

ADI-Gardiner Ltd

Report and Financial Statements 2015



Strategic report

for the year ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015

Review of the business and future developments

The results for the year are in line with the directors' expectations. The directors intend that the company will continue to operate as a trading company of the wholesale distribution of electronic surveillance systems, fire detection and prevention equipment and related products

The company is in a net asset position and expects to remain so for the foreseeable future

During the year the company transitioned from previously extant UK GAAP to FRS 101 – 'Reduced Disclosure Framework' and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, ADI-Gardiner EMEA Ltd, was notified of and did not object to the use of the FRS 101 disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS 101 are included in note 18 to these financial statements

Key performance indicators

The company's key financial and other performance indicators during the year were as follows

	2015 %	2014 %
Turnover % change compared with previous year, due to		
Volume	4.9	2.6
Price	1.6	1.7
	<u>6.5</u>	<u>4.3</u>
Gross profit %	18.5	19.3
Operating result % of turnover	1.9	2.4
Headcount % change compared with previous year	<u>(8.8)</u>	<u>(4.7)</u>

Turnover

The increase is driven by ongoing effective business execution and a slight improvement in the macro economic conditions

Gross profit

The gross profit percentage has reduced slightly in the year. There has been a small level of margin erosion whilst growing the business and acquiring new customers

Operating result

The allocation of head quarter costs has increased in the year, impacting the operating margin

Headcount

There has been a reduction in headcount during the year due to ongoing productivity and efficiency initiatives

Strategy

The company maintains market share and sustainable growth through the following strategies

- focus on customers, including customer survey programmes to obtain and action customer feedback to improve business performance
- providing the highest standard of product, service and delivery to its customer at a competitive cost
- productivity and process improvement
- product development
- continued expansion into current and new markets
- proactive alignment of its business structure to meet changing market demands
- defending and extending the installed base through productivity improvements
- strong brand recognition through brand and channel management

Strategic report

for the year ended 31 December 2015

Principal risks and uncertainties

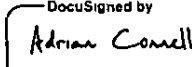
The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are:

- changes in spending and capital investment patterns
- fluctuation in customer demand
- adverse economic conditions
- raw material price fluctuations
- obsolescence arising from a shift in technology
- changes in legislation or government regulations or policies
- cost of employee retirement benefits
- health and safety of employees and contractors

In response to the risks the company:

- maintains a UK-wide presence and aims to have a competitive installed cost and integrated product through technology and productivity
- ensures 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
- implements supply chain and procurement initiatives
- actively investigates new technologies and market trends
- monitors applicable regulations to ensure products and systems provide high quality solutions for
- ensures that pension schemes are adequately funded
- the company ensures that all reasonable steps are taken to provide a safe working environment

Approved by the board of directors and signed on its behalf by

DocuSigned by

Adrian Connell

Director

December 2016

Directors' report

for the year ended 31 December 2015

The directors present their report and financial statements of the company for the year ended 31 December 2015

Principal activities

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

Business review and future developments

A review of the business of the company and future developments is included in the strategic report on page 1

Results and dividends

The company's profit for the financial year, after taxation was £1,958,000 (2014 £2,262,000) which will be transferred to reserves. The results for the year are shown on page 5

The directors do not recommend the payment of a dividend (2014 £nil)

Financial risk management

Foreign currency risk

The company hedges its exposure to significant foreign currency movements

At 31 December, the fair value of unrealised assets/(liabilities) under hedge contracts was not material (2014 £nil)

Credit risk

Credit risk arises from cash at bank and credit exposures to customers. Bank balances are maintained within the permitted credit limits set by the group's Investment Committee who frequently monitor banks' credit ratings. The creditworthiness of customers granted credit terms in the normal course of business are monitored continually. The terms and conditions of credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer. Sales are not materially dependent on a single customer or a small group of customers.

Liquidity risk

The company ensures availability of funding for its operations through an appropriate amount of committed bank facilities on a group wide basis.

Other risks

The company exposure to other risks such as prices risk, credit risk, interest rate risk and cash flow risk is within reasonable limits and these exposures are not hedged.

Directors of the company

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

Andrian Connell
Colin McGinty
Peter OToole
Hemant Trivedi

Directors' indemnities

Pursuant to the company's articles of association, the directors are throughout the year ended 31 December 2015 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 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.

Directors' report

for the year ended 31 December 2015

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 strategic report, directors' report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

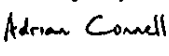
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Approved by the board of directors and signed on its behalf by

DocuSigned by:

Adrian Connell

Director

December 2016

Profit and loss account*For the year ended 31 December 2015*

	<i>Notes</i>	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Turnover	5	103,834	97,530
Cost of sales		(84,580)	(78,729)
Gross profit		19,254	18,801
Distribution costs		(11,977)	(11,921)
Administrative expenses		(5,322)	(4,542)
Operating profit	6	1,955	2,338
Interest payable and similar charges	9	(32)	(46)
Profit on ordinary activities before taxation		1,923	2,292
Tax credit/ (charge) on profit on ordinary activities	10	35	(30)
Profit for the year attributable to owners of the parent		1,958	2,262

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

No separate statement of total recognised gains and losses has been presented because the company has no recognised gains and losses other than the profit for the year

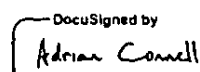
Balance sheet*at 31 December 2015*

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	11	227	144
Current assets and liabilities			
Stocks	12	5,979	5,293
Debtors amounts falling due within one year	13	24,551	23,659
Cash & cash equivalents		1,454	-
		31,984	28,952
Creditors amounts falling due within one year	14	(23,946)	(22,789)
Net current assets		8,038	6,163
Total assets less current liabilities		8,265	6,307
Capital and reserves			
Share capital	15	100	100
Profit and loss account		8,165	6,207
Total shareholders' funds attributable to owners of the parent		8,265	6,307

For the year ended 31 December 2015 the company was entitled to the exemption from audit under section 479A of the Companies Act 2006

- the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- the directors acknowledge their responsibility for complying with the requirement of this Act with respect to accounting records and the preparation of financial statements

The financial statements on pages 5 to 16 were approved by the board of directors on December 2016 and signed on its behalf by

DocuSigned by

 Adrian Connell
 Director

Statement of changes in equity*at 31 December 2015*

	<i>Share capital £000s</i>	<i>Profit and loss account £000s</i>	<i>Total £000s</i>
At 1 January 2014	100	3,945	4,045
Profit for the year attributable to owners of the parent	-	2,262	2,262
At 31 December 2014	100	6,207	6,307
Profit for the year attributable to owners of the parent	-	1,958	1,958
At 31 December 2015	100	8,165	8,265

Notes to the financial statements

at 31 December 2015

1. General information

Honeywell Control Systems Ltd is a limited company which is incorporated and domiciled in United Kingdom. The nature of the company's operations and its principal activities are set out in the directors' report on page 3. The registered office of the company is 21 Holborn Viaduct, London, EC1A 2DY.

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

The company's results are included in the consolidated financial statements of Honeywell SL, a company incorporated in Spain, which is the smallest group to consolidate these accounts. The results of Honeywell SL are included in the consolidated financial statements of Honeywell International Inc, a company registered in the USA, which is the largest group to consolidate these financial statements. The financial statements of Honeywell International Inc 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.

The accounting policies that have been applied consistently throughout the year are set out below.

2. Accounting policies

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted FRS 101 for the first time. In the transition to FRS 101, the company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 18.

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice for all periods presented. The impact of the transition is explained in note 18. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant, Equipment and paragraph 118(e) of IAS 38 Intangible Assets and paragraph 17 of IAS 24 Related Party Disclosures,
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements,
- the requirements of IAS 7 Statement of Cash Flows,
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the financial statements

at 31 December 2015

2. Accounting policies (continued)

Turnover and revenue recognition

Turnover comprises sales to customers net of value added tax

Revenue is recognised as follows

Type of sale

Recognition

Product and service sales

on delivery and when acceptance by the customer has occurred

Operating leases – as lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight line basis over the lease term

Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the profit and loss account.

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 improvements	5-12 years
Fixtures & fittings	5-15 years
Land is not depreciated	

Notes to the financial statements

at 31 December 2015

2 Accounting policies (continued)

Financial assets - recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The company determines the classification of its financial assets at initial recognition. Trade debtors, amounts owed by group undertakings and other debtors have been classified as loans and receivables. The company has no other financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the profit and loss account.

Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An allowance for doubtful debts is made against trade debtors that exceed 180 days past due date. Losses arising from impairment are recognised in the profit and loss account in administrative expenses.

Provisioning made against debts subsequently settled after 180 days past due is treated as a change in accounting estimate and released to profit or loss.

Derecognition of financial assets

Financial assets are derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement, and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Thereafter, the company's trade creditors and amounts owed to group undertakings are carried at amortised cost using the EIR method.

Loans and other borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest payable and similar charges in profit or loss.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Provisions for obsolete and slow moving stocks are made where appropriate.

The cost of raw materials, consumables and goods for resale is the 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.

Notes to the financial statements

at 31 December 2015

2. Accounting policies (continued)

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.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no judgements and estimates made that have a significant effect on amounts recognised in the financial statements.

4. New and amended standards and interpretations

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual financial statements of the company. The nature and the impact of each new standard or amendment is described below.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

5. Turnover

	2015 £000	2014 £000
<i>Analysis of turnover by geographical market</i>		
United Kingdom	99,577	93,140
Europe	2,803	3,184
North America	1,350	-
Other	104	1,206
Total turnover	103,834	97,530
<i>Analysis of turnover by category</i>		
Automation and controls	103,834	97,530

Notes to the financial statements*at 31 December 2015***6. Operating profit**

This is stated after charging/(crediting)

	2015 £000	2014 £000
Depreciation and amortisation		
Tangible assets – owned	80	70
Rental charges under operating leases		
Land and buildings	662	716
Plant and machinery	24	30
Reorganisation and redundancy	131	135
Gain on foreign exchange	(108)	(10)

7. Employees and directors*(a) Staff costs*

	2015 £000	2014 £000
Wages and salaries	7,604	7,802
Social security costs	775	904
Contribution to defined contribution pension plans	430	533
Total staff costs	8,809	9,239

	2015 £000	2014 £000
Outstanding contributions for defined contribution plans at the end of the year	-	-

The average monthly number of employees during the year was made up as follows
(Including executive directors)

	2015 No	2014 No
Selling, servicing and marketing	241	261
General and administration	18	23
Total monthly average number of employees	259	284

(b) Directors' remuneration

	2015 £000	2014 £000
Aggregate emoluments	190	269
Pension cost – defined contribution	11	15
Total payments to directors	201	284

	2015	2014
Highest paid director		
Aggregate emoluments	190	184
Accrued pension at year end	11	10
Total payments to highest paid director	201	194

During the year the highest paid director did not (2014 did not) exercise options over shares of Honeywell International Inc the ultimate parent company

Notes to the financial statements

at 31 December 2015

8. Employees and directors (continued)

	2015 No	2014 No
Number of directors who Were members of defined benefit plans	4	4

In 2015, three director (2014: three director) were remunerated by other group companies for their services to the group as a whole. No charge has been made to the company as in the opinion of the directors it is not possible to determine with reasonable accuracy the split by company.

9. Interest payable and similar charges

	2015 £000	2014 £000
Interest payable on bank overdrafts	32	35
Interest payable to group undertakings	-	11
Total interest payable and similar income	32	46

10. Taxation**(a) Tax charged in the profit and loss account**

	2015 £000	2014 £000
Current income tax		
UK corporation tax on profit for year	-	-
Deferred tax:		
Origination and reversal of timing differences	(30)	32
Effect of decreased tax rate on opening balance	-	(2)
Effects of prior year adjustments	(5)	-
Total deferred tax	(35)	30
Tax on profit on ordinary activities	(35)	30

(b) Reconciliation of the total tax charge

The tax expense in the profit and loss account for the year is higher/lower than the standard rate of corporation tax in the UK of 20% (2014: 21%). The differences are reconciled below:

	2015 £000	2014 £000
Profit before income tax	1,923	2,292
Tax calculated at UK standard rate of corporation tax	20.25	21.50
	389	493
Effects of:		
Expenses not deductible for tax purposes and other permanent differences	3	14
Capital allowances less depreciation	14	(31)
Movement in general provisions and other short term timing difference	16	(4)
Group relief not paid for	(422)	(472)
Total tax expense reported in the profit and loss account	-	-

Notes to the financial statements*at 31 December 2015***10. Taxation (continued)****(c) Change in corporation tax rate**

The standard rate of UK corporation tax rate reduced from 21% to 20% effective 1 April 2015. The Finance (No 2) Act 2015 includes legislation which will reduce the rate further to 19%, from 1 April 2017, and to 18%, from 1 April 2020. The Finance (No 2) Act 2015 was substantively enacted on 26 October 2015. These reductions will reduce the company's future tax charge accordingly.

(d) Deferred tax

	2015 £000	2014 £000
The deferred tax included in the balance sheet is as follows		
Deferred tax asset		
Differences between capital allowances and depreciation	183	166
Other short term timing differences	22	4
Deferred tax asset (note 13)	<u>205</u>	<u>170</u>

	2015 £000
Movements in deferred tax	
At January 2015	170
Credit/(charge)	<u>35</u>
At 31 December 2015	<u>205</u>

The deferred tax asset is recognised because it is more likely than not that there will be sufficient taxable profits in future to recover the asset.

11. Tangible assets

	Land and buildings £000	Fixtures & Fittings £000	Total £000
Cost			
At 1 January 2015	986	284	1,270
Additions	163	-	163
At 31 December 2015	<u>1,149</u>	<u>284</u>	<u>1,433</u>
Accumulated depreciation			
At 1 January 2015	875	251	1,126
Provided during the year	73	7	80
At 31 December 2015	<u>948</u>	<u>258</u>	<u>1,206</u>
Net book value			
At 31 December 2015	<u>201</u>	<u>26</u>	<u>227</u>
At 31 December 2014	<u>111</u>	<u>33</u>	<u>144</u>

<i>The above figures include</i>	2015 £000	2014 £000
Short leasehold land and buildings, at net book value	<u>201</u>	<u>111</u>

Notes to the financial statements*at 31 December 2015***12. Stocks**

	2015 £000	2015 £000
Finished goods for sale	5,979	5,293

The amount of inventories recognised as an expense during the period	87,705	80,518
The amount inventories written down recognised as an expense in the period	68	94

13. Debtors

	2015 £000	2014 £000
<i>Amounts falling due within one year</i>		
Trade debtors	22,099	21,389
Amounts owed by group undertakings	199	355
Deferred tax asset (note 10)	205	170
Other debtors	1,773	1,449
Prepayments and accrued income	275	296
<i>Total amount owed by debtors</i>	<u>24,551</u>	<u>23,659</u>

14. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank overdrafts	-	1,230
Trade creditors	17,537	15,838
Amounts owed to group undertakings	1,937	1,651
Taxation and social security	2,077	2,085
Accruals and deferred income	2,395	1,985
<i>Total amount owed to creditors</i>	<u>23,946</u>	<u>22,789</u>

All amounts are unsecured

15. Share capital

	2015 £000s	2014 £000s
<i>Allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	100	100

16. Operating lease commitments

	2015 £000s	2014 £000s
At 31 December the future minimum rentals payable under non-cancellable operating leases are as follows		
<i>Land and buildings</i>		
Not later than one year	627	612
After one year but not more than five years	454	561
After five years	-	11
<i>Total operating lease commitments</i>	<u>1,081</u>	<u>1,184</u>
<i>Other leases</i>		
After one year but not more than five years	24	24

Notes to the financial statements

at 31 December 2015

16. Operating lease commitments (continued)

The company has entered into commercial leases on certain properties and items of machinery. These leases have an average duration of between 3 and 10 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

17. 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 the group companies, amounting to £421,960,000 (2014: £393,260,000).

Positive cash balances held by the group exceeded overdrawn balances in 2015 and 2014.

18. Transition to FRS 101

For all periods up to and including the year ended 31 December 2014, the company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet as at 1 January 2014, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards" except for the requirement of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition.

On transition to FRS 101, no adjustments were required to the previous UK GAAP's reported opening balance sheet position as at 1 January 2014.