Registration number 03123056

Bryan Donkin RMG Gas Controls Ltd

Report and accounts 2012

Registration number 03123056

Contents

The directors of Bryan Donkin RMG Gas Controls Ltd present the report and audited accounts of the company for the year ended 31 December 2012

Principal activities
The company designs, manufactures, supplies and installs gas control and monitoring equipment

Business review and future developments

Management monitors the business using the following key indicators	2012 %	*2011 %*
Turnover % change compared with previous year, due to		
Volume	(16 5)	*23 7*
Price	2 5	*3 0*
	(14 0)	*26 7*
Gross profit %	18 9	*17 4*
Operating result % of turnover	(2 1)	*0 4*
Headcount % change compared with previous year	9 0	*(2 2)*

Turnover
The decrease is a result of a decline in level of orders due to economic environment
In addition to this the 2011 results saw the benefit of two large one off projects not repeated in 2012

Gross profit
The decrease is a result of lower volume This was offset by improved margins in 2012 compared to 2011 due to the one off projects in 2011 attaining lower margins coupled with a change in the mix of products sold

Operating result
The decrease is driven by the reduction in gross profit

Headcount
The increase is as a result of a SAP implementation project

The results for the year are in line with the directors' expectations

Strategy
The company maintains market share and sustainable growth through the following strategies
- focus on customers relationships to improve business performance,
- providing the highest standard of product, service and delivery to its customer at a competitive cost,
- productivity and process improvement,
- product development,
- continued expansion into current and new markets,
- proactive alignment of its business structure to meet changing market demands,
- defending and extending the installed base through productivity improvements, and
- strong brand recognition through brand and channel management

Principal risks and uncertainties
The management of the business and the execution of the company's strategy are subject to a number of risks The key business risks affecting the company are
- changes in spending and capital investment patterns
- fluctuation in customer demand
- adverse economic conditions
- raw material price fluctuations
- obsolescence arising from a shift in technology
- changes in legislation or government regulations or policies
- cost of employee retirement benefits
- health and safety of employees and contractors

In response to the risks the company
- maintains a UK-wide presence and aims to have a competitive installed cost and integrated product solutions through technology and productivity,
- ensures continued recognition of brand and quality to maintain market position,
- maintains a high technology offering while widening its product base and expanding into new areas,
- implements supply chain and procurement initiatives,
- actively investigates new technologies and market trends,
- monitors applicable regulations to ensure products and systems provide high quality solutions for current needs,
- ensures that pension schemes are adequately funded, and
- the company ensures that all reasonable steps are taken to provide a safe working environment

The company expects to continue its activities and its current level of performance for the foreseeable future

Financial risk management
Hedges
The company hedges its exposures to significant foreign currency movements
At 31 December, the fair value of unrealised assets/(liabilities) under hedge contracts was not material (2011 £nil)

Other risks
The company's exposure to risks such as prices, credit risk, liquidity, and cash flow is within reasonable commercial limits and these exposures are not hedged

Results and dividends
The company's loss for the financial year was £250,000 (2011 £73,000 profit) which will be deducted from reserves The results for the year are shown on page 5

The directors do not recommend the payment of a dividend (2011 £0)

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

Alan Clark
Faisal Majid
Mary O'Driscoll
Tony Tielen
Grant Fraser (appointed 1 January 2012)

Directors' indemnities
Pursuant to the Company's articles of association, the directors were throughout the year to 31 December 2012 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 236 of the Companies Act 2006

Research and development
Research and development expenditure for the year amounted to £60,000 (2011 £76,000)

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 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 undertaking believe that no material uncertainties exist that cast significant doubt on the company's ability to continue in operation for the foreseeable future

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/she ought to have taken as at director to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board

Grant Fraser
Director
26 March 2013

Independent auditors' report

to the members of Bryan Donkin RMG Gas Controls Ltd Registration number 03123056

We have audited the financial statements of Bryan Donkin RMG Gas Controls Ltd for the year ended 31 December 2012 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 3 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 report and accounts 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 2012 and of its loss 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
28 March 2013

Profit and loss account

for the year ended 31 December 2012

Bryan Donkin RMG Gas Controls Ltd
Registration number 03123056

	Note	2012 £000	*2011 £000*
Turnover	3	10,714	*12,455*
Cost of sales		(8,693)	*(10,293)*
Gross profit		2,021	*2,162*
Distribution costs		(796)	*(950)*
Administrative expenses		(1,630)	*(1,329)*
Other operating income		181	*167*
(Loss)/profit on ordinary activities before taxation	4	(224)	*50*
Tax on (loss)/profit on ordinary activities	7	(26)	*23*
(Loss)/profit for the financial year	15	(250)	*73*

All amounts are derived from continuing operations

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

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

Balance sheet

at 31 December 2012

	Note	2012 £000	*2011 £000*
Fixed assets			
Tangible assets	9	223	*247*
		223	*247*
Current assets			
Stock	10	1,300	*1,986*
Debtors	11	2,400	*2,711*
Cash at bank and in hand		1,900	*2,398*
		5,600	*7,095*
Creditors amounts falling due within one year	12	(1,449)	*(2,718)*
Net current assets		4,151	*4,377*
Total assets less current liabilities		4,374	*4,624*
Net assets		4,374	*4,624*
Capital and reserves			
Called up share capital	14	2,000	*2,000*
Profit and loss account	15	2,374	*2,624*
Total shareholders' funds	15	4,374	*4,624*

The accounts on pages 7 to 11 were approved by the board of directors on 26 March 2013 and signed on its behalf by

Grant Fraser
Director

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"

There were no changes to accounting standards in 2012 which were applicable to the company

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 undertaking believe that no material uncertainties exist that lead to significant doubt confirming the company's ability to continue in operational existence for the foreseeable future

Turnover and revenue recognition
Turnover comprises sales to customers and service revenues net of value added tax

Revenue from product and service sales is recognised on delivery and when acceptance by the customer has occurred Revenue from long term contracts is recognised on the percentage of completion basis once the outcome of the contract can be recognised with reasonable certainty

Where, for a particular contract, turnover exceeds amounts invoiced on account, the excess is included in debtors as amounts recoverable on contracts Where amounts invoiced exceed turnover, the excess is included in payments on account

Leases-as lessee
Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease

Leases-as lessor
Operating lease income is recognised on a straight basis with any rental increases recognised during the period to which they relate

Research and development
All costs associated with research and development are written off to the profit and loss account in the year of expenditure

Foreign currency
Transactions denominated in foreign currency are booked using daily or monthly exchange rates prevailing when the transaction is recorded Monetary assets and liabilities which are denominated in foreign currencies are translated into 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 results for the year Exchange gains and losses from financing activities are recognised in interest income and expense Gains or losses on foreign currency hedges obtained from the ultimate parent company are recognised when realised The fair value of unrealised hedges at the year end is disclosed in the Directors' report if material

Taxation
Current tax is the amount of tax estimated to be payable or recoverable in respect of the taxable profit or loss for a period, along with adjustments to estimates in respect of previous periods

Deferred tax
Deferred tax is recognised in respect of the future estimated tax consequences of transactions or events recognised in the accounts of the current and previous periods

Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the 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

Tangible assets and depreciation
Tangible assets are stated at historical purchase cost less accumulated depreciation Depreciation is calculated using the straight line method at rates calculated to write down the cost to the estimated residual value over the estimate useful life Cost comprises purchase costs together with any incidental expenses of acquisition The annual depreciation rates used for the major assets are

Buildings - short leasehold	10%
Plant & machinery	8 33-50%
Fixtures & fittings	10-50%

Land is not depreciated

Stock
Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value The cost of raw materials, consumables and goods for resale represents purchase cost on a first-in, first-out basis The cost of work in progress and finished goods is the cost of direct materials and labour plus attributable overheads based on a normal level of activity Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal Provisions for obsolete and slow moving stocks are made where appropriate

Pensions
Defined contribution plans are externally funded, with the assets of the plan held separately from those of the company in separate trustee administered funds Contributions to such plans are charged to the profit and loss account as they become payable

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. Turnover
Turnover is derived from markets and classes of business which do not substantially differ from each other

Turnover, stated net of value added tax, is attributable to the principal activity of the company The business is carried out in the UK and the turnover derives mainly from that origin

4. (Loss)/profit on ordinary activities before taxation	2012	*2011*
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)	£000	*£000*
Depreciation and amortisation		
Tangible assets - owned	62	*60*
Rental charges under operating leases		
Land and buildings	315	*315*
Plant and machinery	16	*24*
Operating lease income	(117)	*(105)*
Service charge on sublet property	(64)	*(64)*
Loss on foreign exchange	35	*12*

5. Auditors' remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	18	*19*

6. Employees and directors

Average number of persons employed during the year (including executive directors)	number	*number*
Factory and engineering	73	*69*
Selling, servicing and marketing	17	*16*
General and administration	7	*4*
	97	*89*

Staff costs	£000	*£000*
Wages and salaries	2,601	*2,405*
Social security costs	239	*246*
Pension contributions to defined contribution plans (note 13)	54	*73*
	2,894	*2,724*
Directors' remuneration		
Aggregate emoluments	106	*176*
Pension costs - defined contribution	5	*5*
	111	*181*

The number of directors who were	number	*number*
Members of a defined contribution plans	1	*1*

In 2012, four directors were 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

7. Tax on (loss)/profit on ordinary activities	2012	*2011*
	£000	*£000*
Current tax		
UK corporation tax on (loss)/profit for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	14	*(36)*
Effect of decreased tax rate on opening balance	12	*13*
Total deferred tax	26	*(23)*
Tax on (loss)/profit on ordinary activities	26	*(23)*

Factors affecting tax charge for the year
The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012
Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24 5%

	2012	*2011*
Difference between tax at standard rate of UK corporation tax and total tax charge	£000	*£000*
(Loss)/profit on ordinary activities before taxation	(224)	*50*
Standard rate of UK corporation tax (%)	24 5	*26 5*
(Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax	(55)	*13*
Effects of		
Expenses not deductible for tax purposes and other permanent differences	5	*6*
Capital allowances in excess of depreciation	14	*15*
Movements in general provisions and other short term timing differences	(1)	*(10)*
Group relief not paid for	37	*(24)*
Total tax charge for the year	-	-

Factors that may affect future tax charges
Deferred tax is provided at 23% on temporary differences reversing in 2013 and thereafter There are proposals to reduce UK Corporation Tax in stages to 20% by April 2015 The effect of these proposals is not material

8. Deferred tax	£000	*£000*
Differences between capital allowances and depreciation	82	*105*
Other short term timing differences	60	*63*
Provision for deferred tax	142	*168*

Movements in deferred tax

	£000
At 1 January 2012	168
Charge to the profit and loss account (note 7)	(26)
At 31 December 2012	142

The deferred tax asset is recognised because it is more likely than not that there will be sufficient taxable profits in the future to recover the asset

9. Tangible assets	Land & buildings	Plant & machinery	Fixture & fittings	Total
Cost	£000	£000	£000	£000
At 1 January 2012	79	1,910	474	2,463
Additions	-	38	-	38
At 31 December 2012	79	1,948	474	2,501
Accumulated depreciation				
At 1 January 2012	14	1,732	470	2,216
Charge for the year	8	50	4	62
At 31 December 2012	22	1,782	474	2,278
Net book value				
At 31 December 2012	57	166	-	223
At 31 December 2011	*65*	*178*	*4*	*247*

	2012	*2011*
The above figures include	£000	*£000*
Leasehold land and buildings, at net book value	57	*65*

10. Stocks		
Raw materials	1,243	*1,791*
Work in progress	57	*195*
	1,300	*1,986*

11. Debtors

	2012 £000	*2011 £000*
Trade debtors	1,545	*2,033*
Amounts owed by group undertakings	525	*270*
Deferred tax asset (note 8)	142	*168*
Other debtors	-	*48*
Prepayments and accrued income	188	*192*
	2,400	*2,711*

12. Creditors: amounts falling due within one year

	2012 £000	*2011 £000*
Trade creditors	762	*982*
Amounts owed to group undertakings	124	*470*
Taxation and social security	101	-
Accruals and deferred income	462	*1,266*
	1,449	*2,718*

13. Pensions

Defined contribution sections

	2012 £000	*2011 £000*
Contributions to defined contribution plans during the year	54	*73*

14. Called up share capital

Allotted, called up and fully paid

	2012 £000	*2011 £000*
At 1 January and 31 December 2,000,000 ordinary shares of £1 each	2,000	*2,000*

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Profit and loss account £000	2012 Total £000	*2011 Total £000*
At 1 January	2,000	2,624	4,624	*4,551*
(Loss)/profit for the financial year	-	(250)	(250)	*73*
At 31 December	2,000	2,374	4,374	*4,624*

16. Operating lease commitments

At 31 December the company had annual commitments under non-cancellable operating leases expiring as follows

	2012 £000	*2011 £000*
Land and buildings		
expiring in two to five years	315	*315*
Other leases		
expiring in within one year	-	*13*
expiring in two to five years	17	*7*
	17	*20*

17. Contingent liabilities

The company, with other Honeywell group companies in the UK, has provided a bank guarantee under a composite accounting agreement Under this agreement, bank interest is calculated on the net group position after setting off positive and overdrawn cash balances The maximum contingent liability under this agreement is the total of overdrawn balances held by group companies, amounting to £431,583,000 (2011 £568,591,000)
Positive cash balances held by the group exceeded overdrawn balances in 2012 and 2011

18. Ultimate parent undertaking

The immediate parent undertaking is RMG Regel + Messtechnik GmbH, a company incorporated in Germany

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