19. Pension commitments (continued)

Amounts charged to operating profit	2007 £000	2006 £000
Current service cost	-	16
Total charged in respect of the defined benefit section	-	16

Amounts charged/(credited) to finance income	2007 £000	2006 £000
Expected return on plan assets	(47)	(44)
Interest on plan liabilities	104	100
Net charge	57	56

Amounts recognised within the statement of total recognised gains and losses (STRGL)

	2007 £000	2006 £000
Actual return less expected return on pension scheme assets	33	6
Experience gains and losses arising on the scheme liabilities	8	(17)
Changes in assumptions underlying the present value of the scheme liabilities	143	(43)
Actuarial gain/(loss) recognised in STRGL	184	(54)

History of experience gains and losses	2007 £000	2006 £000	2005 £000	2004 £000
Gain/(loss)				
Amount	33	6	20	(49)
as % of plan assets at the year end	2 9%	0 6%	1 9%	2 8
Experience gain/(loss)				
Amount	8	(17)	164	117
as % of the plan's liabilities at the year end	0 4%	0 80%	8 19%	4 20%
Total actuarial gain/(loss)				
Amount	184	(54)	(95)	430
as % of the plan's liabilities at the year end	9 6%	2 5%	4 7%	15 4%

Analysis of the movement in deficit in the plan during the year	£000	£000
Deficit in plan at beginning of year	(1,068)	(963)
Movement in year		
Current service cost	-	(16)
Contributions	168	21
Net interest/return on assets	(57)	(56)
Actuarial gain/(loss)	184	(54)
Deficit in plan at end of year	(773)	(1,068)

20. Contingent liabilities

All UK Honeywell group companies have entered into a composite accounting agreement whereby each company has provided a guarantee to the bank This agreement permits the set-off of balances, on a group basis, for interest purposes The maximum liability arising from this arrangement, on a group basis, is the total overdraft balances held by group companies amounting to £537,615,000 (2006 £352,092,000) Positive cash balances held in the group exceeded the overdraft balances in 2007 and 2006

21. Ultimate parent undertakings

The immediate parent undertaking is ADI-GARDINER EMEA Limited

The smallest group to consolidate these accounts is Honeywell SL, a company incorporated in Spain Copies of these accounts can be obtained from Josefa Valcarel, 24, 28027, Madrid

The ultimate parent undertaking and controlling party is Honeywell International Inc , a company incorporated in the USA, which is the 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 07962-2245, USA or from the Internet at www honeywell com