

ABI Acquisition 2 Ltd

Report and accounts 2011

TUESDAY



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Directors' report

for the year ended 31 December 2011

The directors of ABI Acquisition 2 Ltd present their report and audited accounts of the company for the year ended 31 December 2011

Principal activities

The principal activity of the company is to act as the holding company for its trading subsidiaries

Business review 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 holding company for the foreseeable future

Results and dividends

The company's profit for the financial year was £5,427,000 (2010 £183,000 loss) which will be transferred to reserves. The results for the year are shown on page 4

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

Directors

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

Tom Larkins
John Tus
Andrew Lloyd
Glen Davies

Directors' indemnities

Pursuant to the company's articles of association, the directors were throughout the year to 31 December 2011 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 236 of the Companies Act 2006

Principal risks and uncertainties

The company acts as a holding company for its subsidiaries and does not trade. The management and execution of the company's strategy are exposed to a number of risks. The key business risk affecting the company is

- interest rate risk

In response to this risk the company monitors

- interest rate characteristics to ensure that new borrowings are positioned according to expected movements in interest rates

Financial risk management

The company's financial risk management objectives and policies are described above and relate to the company's exposure to interest rate risk

Key performance indicators

The company monitors its net interest income/expense

Directors' report (continued)

for the year ended 31 December 2011

Directors responsibilities statement

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

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have prepared the accounts in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these accounts, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the Directors' report. The ultimate parent company, Honeywell International Inc has indicated it will provide financial support to the company for at least one year from the date of signing these accounts.

The directors, having taken into account the financial support from the ultimate parent company have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he 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.

By order of the board



Andrew Lloyd
Director

11th January 2012

Independent auditors' report

to the members of ABI Acquisition 2 Ltd

We have audited the financial statements of ABI Acquisition 2 Ltd 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 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Alison Cashmore (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

West London

13 JANUARY 2012

Profit and loss account

for the year ended 31 December 2011

| | Note | 2011 £000 | 2010 £000 |
|---|------|--------------|--------------|
| Amounts written back/(off) in respect of investments | 8 | 5,531 | (82) |
| Interest receivable and similar income | 4 | 83 | 82 |
| Interest payable and similar charges | 4 | (187) | (183) |
| Profit/(loss) on ordinary activities before taxation | 5 | 5,427 | (183) |
| Tax on profit/(loss) on ordinary activities | 6 | - | - |
| Profit/(loss) on ordinary activities after taxation | 11 | 5,427 | (183) |

All results derive from continuing operations

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

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

Balance sheet

as at 31 December 2011

| | Note | 2011 £000 | 2010 £000 |
|--|------|-----------------|-----------------|
| Fixed assets | | | |
| Investments | 8 | 5,614 | - |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 9 | (31,677) | (31,490) |
| Net current liabilities | | <u>(31,677)</u> | <u>(31,490)</u> |
| Net liabilities | | <u>(26,063)</u> | <u>(31,490)</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 10,756 | 10,756 |
| Share premium account | 11 | 25 | 25 |
| Profit and loss account | 11 | (36,844) | (42,271) |
| Total shareholders' deficit | 11 | <u>(26,063)</u> | <u>(31,490)</u> |

The accounts were approved by the board of directors on 11th January 2012 and were signed on its behalf by



Andrew Lloyd
Director

Notes to the accounts

for the year ended 31 December 2011

1. Accounting policies

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

Changes in accounting policies

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

During the year amendments to FRS8 "Related Party Disclosures" have been adopted. The amendments to this policy had no impact on the accounts of the company.

Group accounts

The accounts 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 401 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it and its subsidiary undertakings are included by full consolidation in the consolidated accounts 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. The accounts of Honeywell International Inc. are publicly available.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the Directors' report. The ultimate parent company, Honeywell International Inc. has indicated it will provide financial support to the company for at least one year from the date of signing these accounts.

The directors, having taken into account the financial support from the ultimate parent company, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern.

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

Investments

The company's interest in subsidiary undertakings is shown at cost less provision for permanent impairment. The value of investments is reviewed annually by the directors or more frequently if there is a triggering event, and provision made where it is considered that there has been a permanent impairment of value.

Notes to the accounts (continued)

for the year ended 31 December 2011

2. Cash flow statement and related party transactions

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

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

3. Employees and directors

The directors are 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. The company has no other employees (2010 none).

4. Interest

Interest receivable and similar income

Interest receivable from group undertakings

| 2011 | 2010 |
|-------------|-------------|
| <u>£000</u> | <u>£000</u> |
| 83 | 82 |

Interest payable and similar charges

Interest payable to group undertakings

| | |
|-----|-----|
| 187 | 183 |
|-----|-----|

5. Profit/(loss) on ordinary activities before taxation

Audit fees of £3,225 (2010 £3,225) were borne by a fellow group company.

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

Current tax

UK corporation tax on profits(losses) of the year

| | |
|---|---|
| - | - |
|---|---|

The tax assessed for the year is different to the standard rate of UK corporation tax rate of 26½% (2010 28%) and the differences are explained below.

Profit/(loss) on ordinary activities before tax

| | |
|-------|-------|
| 5,427 | (183) |
|-------|-------|

Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26½% (2010 28%)

| | |
|-------|------|
| 1,438 | (51) |
|-------|------|

Effects of

Non-taxable income

| | |
|---|---|
| - | - |
|---|---|

Expenses not deductible for tax purposes and other permanent differences

| | |
|---------|-----|
| (1,491) | (4) |
|---------|-----|

Overseas interest not paid

| | |
|---|----|
| - | 33 |
|---|----|

Group relief not paid for

| | |
|----|----|
| 53 | 22 |
|----|----|

Total current tax charge for the year

| | |
|---|---|
| - | - |
|---|---|

7. Deferred taxation

Unrecognised deferred tax asset

Overseas interest not paid

| 2011 | 2010 |
|-------------|-------------|
| <u>£000</u> | <u>£000</u> |
| 1,083 | 1,212 |

The directors consider that it is less likely than not that future taxable profits will be sufficient to realise the deferred tax asset. The asset has therefore not been recognised in these accounts.

Notes to the accounts (continued)

for the year ended 31 December 2011

8. Investments

| | Loans | Ordinary shares | Total |
|---------------------------------|-------------|-----------------|-------------|
| <i>Cost</i> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| At 1 January 2011 | 5,531 | 18,571 | 24,102 |
| Interest receivable | 83 | - | 83 |
| At 31 December 2011 | 5,614 | 18,571 | 24,185 |
| <i>Provision for impairment</i> | | | |
| At 1 January 2011 | 5,531 | 18,571 | 24,102 |
| Amounts written back | (5,531) | - | (5,531) |
| At 31 December 2011 | - | 18,571 | 18,571 |
| <i>Net book value</i> | | | |
| At 31 December 2011 | 5,614 | - | 5,614 |
| At 31 December 2010 | - | - | - |

In prior years the company provided in full against loans made to group undertakings on the basis that those group undertakings were insolvent. As these group undertakings have the financial support of the ultimate parent undertaking, the provision has been written back to the current year profit and loss account.

Loans to subsidiary undertakings are unsecured, repayable on demand and bear interest at UK base rate plus 1%

The directors believe that the book value of the investments is not less than the value of the underlying net assets

The company had investments in the following subsidiary undertakings as at 31 December 2011. The company's principal subsidiary undertakings, all of which are 100% owned unless indicated, are as follows:

| <u>Name of company</u> | <u>Principal activities</u> | <u>Country of incorporation</u> |
|---|------------------------------|---------------------------------|
| <i>Directly held subsidiaries</i> | | |
| Honeywell Specialty Wax & Additives Ltd | Intermediate holding company | England |
| <i>Indirectly held subsidiaries</i> | | |
| Honeywell Specialty Wax & Additives SA | Dormant | Belgium |

9. Creditors: amounts falling due within one year

| | <u>2011</u> | <u>2010</u> |
|------------------------------------|-------------|-------------|
| | <u>£000</u> | <u>£000</u> |
| Amounts owed to group undertakings | 31,677 | 31,490 |

Included in amounts owed to group undertakings are loans of £12,490,000 (2010 £12,303,000) that are unsecured, repayable on demand and bear interest at UK base rate plus 1%

10. Called up share capital

| | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|
| | <u>£000</u> | <u>£000</u> |
| <i>Authorised</i> | | |
| 2,000,000 voting ordinary shares of £1 each | 2,000 | 2,000 |
| 18,000,000 non-voting ordinary shares of £1 each | 18,000 | 18,000 |
| | 20,000 | 20,000 |
| <i>Allotted, called up and fully paid</i> | | |
| 1,075,627 voting ordinary shares of £1 each | 1,076 | 1,076 |
| 9,680,625 non-voting ordinary shares of £1 each | 9,680 | 9,680 |
| | 10,756 | 10,756 |

Both classes of ordinary share carry the same rights with the exception of voting rights. A non-voting ordinary share does not entitle the holder to receive notice of or attend and vote at a general meeting of the company or to appoint or remove any director from the company's board.

Notes to the accounts (continued)

for the year ended 31 December 2011

11. Reconciliation of shareholders' deficit and movements on reserves

| | Share capital <u>£000</u> | Share premium account <u>£000</u> | Profit and loss account <u>£000</u> | 2011 Total <u>£000</u> | 2010 Total <u>£000</u> |
|--------------------------------------|---------------------------------|--|--|------------------------------|------------------------------|
| At 1 January | 10,756 | 25 | (42,271) | (31,490) | (31,307) |
| Profit/(loss) for the financial year | - | - | 5,427 | 5,427 | (183) |
| At 31 December | 10,756 | 25 | (36,844) | (26,063) | (31,490) |

12. Ultimate parent undertakings

The immediate parent undertaking is ABI 1 Acquisition Limited

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