

# Ademco International Limited

---

## Report and accounts 2005

Company registration number 1504296



## Contents

---

	<u>page</u>
Directors' report	1
Independent auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the accounts	5-7

## Directors' report

---

The directors of Ademco International Limited present their report and the accounts of the company for the year ended 31 December 2005.

### Principal activities and future developments

The principal activity of the company is to act as the holding company for its trading subsidiaries, and the directors believe that there will be no significant change to this activity.

### Results and dividends

The company's loss for the financial year was £4,675,000 (2004:£265,000 loss) which will be deducted from reserves. The results for the year are shown on page 3.

The directors have assessed the value of the underlying subsidiary of Video Controls Limited and have decided to recognise an impairment of £9,563,000 within these financial statements. The impairment reduces the investment carrying value to that of the current net worth of the subsidiary.

### Going concern

The financial statements have been prepared on a going concern basis and the ultimate parent company, Honeywell International Inc. has indicated it will provide financial support to the Company for at least one year after these financial statement are signed.

### Directors and their interests

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

M Fernandez (resigned 30 June 2006)  
A Gallagher  
S Kelly  
A Richards (appointed 12 October 2006)

The directors have no interest in the shares or debentures in the company or any other company in the group that are required to be disclosed under schedule 7 of the Companies Act 1985. The company's ultimate parent undertaking, Honeywell International Inc., is incorporated outside the United Kingdom. As permitted by a statutory instrument, the register of directors' interests maintained in accordance with Section 325 of the Companies Act 1985 does not include the interests of directors in the shares of the ultimate parent undertaking.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of changes arising from adoption of new accounting standards in the year, as explained on page 5 under Note 1 Accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

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

By order of the board



A Gallagher  
Director

October 26, 2006

# Independent auditors' report

to the members of Ademco International Limited

---

We have audited the financial statements of Ademco International Ltd for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion the financial statements :

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
Glasgow

26 October 2006

## Profit and loss account

for the year ended 31 December 2005

	Note	2005 £000	2004 £000
Income from shares in group undertakings	4	5,000	-
Amounts written off investments	8	(9,563)	-
<b>Operating loss</b>	5	<u>(4,563)</u>	<u>-</u>
Interest payable and similar charges	6	(112)	(265)
<b>Loss on ordinary activities before taxation</b>		<u>(4,675)</u>	<u>(265)</u>
Tax on loss on ordinary activities	7	-	-
<b>Retained loss for the year</b>		<u><u>(4,675)</u></u>	<u><u>(265)</u></u>

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

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

All amounts are derived from continuing operations.

# Balance sheet

31 December 2005

	Note	2005 £000	2004 £000
<b>Fixed assets</b>			
Investments	8	<u>3,962</u>	<u>13,525</u>
		<u>3,962</u>	<u>13,525</u>
 <b>Creditors: amounts falling due within one year</b>	10	<u>(9,126)</u>	<u>(14,014)</u>
<i>Net current liabilities</i>		<u>(9,126)</u>	<u>(14,014)</u>
<b>Net liabilities</b>		<u>(5,164)</u>	<u>(489)</u>
 <b>Capital and reserves</b>			
Called up share capital	11	770	770
Profit and loss account	12	(5,934)	(1,259)
 <b>Total shareholders' deficit</b>	12	<u>(5,164)</u>	<u>(489)</u>

The financial statements on pages 3 to 7 were approved by the board of directors on 26 October 2006 and were signed on its behalf by:



A Gallagher  
Director

# Notes to the accounts

for the year ended 31 December 2005

---

## 1. Accounting policies

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. 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".

FRS 17 "Retirement benefits", FRS21 "Events after the balance sheet date", FRS25 "Financial Instruments" and FRS 28 "Corresponding amounts" have been adopted in the year. The adoption of these policies has had no impact on the financial statements of the company.

### *Going concern*

The financial statements have been prepared on a going concern basis and the ultimate parent company, Honeywell International Inc. has indicated it will provide financial support to the company and the group for at least one year after these financial statements are signed.

### *Group accounts*

The financial statements contain information about the company as an individual company and do not contain consolidated financial information as parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Honeywell International Inc., a company registered in the USA.

### *Taxation*

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### *Investments*

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

### *Foreign currency*

Monetary assets and liabilities which are denominated in foreign currencies are translated into pounds sterling at rates of exchange approximating to those ruling at the balance sheet date. Exchange gains or losses resulting from the year's trading are reflected in the operating result for the year.

## 2. Cash flow statement and related party transactions

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

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

## 3. Directors' remuneration

None of the directors received any emoluments in respect of their services to the company (2004:nil).

# Notes to the accounts continued

for the year ended 31 December 2005

	2005	2004
	£000	£000
<b>4. Income from shares in group undertakings</b>		
Dividends from subsidiary undertakings	5,000	-
	<u>5,000</u>	<u>-</u>

Video Controls Limited declared a final dividend payable to the company effective 25 May 2005. The shareholding constitutes 1,400 shares yielding a dividend of £3,571.43 per share.

## 5. Operating loss

The audit fees for the current and preceding financial year are borne by other group companies.

	2005	2004
	£000	£000
<b>6. Interest payable and similar charges</b>		
Group interest payable	112	265
	<u>112</u>	<u>265</u>

## 7. Tax on loss on ordinary activities

*Current tax*

UK corporation tax at 30% (2004:30%)	-	-
	<u>-</u>	<u>-</u>

The effective rate of tax is higher (2004:higher) than the UK corporation tax rate of 30% (2004:30%) and the differences are explained below:

	2005	2004
	£000	£000
Loss on ordinary activities before tax	(4,675)	(265)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004:30%)	(1,403)	(80)

*Effects of:*

Income from shares in group undertakings (note 4)	(1,500)	-
Amounts written off investments (note 8)	2,869	-
Group relief surrendered for no payment	34	80
Total current tax charge for the year	<u>-</u>	<u>-</u>

## 8. Investments

*Investment in ordinary shares in subsidiary undertakings*

At 1 January and 31 December	13,525	13,525
	<u>13,525</u>	<u>13,525</u>

*Provision for diminution in value*

At 1 January	-	-
Impairment (see below)	9,563	-
At 31 December	<u>9,563</u>	<u>-</u>

*Net book value*

At 31 December	<u>3,962</u>	<u>13,525</u>
----------------	--------------	---------------

The directors have assessed the value of the underlying subsidiary of Video Controls Limited and have decided to recognise an impairment of £9,563,000 within these financial statements. The impairment reduces the investment carrying value to that of the current net worth of the subsidiary.

Ademco International owns 100% of the ordinary share capital of the following companies whose businesses are in respect of or in relation to the manufacture and sale of detection equipment:

Company	Country of incorporation
Ademco Australia Pty Limited	Australia
Video Controls Limited	England
Honeywell Video Systems UK Ltd*	England
Ademco-Espana SA	Spain

\* Indirectly owned subsidiaries.



## Notes to the accounts continued

for the year ended 31 December 2005

	2005	2004
	<u>£000</u>	<u>£000</u>
<b>9. Deferred taxation</b>		
Potential deferred tax asset not recognised	<u>9</u>	<u>9</u>

The deferred tax asset is in respect of non trade debits carried forward and in the opinion of the directors there will not be suitable taxable profits in this company in the future against which these can be used.

	2005	2004
	<u>£000</u>	<u>£000</u>
<b>10. Creditors</b>		
<i>Amounts falling due within one year</i>		
Amounts owed to group undertakings	<u>9,126</u>	<u>14,014</u>

All amounts owed to group undertakings are repayable on demand and bear no interest.

	2005	2004
	<u>£000</u>	<u>£000</u>
<b>11. Called up share capital</b>		
<i>Authorised, allotted, and fully paid</i>		
769,694 ordinary shares of £1 each	<u>770</u>	<u>770</u>
	<u>770</u>	<u>770</u>

<b>12. Movements of shareholders' deficit</b>	Profit and loss account	Share capital	Total
	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1 January 2005	(1,259)	770	(489)
Loss for the year	(4,675)	-	(4,675)
At 31 December 2005	<u>(5,934)</u>	<u>770</u>	<u>(5,164)</u>

### 13. Parent companies

The immediate parent company is Honeywell Security UK Limited.

The ultimate parent company and controlling party is Honeywell International Inc., a company registered in the USA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. 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](http://www.honeywell.com).