Registration number 03123056

Bryan Donkin RMG Gas Controls Ltd

Report and financial statements 2013

Contents

Strategic report

for the year ended 31 December 2013

Bryan Donkin RMG Gas Controls Ltd
Registration number 03123056

The directors present the strategic report on the company for the year ended 31 December 2013

Review of the business

The turnover for the year was £9,652,000, down 9 9% on prior year turnover of £10,714,000 Trading conditions continue to be challenging due to overall macro-economic conditions The company expects to benefit from new reporting implementations made in 2013 showing improved profitability in future years

Key performance indicators

Management monitors the business using the following key indicators	2013 %	*2012 %*
Turnover % change compared with previous year, due to		-
Volume	(11 5)	*(16 5)*
Price	0 0	*2 5*
Acquisitions	1 6	*0 0*
	(9 9)	*(14 0)*
Gross profit %	15 1	*18 9*
Operating result % of turnover	(10 3)	*(2 1)*
Headcount % change compared with previous year	5 2	*9 0*

Turnover

The decrease is a result of reduced volume attributed to a difficult economic environment, offset by the transfer in of business from an affiliated company, Gorter Controls BV

Gross profit

The decrease is a result of a change in product mix

Operating result

The decrease is driven by the reduction in turnover coupled with one off costs relating to the implementation of new reporting systems

Headcount

Headcount has increased to accommodate the new business from Gorter Controls BV

Strategy

The company maintains market share and sustainable growth through the following strategies

- focus on customers, including customer survey programmes to obtain and action customer feedback 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

Approved by the board of directors and signed on its behalf by

Grant Fraser
Director
2 April 2014

The directors present their report and financial statements of the company for the year ended 31 December 2013

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

Business review and future developments
A review of the business of the company and future developments is included in the strategic report

The company's loss for the financial year was £1,015,000 (2012 £250,000 loss) which will be deducted from reserves The results for the year are shown on page 7

The directors do not recommend the payment of a dividend (2012 £nil)

Financial risk management
Foreign currency risk
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 (2012 £nil)

Credit risk
Credit risk arises from cash at bank and credit exposures to customers Bank balances are maintained within the permitted credit limits set by the group's Investment Committee who frequently monitor banks' credit ratings The creditworthiness of customers granted credit terms in the normal course of business is monitored continually
The terms and conditions of credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer Sales are not materially dependent on a single customer or a small group of customers

Liquidity risk
The company ensures availability of funding for its operations through an appropriate amount of committed bank facilities on a group wide basis

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

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

Grant Fraser
Alan Clark (resigned 31 March 2013)
Mary O'Driscoll
Tony Tielen
Faisal Majid

Directors' indemnities
Pursuant of the Company's articles of association, the directors were throughout the year ended 31 December 2013 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006

Research and development
Research and development expenditure for the year amounted to £115,000 (2012 £60,000)

Directors' responsibilities statement
The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements 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 financial statements 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 financial statements, 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 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 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 financial statements 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
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 a director to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the board of directors and signed on its behalf by

Grant Fraser

Grant Fraser
Director
2 April 2014

Independent auditors' report

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Bryan Donkin RMG Gas Controls Ltd, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account for the year then ended,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 ISAs (UK & 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

Stephen Pascoe

Stephen Pascoe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
West London
4 April 2014

Profit and loss account

for the year ended 31 December 2013

Bryan Donkin RMG Gas Controls Ltd
Registration number 03123056

	Note	2013 £000	*2012 £000*
Turnover	3	9,652	*10,714*
Cost of sales		(8,193)	*(8,693)*
Gross profit		1,459	*2,021*
Distribution costs		(737)	*(796)*
Administrative expenses		(1,812)	*(1,630)*
Other operating income		100	*181*
Operating loss and loss on ordinary activities before tax	4	(990)	*(224)*
Tax on loss on ordinary activities	7	(25)	*(26)*
Loss for the financial year	14	(1,015)	*(250)*

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 2013

Bryan Donkin RMG Gas Controls Ltd
Registration number 03123056

	Note	2013 £000	*2012 £000*
Fixed assets			
Tangible assets	9	201	*223*
		201	*223*
Current assets			
Stocks	10	5,028	*1,300*
Debtors	11	2,667	*2,400*
Cash at bank and in hand		-	*1,900*
		7,695	*5,600*
Creditors amounts falling due within one year	12	(4,537)	*(1,449)*
Net current assets		3,158	*4,151*
Net assets		3,359	*4,374*
Capital and reserves			
Called up share capital	13	2,000	*2,000*
Profit and loss account	14	1,359	*2,374*
Total shareholders' funds	14	3,359	*4,374*

The financial statements on pages 7 to 14 were approved by the board of directors on 2 April 2014 and signed on its behalf by

Grant Fraser
Director

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 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 2013 which were applicable to the company

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

Leases- as lessee
Operating lease income is recognised on a straight line basis with any rental increases recognised during the period of the lease

Bad debt provision
An allowance for doubtful debts is made against trade debtors which exceed 180 days past due date Provisioning made against debts subsequently settled after 180 days past due are released back to the current profit and loss account

Research and development
All costs associated with research and development are written off to the profit and loss account in the year of expenditure, less any R&D expenditure credit reclaimable from HM Revenue and Customs in respect of those costs

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 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 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 financial statements 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%

Depreciation is not provided on construction in progress until the asset is completed

Stocks
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 financial statements 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 financial statements, on the grounds that this company is a wholly owned subsidiary of Honeywell International Inc , whose financial statements are publicly available

3. Turnover

	2013	2012
	£000	£000
Analysis of turnover by geographical market		
United Kingdom	6,554	7,038
Europe	1,730	1,042
America	265	558
Other	1,103	2,076
	9,652	10,714

Turnover is derived from 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, as stated in the directors' report

4. Operating loss

	2013	2012
Operating loss is stated after charging/(crediting)	£000	£000
Depreciation and amortisation		
Tangible assets - owned	66	62
Rental charges under operating leases		
Land and buildings	315	315
Plant and machinery	20	16
Operating lease income	(65)	(117)
Service charge on sublet property	(35)	(64)
Loss on foreign exchange	4	35

5. Auditors' remuneration

Fees payable for audit	19	18

6. Employees and directors

Monthly average number of persons employed during the year (including executive directors)	number	number
Factory and engineering	78	73
Selling, servicing and marketing	12	17
General and administration	12	7
	102	97

Staff costs	£000	£000
Wages and salaries	2,539	2,601
Social security costs	232	239
Contributions to defined contribution pension plans	59	54
	2,830	2,894
Outstanding contributions for defined contribution plans at the end of the year	-	-

Directors' remuneration		
Aggregate emoluments	35	106
Pension costs - defined contribution	4	5
	39	111

The number of directors who were	number	number
Members of a defined contribution plan	-	1

During the year no director (2012 no director) exercised options over shares of Honeywell International Inc , the ultimate parent company

In 2013, four directors (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 on ordinary activities

	2013 £000	2012 £000
Current tax		
UK corporation tax on loss for the year	-	-
Deferred tax		
Origination and reversal of timing differences	8	14
Effect of decreased tax rate on opening balance	17	12
Total deferred tax	25	26
Tax on loss on ordinary activities	25	26

Factors affecting tax charge for the year
The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013 Accordingly, the company's results for this financial year are taxed at an effective rate of 23 25%

The tax assessed for the year is different to the standard rate of UK corporation tax of 23 25% (2012 24 5%) and the differences are explained below

	2013 £000	2012 £000
Loss on ordinary activities before taxation	(990)	(224)
Standard rate of UK corporation tax (%)	23 25	24 5
Loss on ordinary activities multiplied by the standard rate of UK corporation tax	(230)	(55)
Effects of		
Expenses not deductible for tax purposes and other permanent differences	6	5
Capital allowances (less than)/in excess of depreciation	(10)	14
Movements in general provisions and other short term timing differences	(14)	(1)
Group relief not paid for	248	37
Total tax charge for the year	-	-

Factors that may affect future tax charges
Deferred tax provided at 21% on temporary differences reversing in 2014 and 20% on temporary differences reversing in 2015 and thereafter Legislation to reduce UK Corporation Tax in stages to 20% by April 2015 was enacted on 17 July 2013

8. Deferred tax

	2013 £000	2012 £000
Tax effect of timing differences because of		
Differences between capital allowances and depreciation	63	82
Other short term timing differences	54	60
Net deferred tax asset	117	142

Movements in deferred tax

	£000
At 1 January 2013	142
(Charge)/credit to the profit and loss account (note 7)	(25)
At 31 December 2013	117

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	Fixtures & fittings	Total
Cost	£000	£000	£000	£000
At 1 January 2013	79	1,948	474	2,501
Additions	-	44	-	44
Disposals	-	(1,602)	(474)	(2,076)
Reclassification	-	(112)	112	-
At 31 December 2013	79	278	112	469
Accumulated depreciation				
At 1 January 2013	22	1,782	474	2,278
Charge for the year	8	48	10	66
Disposals	-	(1,602)	(474)	(2,076)
Reclassification	-	(42)	42	-
At 31 December 2013	30	186	52	268
Net book value				
At 31 December 2013	49	92	60	201
At 31 December 2012	*57*	*166*	-	*223*

10 Stocks	2013	*2012*
	£000	*£000*
		as restated
Raw materials	3,987	*945*
Work in progress	603	*188*
Finished goods for sale	438	*167*
	5,028	*1,300*

Stocks have been reclassified to align to Honeywell accounting policy The prior year comparatives have been restated, reducing raw materials by £298,000, increasing work in progress by £131,000, and increasing finished goods for resale by £167,000 The reclassification had no effect on total stock or on the net results of the company and had no tax impact

11. Debtors	2013	*2012*
Amounts falling due within one year	£000	*£000*
Trade debtors	1,522	*1,545*
Amounts owed by group undertakings	818	*525*
Deferred tax asset (note 8)	117	*142*
Other debtors	42	-
Prepayments and accrued income	168	*188*
	2,667	*2,400*
12. Creditors: amounts falling due within one year		
Bank overdrafts	892	-
Trade creditors	1,876	*762*
Amounts owed to group undertakings	1,512	*124*
Other taxation and social security	-	*101*
Accruals and deferred income	257	*462*
	4,537	*1,449*

13. Called up share capital

Allotted, called up and fully paid		
At 1 January and 31 December 2,000,000 ordinary shares of £1 each	2,000	*2,000*

14 Reconciliation of shareholders' funds and movements on reserves

	Called up share capital £000	Profit and loss account £000	2013 Total £000	*2012 Total £000*
At 1 January	2,000	2,374	4,374	*4,624*
Loss for the financial year	-	(1,015)	(1,015)	*(250)*
At 31 December	2,000	1,359	3,359	*4,374*

15. Operating lease commitments

At 31 December the company had annual commitments under non-cancellable operating leases expiring as follows	2013 £000	*2012 £000*
Land and buildings		
expiring in two to five years	315	*315*
Other leases		
expiring in two to five years	17	*17*

16 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 £470,197,000 (2012 £431,583,000)

Positive cash balances held by the group exceeded overdrawn balances in 2013 and 2012

17. Parent undertakings

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 financial statements Copies of their financial statements 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