

SPI (Fire Engineering) Limited  
Report and accounts for the  
16 month period ended 31 December 2004

Registered Number: 3081481



SPI (Fire Engineering) Limited  
Report and accounts for the  
16 month period ended 31 December 2004  
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# **SPI (Fire Engineering) Limited**

## **Directors and advisors for the 16 month period ended 31 December 2004**

### **Directors**

D J Adkins	(Resigned 27th April 2004)
J T Anderson	(Resigned 27th April 2004)
P S Daniels	(Resigned 27th April 2004)
C Milburn	(Appointed 27th April 2004)
D Ladd	(Appointed 27th April 2004)
D Johnston	(Appointed 27th April 2004)
Kidde Nominees Limited	(Appointed 27th April 2004)
Kidde Corporate Services Limited	(Appointed 27th April 2004)

### **Secretary and registered office**

P S Daniels	(Resigned 27 April 2004)
P Williamson	(Appointed 27 April 2004)

Mathisen Way  
Poyle Road  
Colnbrook  
Slough  
Berkshire  
SL3 OHB

### **Auditors**

PricewaterhouseCoopers LLP  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### **Solicitors**

Edwards Geldard  
Dumfries House  
Dumfries Place  
Cardiff  
CF10 3ZF

# **SPI (Fire Engineering) Limited**

## **Directors' report for the 16 month period ended 31 December 2004**

The Directors present their report and the audited financial statements for the 16 month period ended 31 December 2004.

### **Principal activities**

The Company is a subsidiary of Kidde Products Limited (formerly known as Kidde Fire Protection Services Limited). Its ultimate parent company is Kidde plc. Kidde plc and Kidde Products Limited are both incorporated in England and Wales.

The principal activities of the Company were the supply of fire protection systems. The company ceased trading on 27 April 2004

At a board meeting on 27 April 2004 it was resolved that the accounting reference date of the Company be changed to 31 December and that the current accounting reference period be lengthened so as to end on 31 December 2004.

### **Review of business and future developments**

The Directors consider the results of the Company to be in line with expectation.

On 27 April 2004, 100% of the share capital of the Company was acquired by Kidde Fire Protection Services Limited. On the same day, the trade and assets of the Company were transferred to Kidde Fire Protection Services Limited for consideration of £1,455,000, settled by way of intercompany loan. On that date the Company ceased trading. The Company is not expected to trade in the foreseeable future.

### **Results and dividends**

The profit and loss account for the period is set out on page 7. The profit for the period, after taxation, amounted to £180,000 (year ended 31 August 2003: loss of £257,000).

No dividends were recommended during the period (year ended 31 August 2003: £nil). The retained profit for the period has been transferred to reserves.

### **Subsequent events**

Throughout the year under review and at the balance sheet date, the company's ultimate holding company was Kidde plc, a company incorporated in England and Wales. On 1 April 2005, an acquisition by Kaysail Limited, a subsidiary of United Technologies Corporation (UTC) was completed. On that date, the company's ultimate parent company became UTC. Kaysail Limited is incorporated in England and Wales and UTC in the United States of America. Throughout the period under review and to the date of signing of these accounts, the company's immediate parent company was Kidde Products Limited (formerly known as Kidde Fire Protection Services Limited), a company incorporated in England and Wales. On 1 April 2005, options under the Kidde group's share schemes vested.

### **Directors**

The Directors of the business during the 16 month period and as at the date of this report, are listed on page 1.

### **Directors' share interests**

Following the acquisition of the Company by Kidde Products Limited (formerly known as Kidde Fire Protection Services Limited) and its consequent inclusion in the Kidde plc Group, none of the Directors held any interest in the share capital of the Company or any other subsidiary of Kidde plc.

# SPI (Fire Engineering) Limited

## Directors' report for the 16 month period ended 31 December 2004 (continued)

The Directors' interests in the share capital of the Company's ultimate holding company, Kidde plc, are as follows:

	Kidde plc Ordinary shares of 10p each At 31 December 2004				Kidde plc Ordinary shares of 10p each At 1 September 2003*			
	Shares (including BIP)	Options			Shares (including BIP)	Options		
		Performance	Executive	SAYE		Performance	Executive	SAYE
D Ladd	-	-	20,208	5,350	-	-	52,708	5,350
C Milburn	-	-	260,000	-	-	-	260,000	11,959
D Johnston	80,847	341,137	-	13,822	80,847	341,137	-	10,855
Kidde Nominees Limited	-	-	-	-	-	-	-	-
Kidde Corporate Services Limited	-	-	-	-	-	-	-	-

\* or at date of appointment, if later

The following share options or awards in Kidde plc were granted in the period\*

	Options or awards granted	
	Executive	SAYE
D Ladd	-	-
C Milburn	-	-
D Johnston	-	2,967
Kidde Nominees Limited	-	-
Kidde Corporate Services Limited	-	-

The following share options or awards in Kidde plc were exercised in the period\*.

	Options or awards exercised	
	Executive	SAYE
D Ladd	32,500	-
C Milburn	-	11,959
D Johnston	-	-
Kidde Nominees Limited	-	-
Kidde Corporate Services Limited	-	-

\* or since date of appointment if later

Executive share options were granted on 24 November 2000, 15 June 2001, 5 December 2001, 10 March 2003, 1 December 2003 and 16 March 2004 and are exercisable at prices of 60.25p, 79.75p, 63.00p, 59.50p, 104.75p and 103.00p respectively, normally between three and ten years from the date of grant, provided that the performance target has been met.

# **SPI (Fire Engineering) Limited**

## **Directors' report for the 16 month period ended 31 December 2004 (continued)**

Shares awarded under the Bonus Investment Plan (BIP) are held in trust and comprise both a deferred award and a matching award. The matching award is contingent on holding the deferred award in trust for 3 years.

Performance Share Plan awards were granted on 15 June 2001, 14 November 2002, 5 March 2003 and 9 March 2004 and normally vest between three and ten years from the date of grant, provided that the performance target has been met.

SAYE options were granted on 20 December 2000, 20 December 2001, 20 December 2002, 19 December 2003 and 20 December 2004 and are exercisable at prices of 48.60p, 53.27p, 62.27p, 86.74p and 127.73p respectively, normally between three and five years from the date of grant.

All schemes may operate using an Employee Benefit Trust ('EBT') or a Qualifying Share Ownership Trust ('QUEST'), as appropriate. Accordingly, as participants in the schemes, the directors have a potential interest in any shares acquired by the EBT or the QUEST.

Details of performance criteria relating to share options and the details of the market prices of the ultimate holding company's shares are disclosed in the Kidde plc financial statements.

SAYE options were granted on 20 December 2000, 20 December 2001, 20 December 2002, 19 December 2003 and 20 December 2004 and are exercisable at prices of 48.60p, 53.27p, 62.27p, 86.74p and 127.73p respectively, normally between three and five years from the date of grant.

All schemes may operate using an Employee Benefit Trust ('EBT') or a Qualifying Share Ownership Trust ('QUEST'), as appropriate. Accordingly, as participants in the schemes, the directors have a potential interest in any shares acquired by the EBT or the QUEST.

Details of performance criteria relating to share options and the details of the market prices of the ultimate holding company's shares are disclosed in the Kidde plc financial statements.

### **Directors' interest in contracts**

The interests of former directors in contracts during the 16 month period are disclosed in note 4 to the accounts. Following acquisition by Kidde plc, none of the directors had any material interest in any contract in relation to the Company's business.

### **Employee involvement**

Company policy requires that employees be kept up to date with the future of the Company through a wide range of internal communications and that employees' comments and ideas be taken into account when developing the business. The Company recognises the role of trade unions and union representatives in orderly staff consultation and there is regular communication.

### **Equal opportunities and employment of disabled persons**

Company policy is to find the best qualified person for each job and to make sure that training and promotion possibilities are open to all employees, regardless of sex, sexual orientation, disability, race, colour, religion, age, marital status, nationality or ethnic origin.

Applications for employment from disabled people are given full and fair consideration and such employees are reviewed when suitable opportunities arise. If an employee becomes disabled, arrangements are made, wherever possible, to continue employment and training.

### **Health and safety**

Safe, healthy and hygienic working conditions are necessary for employees and business. The Company's policy is to follow best practice, whilst constantly looking for ways to improve.

# **SPI (Fire Engineering) Limited**

## **Directors' report for the 16 month period ended 31 December 2004 (continued)**

### **Research and development**

The Kidde Group has one of the foremost technology teams in the fire protection industry. Leading edge technology enables the Company, as a member of the Kidde Group, to provide its customers with the widest portfolio of existing and new products.

### **Policy and practice on payment of creditors**

The Company has a variety of payment terms with its suppliers. Payment terms are agreed at the commencement of business with each supplier and it is the policy of the Company that payment is made in accordance with those terms.

The number of days purchases outstanding at 31 December 2004 was nil days (31 August 2003: 85 days)

### **Statement of Directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial year which 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 those financial statements 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 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 confirm that they have complied with the above requirements in preparing the financial statements.

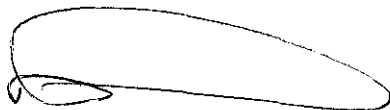
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

PKF resigned as auditors to the Company on 27 April 2004 and the Directors appointed their successor, PricewaterhouseCoopers LLP, as auditors from that date. A resolution to appoint PricewaterhouseCoopers LLP as auditors to the Company will be adopted by shareholders in a general meeting.

In accordance with section 379A of the Companies Act 1985, an elective resolution will be passed by shareholders in order to dispense with the need to appoint auditors annually.

### **By order of the Board**



**David Ian Ladd**  
**Director**

28 October 2005

# **SPI (Fire Engineering) Limited**

## **Independent auditors' report to the members of SPI (Fire Engineering) Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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.

### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 of the state of the Company's affairs at 31 December 2004 and of its profit for the 16 month period then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Manchester

28 October 2005



# SPI (Fire Engineering) Limited

## Profit and loss account for the 16 month period ended 31 December 2004

	Note	16 months ended 31 December 2004 £'000	Year ended 31 August 2003 £'000
Turnover		2,477	3,090
Cost of sales		(1,627)	(2,167)
<b>Gross profit</b>		<b>850</b>	<b>923</b>
Administrative expenses - normal		(638)	(986)
- exceptional		-	(184)
<b>Operating profit/(loss)</b>	2	<b>212</b>	<b>(247)</b>
Interest payable	6	(19)	(28)
		193	(275)
Taxation	7	(13)	18
<b>Profit/(loss) for the period/year</b>		<b>180</b>	<b>(257)</b>

On 27 April 2004, the trade and assets of the Company were transferred to Kidde Fire Protection Services Limited for consideration of £1,445,000, settled by way of intercompany loan. All results therefore arise from discontinued operations.

The Company has no recognised gains or losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

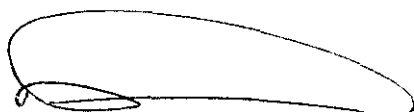
There are no material differences between the profit/(loss) stated above and that on an historical cost basis.

# SPI (Fire Engineering) Limited

## Balance sheet as at 31 December 2004

	Note	31 December 2004 £'000	31 August 2003 £'000
<b>Fixed assets</b>			
Tangible assets	8	-	54
		-	54
<b>Current assets</b>			
Stock	9	-	91
Debtors	10	43	980
		43	1,071
<b>Creditors: amounts falling due within one year</b>	11	(13)	(1,264)
<b>Net current assets / (liabilities)</b>		<b>30</b>	<b>(193)</b>
<b>Total assets less current liabilities</b>		<b>30</b>	<b>(139)</b>
<b>Creditors: amounts falling due after more than one year</b>	12	-	(11)
<b>Net assets / (liabilities)</b>		<b>30</b>	<b>(150)</b>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account	15	29	(151)
<b>Total equity shareholders' funds /(deficit)</b>	16	<b>30</b>	<b>(150)</b>

The financial statements on pages 7 to 16 were approved by the board of Directors on 28 October 2005 and signed on its behalf by:



**David Ian Ladd**  
Director

28 October 2005

# **SPI (Fire Engineering) Limited**

## **Notes to the financial statements for the 16 month period ended 31 December 2004**

### **1 Accounting policies**

#### **Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention, adjusted for revaluations of certain tangible fixed assets.

#### **Cash flow statement**

As permitted under Financial Reporting Standard No. 1 (Revised), the accounts do not contain a cash flow statement as the accounts of the ultimate holding company include a cash flow statement for the Group.

#### **Turnover**

Turnover is the invoiced value of goods and services supplied. It excludes VAT and similar based taxes.

#### **Tangible fixed assets**

Buildings and other fixed assets are depreciated to residual values over their useful economic lives as shown in note 8 to the accounts. Any impairment in the value of fixed assets is charged to the profit and loss account in accordance with FRS 11.

Depreciation is provided, other than on freehold land, at the following annual rates on a straight-line basis:

Plant, machinery, fixtures, fittings and office equipment	25%
Motor vehicles	25%

#### **Investments**

Fixed asset investments are held at cost less provision for impairment.

#### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes attributable overheads where appropriate. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or other events that result in an obligation to pay less tax in the future occurred at the balance sheet date. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be available taxable profits from which the future reversal of the timing differences can be deducted.

#### **Post retirement benefits**

The pension costs charged in the financial statements represent the contributions payable by the Company during the year to defined contribution schemes, in accordance with SSAP24.

#### **Foreign exchange**

Assets and liabilities denominated in overseas currencies are translated into sterling at the rates ruling at the balance sheet date unless hedged. The trading results are translated into sterling at the average rate of exchange during the period. Exchange differences arising in respect of revenue transactions in the accounting period are included in the profit and loss account.

#### **Related party transactions**

The Company has taken advantage of the exemption under Financial Reporting Standard Number 8 not to report related party transactions within the Kidde plc group.

# SPI (Fire Engineering) Limited

## 1 Accounting policies (continued)

### Leased assets

Assets acquired under finance leases are capitalised in tangible fixed assets and depreciated in accordance with the Company's depreciation policy. The outstanding obligations in respect of these leases are included in creditors. Annual rentals payable under operating leases are charged to the profit and loss account on a straight-line basis.

## 2 Operating Profit/(loss)

	16 month Period	12 month Period
	2004	2003
	£'000	£'000
Operating profit/(loss) is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the Company	10	20
- held under finance leases or hire purchase contracts	5	7
Auditors' remuneration for:		
- Audit services	7	9
Operating lease charges:	50	82
Exceptional item	-	184

## 3 Directors' emoluments

	16 month Period	12 month Period
	2004	2003
	£'000	£'000
Aggregate emoluments	70	103

The number of directors for whom retirement benefits are accruing under money purchase schemes was nil (2003: 3).

# SPI (Fire Engineering) Limited

## 4 Transactions with related parties

The following former directors had interest free loans during the period. The movements on these loans are as follows:

	Amount 2004 £'000	Outstanding 2003 £'000	Maximum in the period £'000
D J Adkins	-	70	208
J T Anderson	-	67	207
P S Daniels	-	5	10

## 5 Employee information

### Employee information

The average weekly number of persons (including Executive Directors) employed by the Company during the period was:

### By activity

	16 month Period 2004 number	12 month Period 2003 number
Selling and distribution	12	12
Installation and servicing	14	17
Administration	2	3
	28	32

Staff costs	£'000	£'000
Wages and salaries	476	832
Social security costs	50	81
Pension costs (note 13)	27	47
	553	960

# SPI (Fire Engineering) Limited

## 6 Interest payable

	16 month Period 2004 £'000	12 month Period 2003 £'000
Finance lease interest payable	2	2
Bank interest payable	17	26
<b>Net interest payable</b>	<b>19</b>	<b>28</b>

## 7 Taxation

	16 month Period 2004 £'000	12 month Period 2003 £'000
<b>Current tax:</b>		
UK corporation tax on profits of the period at 30% (2003: 30%)	13	(18)
Adjustments in respect of previous periods	-	-
<b>Total current tax</b>	<b>13</b>	<b>(18)</b>
<b>Deferred tax:</b>		
Over provision in respect of prior periods	-	-
<b>Total deferred tax (note 12)</b>	<b>-</b>	<b>-</b>
<b>Tax on profit on ordinary activities</b>	<b>13</b>	<b>(18)</b>

The current tax charge for the period is lower (2003: lower) than the 30% (2003: 30%) standard rate of corporation tax in the UK. The differences are explained below:

	16 month Period 2004 £'000	12 month Period 2003 £'000
Profit /(Loss) on ordinary activities before taxation	193	(257)
Tax on profit (loss) on ordinary activities at the UK tax rate 30% (2002: 30%)	58	(83)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	8	6
Timing differences	(53)	59
<b>Total current tax charge</b>	<b>13</b>	<b>(18)</b>

# SPI (Fire Engineering) Limited

## 8 Tangible fixed assets

	Plant and machinery £'000	Total £'000
<b>Cost</b>		
At 1 September 2003	133	133
Additions	1	1
Disposals	(8)	(8)
Group transfers	(126)	(126)
<b>At 31 December 2004</b>	-	-
<b>Depreciation</b>		
At 1 September 2003	79	79
Charge for the period	15	15
On disposals	(3)	(3)
Group transfers	(91)	(91)
<b>At 31 December 2004</b>	-	-
<b>Net book value</b>		
<b>At 31 December 2004</b>	-	-
At 1 September 2003	54	54

## 9 Stocks

	2004 £'000	2003 £'000
Stocks	-	85
Work in progress	-	6
	-	91

## **SPI (Fire Engineering) Limited**

### **10 Debtors**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade debtors	-	551
Amounts owed by group undertakings	43	6
Corporation tax recoverable	-	76
Other debtors	-	347
	<b>43</b>	<b>980</b>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

### **11 Creditors – Amounts falling due within one year**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	-	595
Bank loans and overdrafts	-	392
Corporation tax	13	76
Finance leases	-	11
Other taxation and social security	-	103
Other creditors	-	87
	<b>13</b>	<b>1,264</b>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

### **12 Creditors – Amounts falling due after more than one year**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Finance leases	-	11
	-	11

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.



# SPI (Fire Engineering) Limited

## 13 Pensions and similar obligations

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 charge represents the contributions payable by the Company to the fund.

	16 Month Period	12 Month period
	2004	2003
	£'000	£'000
Contributions payable by the Company	27	47

## 14 Called up share capital

	2003	2002
	£'000	£'000
<b>Authorised</b>		
240,000 Ordinary 'A' shares of £1 each	240	240
10,000 Ordinary 'B' shares of £1 each	10	10
<b>Issued</b>		
974 Ordinary 'A' shares of £1 each	1	1
25 Ordinary 'B' shares of £1 each	-	-

## 15 Reserves

	Profit and loss account £'000
At 1 September 2003	(151)
Profit for the period	180
<b>At 31 December 2004</b>	<b>29</b>

## SPI (Fire Engineering) Limited

### 16 Reconciliation of movements in equity shareholders' funds

	2004	2003
	£'000	£'000
Opening equity shareholders' (deficit)/ funds	(150)	108
Profit /(loss) for the period / year	180	(258)
<b>Closing equity shareholders' funds /(deficit)</b>	<b>30</b>	<b>(150)</b>

### 17 Financial commitments

At 31 December 2004, the Company had annual commitments under non-cancellable operating leases as follows:

	2004		2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	-	-	47	21
Expiring between two and five years inclusive	-	-	-	5
Expiring in over five years	-	-	-	23
	-	-	47	49

### 18 Ultimate parent company

The company's immediate parent company is Kidde Products (formerly known as Kidde Fire Protection Services Limited) Throughout the year under review and at the balance sheet date, the company's ultimate holding company was Kidde plc, a company incorporated in England and Wales. On 1 April 2005, an acquisition by Kaysail Limited, a subsidiary of United Technologies Corporation (UTC) was completed. On that date, the company's ultimate parent company became UTC. Kaysail Limited is incorporated in England and Wales and UTC in the United States of America.

The consolidated financial statements of Kidde plc can be obtained from:

The Secretary  
Kidde plc  
Mathisen Way  
Colnbrook  
Slough  
SL3 0HB.