

**UTC Fire & Security (Legacy 2011) Limited  
(formerly UTC Fire & Security UK Limited)**

**Directors' report and financial statements**

**for the year ended 31 December 2011**

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## **UTC Fire & Security (Legacy 2011) Limited**

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### **Company Information**

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**Directors**                      B A M Otten (resigned 30 June 2011)  
                                        M R Quilter  
                                        O F De Bont (appointed 30 June 2011)

**Company number**              01386946

**Registered office**              8 Newmarket Court  
                                        Kingston  
                                        Milton Keynes  
                                        MK10 0AQ

**Independent auditors**        PricewaterhouseCoopers LLP  
                                        The Atrium  
                                        1 Harefield Road  
                                        Uxbridge  
                                        UB8 1EX

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**UTC Fire & Security (Legacy 2011) Limited**

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## **UTC Fire & Security (Legacy 2011) Limited**

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### **Directors' report for the year ended 31 December 2011**

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The directors present their report and the financial statements for the year ended 31 December 2011

#### **Principal activities and change of company name**

On 1 July 2011 the name of the company was changed from UTC Fire & Security UK Limited to UTC Fire & Security (Legacy 2011) Limited

The principal activity of the company was the distribution of electronic security products which encompassed intrusion, CCTV, access control and fire security products. On 30 June 2011, the company transferred its trade and most of its assets to UTC Fire & Security UK Limited (formerly Guardall Limited) generating a profit of £6,255,000

#### **Business review**

The result of the company shows a pre tax profit of £5,817,000 (2010 - £1,152,000) for the year and sales of £2,666,000 (2010 - £6,833,000). The company had net current assets of £10,743,000 at 31 December 2011 (2010 - £3,557,000)

#### **Results and dividends**

The profit for the year, after taxation, amounted to £5,166,000 (2010 - £1,546,000)

The directors do not recommend the payment of a dividend (2010 -£nil)

#### **Directors**

The directors who served during the year were

B A M Otten (resigned 30 June 2011)

M R Quilter

O F De Bont (appointed 30 June 2011)

#### **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 the competition in the UK

UTC Fire & Security (Legacy 2011) Limited is operating in a highly competitive pricing environment. Although the products are premium compared to competitors' products, UTC Fire & Security (Legacy 2011) Limited has difficulty charging a premium price for these products. Cheaper and alternative products from competitors are creating price erosion pressure.

Lack of new products makes serving certain market segments problematic in the UK (eg residential control panel, low cost intrusion detectors, etc), as some competitors are offering the full range of products

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## UTC Fire & Security (Legacy 2011) Limited

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### Directors' report for the year ended 31 December 2011

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#### Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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. Under that law the directors have elected to prepare 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 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,
- 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

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

#### Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 April 2013

and signed on its behalf



M R Quilter  
Director

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## **Independent auditors' report to the members of UTC Fire & Security (Legacy 2011) Limited**

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We have audited the financial statements of UTC Fire & Security (Legacy 2011) Limited for the year ended 31 December 2011, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

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

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## Independent auditors' report to the members of UTC Fire & Security (Legacy 2011) Limited

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### 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



Gregory Briggs (Senior statutory auditor)

For and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

West London

Date 24/04/2013

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**UTC Fire & Security (Legacy 2011) Limited**

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**Profit and loss account  
for the year ended 31 December 2011**

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	Note	2011 £000	2010 £000
<b>Turnover</b>	1,2	2,666	6,833
Cost of sales		(1,156)	(3,615)
<b>Gross profit</b>		1,510	3,218
Distribution costs		(42)	(981)
Administrative expenses		(1,411)	(2,498)
Other operating income	3	25	1,450
<b>Operating profit</b>	4	82	1,189
<b>Exceptional items</b>			
Other exceptional items	8	5,728	-
<b>Profit on ordinary activities before interest</b>		5,810	1,189
Interest receivable and similar income	6	8	-
Interest payable and similar charges	7	(1)	(37)
<b>Profit on ordinary activities before taxation</b>		5,817	1,152
Tax on profit on ordinary activities	9	(651)	394
<b>Profit for the financial year</b>	18	5,166	1,546

All amounts relate to discontinued operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account above

The notes on pages 7 to 17 form part of these financial statements



**UTC Fire & Security (Legacy 2011) Limited**  
**Registered number 01386946**

**Balance sheet**  
**as at 31 December 2011**

	Note	£000	2011 £000	£000	2010 £000
<b>Fixed assets</b>					
Intangible assets	10		-		1,708
Tangible assets	11		-		312
Investments	12		1,176		1,176
			<u>1,176</u>		<u>3,196</u>
<b>Current assets</b>					
Stock	13	-		630	
Debtors	14	12,115		4,152	
Cash at bank and in hand		-		190	
		<u>12,115</u>		<u>4,972</u>	
<b>Creditors, amounts falling due within one year</b>	15	(1,372)		(1,415)	
<b>Net current assets</b>			<u>10,743</u>		<u>3,557</u>
<b>Net assets</b>			<u>11,919</u>		<u>6,753</u>
<b>Capital and reserves</b>					
Called up share capital	17		-		-
Share premium account	18		4,496		4,496
Other reserves	18		2		2
Profit and loss account	18		7,421		2,255
<b>Shareholders' funds</b>	19		<u>11,919</u>		<u>6,753</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 April 2013.



**M R Quilter**  
Director

The notes on pages 7 to 17 form part of these financial statements

**Notes to the financial statements  
for the year ended 31 December 2011**

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**1 Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Cash flow**

The company is a wholly owned subsidiary of United Technologies Corporation and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

**1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised at the time of dispatch of the goods to the customer.

**1.4 Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Goodwill is reviewed annually for signs of impairment and where there are indications that the carrying value may not be recoverable in full, it is written down to its estimated recoverable amount.

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	over the term of the lease
Plant & machinery	-	over 3 years

**1.6 Investments**

Investments in subsidiaries are valued at cost less provision for impairment.

**1.7 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**Notes to the financial statements  
for the year ended 31 December 2011**

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**1 Accounting policies (continued)**

**1.8 Stock**

Stock is valued at the lower of cost and net realisable value. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Deferred taxation**

Taxation for the year is based on the profit for the year.

Full provision is made for deferred tax liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.10 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**1.11 Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 20 represents contributions payable by the company to the fund.

**2. Turnover**

The whole of the turnover is attributable to the principal activity of the entity.

All turnover arose within the United Kingdom from discontinued activities.

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**UTC Fire & Security (Legacy 2011) Limited**

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**Notes to the financial statements  
for the year ended 31 December 2011**

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**3 Other operating income**

	2011 £000	2010 £000
Other operating income	25	-
Commissions receivable	-	1,450
	<u>25</u>	<u>1,450</u>

**4 Operating profit**

The operating profit is stated after charging

	2011 £000	2010 £000
Amortisation - intangible fixed assets	44	92
Depreciation of tangible fixed assets		
- owned by the company	44	145
Auditors' remuneration	7	12
Operating lease rentals		
- plant, machinery and vehicles	43	52
- land and buildings	36	176
Difference on foreign exchange losses etc	13	27

During the year, no directors received any emoluments (2010 - £NIL). They have been remunerated by other group companies

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**UTC Fire & Security (Legacy 2011) Limited**

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**Notes to the financial statements  
for the year ended 31 December 2011**

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**5 Staff costs**

Staff costs were as follows

	2011 £000	2010 £000
Wages and salaries	659	1,435
Social security costs	77	172
Other pension costs	57	136
	<u>793</u>	<u>1,743</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
Administrative	19	18
Sales	11	10
	<u>30</u>	<u>28</u>

On 30 June 2011, the employment of all the staff was transferred to UTC Fire & Security UK Limited

**6 Interest receivable**

	2011 £000	2010 £000
Interest receivable from group companies	<u>8</u>	<u>-</u>

**7 Interest payable**

	2011 £000	2010 £000
On loans from group undertakings	<u>1</u>	<u>37</u>

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**UTC Fire & Security (Legacy 2011) Limited**

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**Notes to the financial statements  
for the year ended 31 December 2011**

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**8 Exceptional items**

	2011 £000	2010 £000
Gain on disposal of business to UTC Fire & Security UK Limited (formerly Guardall Limited)	6,255	-
Impairment of goodwill	(527)	-
	<u>5,728</u>	<u>-</u>

On 30 June 2011, the company transferred its trade and assets to UTC Fire & Securities UK Limited for consideration of £9,781,000, recording a book gain on the transfer of £6,255,000. No additional corporation tax became payable as a result of this transaction.

The impairment of goodwill relates to the write down of the company's investment in Edwards International Limited which was liquidated in the year.

**9 Taxation**

	2011 £000	2010 £000
<b><i>Analysis of tax charge/(credit) in the year</i></b>		
<b><i>Current tax (see note below)</i></b>		
UK corporation tax charge on profit for the year	-	595
Adjustments in respect of prior periods	667	(1,027)
<b><i>Total current tax</i></b>	<u>667</u>	<u>(432)</u>
<b><i>Deferred tax</i></b>		
Origination and reversal of timing differences	(13)	-
Adjustment in respect of prior periods	(3)	38
<b><i>Total deferred tax (see note 16)</i></b>	<u>(16)</u>	<u>38</u>
<b><i>Tax on profit on ordinary activities</i></b>	<u>651</u>	<u>(394)</u>

**Notes to the financial statements  
for the year ended 31 December 2011**

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**9 Taxation (continued)*****Factors affecting tax charge for the year***

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	5,817	1,152
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	1,542	323
<b><i>Effects of:</i></b>		
Expenses not deductible for tax purposes	154	-
Capital allowances for year in excess of depreciation	13	-
Adjustments to tax charge in respect of prior periods	667	(1,027)
Movement in short term differences	(17)	272
Non-taxable income	(1,658)	-
Group relief	(34)	-
<b><i>Current tax charge/(credit) for the year (see note above)</i></b>	<b>667</b>	<b>(432)</b>

***Factors that may affect future tax charges***

The corporate tax rate was reduced to 26% with effect from 1 April 2011, to 25% with effect from 1 April 2012 and to 23% with effect from 1 April 2013. Further reductions in the tax rate have been announced but were not enacted by the balance sheet date. The current tax rate used in the financial statements for the year ended 31 December 2011 is therefore 26.5% (2010 - 28%) and the rate used for closing deferred tax balances is 25% (2010 - 27%).

UTC Fire & Security (Legacy 2011) Limited

Notes to the financial statements  
for the year ended 31 December 2011

10 Intangible fixed assets

	Goodwill £000
<b>Cost</b>	
At 1 January 2011	2,943
Disposals	(2,943)
At 31 December 2011	-
<b>Amortisation</b>	
At 1 January 2011	1,235
Charge for the year	44
On disposals	(1,806)
Impairment	527
At 31 December 2011	-
<b>Net book value</b>	
At 31 December 2011	-
At 31 December 2010	1,708

11 Tangible fixed assets

	Plant & machinery £000	Leasehold improvements £000	Total £000
<b>Cost</b>			
At 1 January 2011	623	470	1,093
Disposals	(623)	(470)	(1,093)
At 31 December 2011	-	-	-
<b>Depreciation</b>			
At 1 January 2011	506	275	781
Charge for the year	10	34	44
On disposals	(516)	(309)	(825)
At 31 December 2011	-	-	-
<b>Net book value</b>			
At 31 December 2011	-	-	-
At 31 December 2010	117	195	312



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**UTC Fire & Security (Legacy 2011) Limited**

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**Notes to the financial statements  
for the year ended 31 December 2011**

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**12 Fixed asset investments**

	Investments in subsidiary companies £000
<b><i>Cost or valuation</i></b>	
At 1 January 2011 and 31 December 2011	3,876
<b><i>Impairment</i></b>	
At 1 January 2011 and 31 December 2011	2,700
<b><i>Net book value</i></b>	
At 31 December 2011	1,176
At 31 December 2010	1,176

***Subsidiary undertakings***

The following company was a subsidiary undertaking of the company at the year end

Name	Class of shares	Holding
International Fiber Systems (Europe) Limited	Ordinary	99 %

During the year, a subsidiary company, Edwards International Limited, was liquidated. The nature of the remaining investment is that of a holding company.

**13 Stocks**

	2011 £000	2010 £000
Finished goods and goods for resale	-	630

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**UTC Fire & Security (Legacy 2011) Limited**

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**Notes to the financial statements  
for the year ended 31 December 2011**

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**14 Debtors**

	2011 £000	2010 £000
Trade debtors	-	1,873
Amounts owed by group undertakings	12,079	1,520
Corporation tax	36	703
Prepayments and accrued income	-	50
Deferred tax asset (see note 16)	-	6
	<u>12,115</u>	<u>4,152</u>

The amounts owed by group undertakings are unsecured, interest free and are repayable on demand

**15 Creditors  
Amounts falling due within one year**

	2011 £000	2010 £000
Trade creditors	-	88
Amounts owed to group undertakings	1,361	854
Social security and other taxes	-	240
Other creditors	-	26
Accruals and deferred income	11	207
	<u>1,372</u>	<u>1,415</u>

The amounts owed to group undertakings are unsecured, interest free and are repayable on demand

**16. Deferred taxation**

	2011 £000	2010 £000
At beginning of year	6	44
Released during/(charged for) year	16	(38)
Transferred out on disposal of business	(22)	-
	<u>-</u>	<u>6</u>

The deferred taxation balance is made up as follows

	2011 £000	2010 £000
Short term timing differences	<u>-</u>	<u>6</u>

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**UTC Fire & Security (Legacy 2011) Limited**

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**Notes to the financial statements  
for the year ended 31 December 2011**

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**17 Share capital**

	2011 £	2010 £
<b><i>Allotted, called up and fully paid</i></b>		
101 ordinary shares of £1 each	101	101

**18 Reserves**

	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2011	4,496	2	2,255
Profit for the year	-	-	5,166
At 31 December 2011	4,496	2	7,421

**19 Reconciliation of movement in shareholders' funds**

	2011 £000	2010 £000
Opening shareholders' funds	6,753	5,207
Profit for the year	5,166	1,546
Closing shareholders' funds	11,919	6,753

**20. Pension commitments**

The pension cost charge for the year was £57,000 (2010 £136,000) There are no amounts outstanding at the year end

**21 Operating lease commitments**

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Plant and machinery	
	2011 £000	2010 £000	2011 £000	2010 £000
<b><i>Expiry date.</i></b>				
After more than 5 years	-	176	-	52

**Notes to the financial statements  
for the year ended 31 December 2011**

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**22 Related party transactions**

The company, as a wholly owned subsidiary undertaking of United Technology Corporation, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosures", in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements of United Technology Corporation, in which the company is included, are publicly available.

**23 Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is UTC Fire & Security BV, a company incorporated in the Netherlands.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, United Technology Corporation, a company incorporated in the United States of America. The consolidated financial statements of this company are available to the public and may be obtained from UTC Building, Hartford Connecticut, 01601, USA or at [www.UTC.com](http://www.UTC.com).