

# Novar Holdings Ltd

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## Report and accounts 2010



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## **Directors' report**

*for the year ended 31 December 2010*

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

### **Principal activities**

The company acts as a holding company

### **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 £20,000,000 (2009 £nil) 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 (2009 £nil).

### **Directors**

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

Jerome Maironi  
Tom Larkins  
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*

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### **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.

### **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**

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



**Allan Richards**

Director

9 February 2011

## Independent auditors' report

*to the members of Novar Holdings Ltd*

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We have audited the financial statements of Novar 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

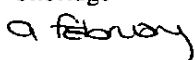
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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

 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	4	9,000	-
<b>Operating profit</b>		<b>9,000</b>	<b>-</b>
Income from shares in group undertakings	5	11,000	-
<b>Profit on ordinary activities before taxation</b>		<b>20,000</b>	<b>-</b>
Tax on profit on ordinary activities	6	-	-
<b>Profit on ordinary activities after taxation</b>	11	<b>20,000</b>	<b>-</b>

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>
<b>Fixed assets</b>			
Investments	7	295,658	295,658
<b>Current assets</b>			
Debtors - amounts owed to group undertakings	8	286,351	257,111
<b>Creditors: amounts falling due within one year</b>	9	(519,384)	(510,144)
<b>Net current liabilities</b>		<u>(233,033)</u>	<u>(253,033)</u>
<b>Net assets</b>		<u>62,625</u>	<u>42,625</u>
<b>Capital and reserves</b>			
Called up share capital	10	3,852	3,852
Share premium account	11	95,956	95,956
Capital redemption reserve	11	2,560	2,560
Profit and loss account	11	(39,743)	(59,743)
<b>Total shareholders' funds</b>	11	<u>62,625</u>	<u>42,625</u>

The accounts were approved by the board of directors on *9 February* 2011 and signed on its behalf by



**Allan Richards**  
Director

## **Notes to the accounts**

*for the year ended 31 December 2010*

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### **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.

#### *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.

#### *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).



## Notes to the accounts (continued)

for the year ended 31 December 2010

### 4. Other operating income

In prior years the company provided financial support to a subsidiary undertaking to enable it to meet its liabilities as they fall due and made a provision of £9,000,000 against the liabilities of that subsidiary. The provision was netted against amounts owed by group undertakings. The company no longer provides financial support and and therefore in these financial statements the provision has been released to the profit and loss account.

### 5. Income from shares in group undertakings

The company received a dividend from its subsidiary undertaking, Novar Electrical Holdings Ltd of £11,000,000

### 6. Tax on profit on ordinary activities

	2010	2009
	£000	£000
<i>Current tax</i>		
UK corporation tax on profits of the year	-	-
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 on ordinary activities before tax	20,000	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	5,600	-
<i>Effects of</i>		
Other permanent differences	(3,138)	(767)
Non taxable income	(3,080)	-
Group relief not paid for	618	767
Total current tax charge for the year	-	-

There are no provided or unprovided amounts relating to deferred tax

### 7. Investments

<i>Ordinary shares in subsidiary undertakings</i>	2010
<i>Cost</i>	£000
At 1 January and 31 December	360,814
<i>Provision for impairment</i>	
At 1 January and 31 December	65,156
<i>Net book value</i>	
At 1 January and 31 December	295,658

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 Electrical Holdings Ltd	Holding company	England
<u>Indirectly 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
Honeywell Electrical Devices and Systems India Ltd	Control systems	India

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

<b>8. Debtors</b>	2010	2009
<i>Amounts falling due within one year</i>	<u>£000</u>	<u>£000</u>
Amounts owed by group undertakings	286,351	257,111

Amounts owed by group undertakings are unsecured, repayable on demand and bear no interest

<b>9. Creditors</b>	2010	2009
<i>Amounts falling due within one year</i>	<u>£000</u>	<u>£000</u>
Amounts owed to group undertakings	519,384	510,144

Amounts owed to group undertakings are unsecured, repayable on demand and bear no interest

<b>10. Called up share capital</b>	2010	2009
<i>Authorised</i>	<u>£000</u>	<u>£000</u>
192,261,820 ordinary shares of 5p each	9,613	9,613

<i>Allotted, called up, and fully paid</i>		
77,044,382 ordinary shares of 5p each	3,852	3,852

**11. Reconciliation of shareholders' funds and movements on reserves**

	Share capital	Share premium	Capital redemption reserve	Profit and loss account	2010 Total	2009 Total
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1 January	3,852	95,956	2,560	(59,743)	42,625	42,625
Profit for the financial year	-	-	-	20,000	20,000	-
At 31 December	3,852	95,956	2,560	(39,743)	62,625	42,625

**12. Ultimate parent undertakings**

The immediate parent undertaking is Honeywell Acquisitions II 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](http://www.honeywell.com)