

Novar Electrical Holdings Ltd

Report and accounts 2010



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Directors' report

for the year ended 31 December 2010

The directors of Novar Electrical Holdings Ltd present their report and audited accounts of the company for the year ended 31 December 2010

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 £41,545,000 (2009 £1,894,000 loss) which will be transferred to reserves. The results for the year are shown on page 4

A dividend of 24p per 25p ordinary share totalling £11,000,000 was paid (2009 £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
David Protheroe
Jerome Maironi
John Tus
Allan Richards

Directors' indemnities

Pursuant to the Company's articles of association, the directors were throughout the year to 31 December 2010 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

As the company acts as a holding company for its subsidiaries its business is not exposed to any external risks or uncertainties

Financial risk management

In the opinion of the directors information relating to financial instrument policies is not material for the assessment of the entity's assets, liabilities, financial position and profit or loss

Key performance indicators

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not appropriate in helping understand the development, performance or position of the business

Directors' report (continued)

for the year ended 31 December 2010

Statement of directors' responsibilities

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 elected to prepare 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 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.

Disclosure of information to auditors

Each 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

By order of the board



David Protheroe

Director

21 February 2011

Independent auditors' report

to the members of Novar Electrical Holdings Ltd

We have audited the financial statements of Novar Electrical Holdings Ltd for the year ended 31 December 2010 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 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.

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 2010 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

Uxbridge

21 February 2011

Profit and loss account

for the year ended 31 December 2010

	<u>Note</u>	<u>2010</u> <u>£000</u>	<u>2009</u> <u>£000</u>
Other operating income		-	667
Operating profit	4	-	667
Income from fixed asset investments	5	42,708	-
Provision for impairment of fixed asset investments	9	(1,198)	(2,273)
Interest payable and similar charges	6	(101)	(288)
Interest receivable and similar income	6	136	-
Profit/(loss) on ordinary activities before taxation		41,545	(1,894)
Tax on profit/(loss) on ordinary activities	8	-	-
Profit/(loss) for the financial year	13	41,545	(1,894)

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 2010*

	<u>Note</u>	<u>2010</u> <u>£000</u>	<u>2009</u> <u>£000</u>
Fixed assets			
Investments	9	67,904	67,904
Current assets			
Debtors	10	20,425	3,818
Current liabilities			
Creditors: amounts falling due within one year	11	(1,407)	(15,345)
Net current assets/(liabilities)		19,018	(11,527)
Net assets		86,922	56,377
Capital and reserves			
Called up share capital	12	11,597	11,597
Share premium account	13	74,870	74,870
Profit and loss account	13	455	(30,090)
Total shareholders' funds	13	86,922	56,377

The accounts were approved by the board of directors on 21 February 2011 and were signed on its behalf by



David Protheroe
Director

Notes to the accounts

for the year ended 31 December 2010

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 FRS20 "Share-based Payment - Group Cash-Settled Share-based Payment Transactions", have been adopted. The amendments to this policy have 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.

Dividend income

Dividend income is recognised when the shareholder's right to payment is established, that is on declaration of the dividend by the subsidiary.

Taxation

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

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.

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 (2009 none).

4. Other operating income

	2010	2009
	<u>£000</u>	<u>£000</u>
Deferred proceeds in sale of subsidiary	-	515
Release of intercompany loan provision	-	152
	<u>-</u>	<u>667</u>

Notes to the accounts (continued)*for the year ended 31 December 2010*

	2010	2009
	<u>£000</u>	<u>£000</u>
5. Income from fixed asset investments		
Dividends received	41,800	-
Write back of intercompany balances	908	-
	<u>42,708</u>	<u>-</u>

In December 2010 a number of dormant subsidiary companies were dissolved or placed into liquidation, this resulted in intercompany balances of £908,000 being written back to the profit and loss during the year

	2010	2009
	<u>£000</u>	<u>£000</u>
6. Interest		
<i>Interest receivable and similar income</i>		
Interest receivable from group undertakings	136	-
<i>Interest payable and similar charges</i>		
Interest payable from group undertakings	<u>101</u>	<u>288</u>

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

Audit fees of £3,225 (2009 £4,300) were borne by a fellow group company

8. Tax on profit/(loss) on ordinary activities*Current tax*

UK corporation tax on profits/(losses) for the year

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The tax assessed for the year is different to the standard rate of UK corporation tax rate of 28% (2009 28%) and the differences are explained below

Profit/(loss) on ordinary activities before tax	41,545	(1,894)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	11,633	(530)
<i>Effects of</i>		
Expenses not deductible for tax purposes and other permanent differences	85	459
Non-taxable income	(11,704)	-
Group relief not paid for	(14)	71
Total current tax charge for the year	<u>-</u>	<u>-</u>

There are no provided or unprovided amounts relating to deferred tax

Notes to the accounts (continued)*for the year ended 31 December 2010*

9. Investments	Ordinary shares in subsidiary undertakings
<i>Cost</i>	<u>£000</u>
At 1 January	89,695
Additions during the year	1,198
Disposals during the year	<u>(1,000)</u>
At 31 December	<u>89,893</u>
<i>Provision for impairment</i>	
At 1 January	21,791
Additions during the year	1,198
Disposals during the year	<u>(1,000)</u>
At 31 December	<u>21,989</u>
<i>Net book value</i>	
At 31 December 2010	<u>67,904</u>
At 31 December 2009	<u>67,904</u>

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

The company made capital injections into the following subsidiary companies during the year, which were written off immediately

	<u>£000</u>
Gilflex Ltd	934
Caradon Nominees (No 2) Ltd	<u>264</u>
	<u>1,198</u>

The following subsidiary undertakings in liquidation were dissolved during December 2010. The investments in both companies were fully provided against, resulting in a disposal in both cost and provision for impairment of £999,963

	<u>£000</u>
Davis Alumex Lighting Ltd	135
Davis Lighting Ltd	383
FW Ltd	182
Trend International Ltd	51
TP Electrical Ltd	<u>249</u>
	<u>1,000</u>

The company had investments in the following subsidiary undertakings as at 31 December 2010. 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>
<u>Directly held subsidiaries</u>		
Novar ED&S Ltd	Electric and electronic connection equipment systems	England
Novar Projects Ltd	Building management	England
Novar Systems Ltd	Fire and security	England
Pillar Electrical Overseas Ltd	Holding company	England
Trend Control Systems Ltd	Building management systems	England
<u>Indirectly held subsidiaries</u>		
Honeywell Electrical Devices and Systems India Ltd	Control systems	India

Notes to the accounts (continued)*for the year ended 31 December 2010***10. Debtors**

	2010	2009
	<u>£000</u>	<u>£000</u>
Amounts owed by group undertakings	20,425	3,818

Included in amounts owed by group undertakings are loans of £17,863,000 (2009 £nil), that bear interest at UK base rate plus 1% All other amounts are non interest bearing All amounts are unsecured and repayable on demand

11. Creditors: amounts falling due within one year

	2010	2009
	<u>£000</u>	<u>£000</u>
Amounts owed to group undertakings	1,407	15,345

Included in amounts owed to group undertakings is a loan of £nil (2009 £13,547,000) which bears interest at UK base rate plus 1% All other amounts are unsecured and are repayable on demand

12. Called up share capital

	2010	2009
	<u>£000</u>	<u>£000</u>
<i>Authorised</i>		
52,000,000 ordinary shares of 25p each	13,000	13,000

Allotted, called up and fully paid

	2010	2009
	<u>£000</u>	<u>£000</u>
46,386,948 ordinary shares of 25p each	11,597	11,597

13. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Share premium account	Profit and loss account	2010 Total	2009 Total
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1 January	11,597	74,870	(30,090)	56,377	58,271
Profit/(loss) for the financial year	-	-	41,545	41,545	(1,894)
Dividend paid - 24p per 25p ordinary share	-	-	(11,000)	(11,000)	-
At 31 December	11,597	74,870	455	86,922	56,377

14. Ultimate parent undertakings

The immediate parent company is Novar Holdings Ltd

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