ADI-Gardiner Limited

Annual Report and Financial Statements 2017

Company Information

Officers and professional advisors

Directors

Adrian Connell
Colin McGinty
Peter O'Toole
Hemant Trivedi

Bankers

Barclays Bank,
Level 11,
One Churchill Place,
London,
E14 5HP
England
United Kingdom

Registered address

Unit 7a – 7b,
Transpennine Trading Estate,
Gorrells Way,
Rochdale,
OL11 2PX
England
United Kingdom

Strategic report

for the financial year ended 31 December 2017

The directors present their strategic report for the financial year ended 31 December 2017.

Principal activities

The principal activity of the company is the wholesale distribution of electronic surveillance systems, fire detection and prevention equipment and related products.

Review of the business and future developments

The profit for the financial year, after taxation, is £5,686,000 (2016: £3,617,000). The results for the year are in line with the directors' expectations. The directors intend that the company will continue to operate as a trading company of the wholesale distribution of electronic surveillance systems, fire detection and prevention equipment and related products.

The company is in a net asset position and expects to remain so for the foreseeable future.

Key performance indicators

Management monitors the business using the following key indicators:

	2017	*2016*
	%	%
Turnover % change compared with previous year	15.3	11.5
Gross profit %	18.7	19.4
Operating result % of turnover	4.3	3.1

Turnover

The increase is driven by effective penetration of existing geographies and customers, while striving for expanding the existing customer base.

Gross profit

There has been an increase in the gross profit due to increase in the turnover as the company launched new products and increased its market share. Margins continue to be restricted while growing the business and acquiring new customers

Operating result

The operating result for the financial year has increased due to relatively static overheads with better control of the administrative costs.

Financial risk management

Foreign currency risk

The company monitors and manages the foreign currency risk relating to the operations of the company, with the assistance of the treasury department of Honeywell International Inc.

Credit risk

Credit risk arises from cash at bank and credit exposures to customers. 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.

Strategic report

for the financial year ended 31 December 2017

Strategy

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

- providing the highest standard of product, service and delivery to its customer at a competitive cost
- productivity and process improvement
- new product introductions
- 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
- 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
- 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 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 new products and systems remain compliant and provide high quality solutions
- 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:

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Adrian Connell
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Adrian Connell
Director
June 14, 2018

Directors' report

for the financial year ended 31 December 2017

The directors present their annual report and financial statements for the company for the financial year ended 31 December 2017.

Business review and future developments

A review of the business of the company and future developments is included in the strategic report on page 1.

Results and dividends

The company's profit for the financial year, after taxation was £5,686,000 (2016: £3,617,000) which will be transferred to reserves. The results for the financial year are shown on page 5.

The directors do not recommend the payment of a dividend (2016: £nil).

Financial risk management

Financial risk management of the company is included in the strategic report on page 1.

Directors of the company

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

Adrian Connell
Colin McGinty
Peter O'Toole
Hemant Trivedi

Directors' indemnities

Pursuant of the company's articles of association, the directors were throughout the financial year ended 31 December 2017 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework.'

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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Directors' report

for the financial year ended 31 December 2017

To assist them in discharging these responsibilities, the directors have engaged a number of third party providers including a Big Four accounting firm who is engaged to prepare the company's financial statements, as well as Honeywell International Inc.'s own finance shared service centre based in Bengaluru, India. Honeywell operates a country controllership model under which an identified senior finance representative is responsible for all of the UK and Ireland entities, supported by a wider finance team and under the supervision of Regional Finance Leader for North & South Europe. The directors have ensured that adequate processes are in place to maintain oversight and supervision over these various providers and processes and to ensure there is clear linkage with the company's activities.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report.

The ultimate parent company, Honeywell International Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. The directors, having taken into account both the future trading of the company and the financial support from the ultimate parent undertaking, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Events since the balance sheet date

There have been no material adjusting or disclosable post balance sheet events since the financial year end.

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

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Adrian Connell
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Adrian Connell
Director
June 14, 2018

Profit and loss account

for the financial year ended 31 December 2017

	Notes	*2017*	*2016*
		£000s	*£000s*
Turnover	5	135,031	117,160
Cost of sales		(109,826)	(94,374)
Gross profit		**25,205**	**22,786**
Administrative expenses		(5,510)	(6,465)
Distribution expenses		(13,896)	(12,657)
Operating profit	**6**	**5,799**	**3,664**
Interest receivable	8	2	-
Interest payable	9	(41)	(45)
Profit before taxation		**5,760**	**3,619**
Tax on profit	10	(74)	(2)
Profit for the financial year attributable to owners of the parent		**5,686**	**3,617**

All amounts are derived from continuing operations.

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

No separate statement of comprehensive income has been presented because the company has no other comprehensive income other than the profit for the financial year.

The notes on pages 8 to 19 form an integral part of the financial statements.

Balance sheet
at 31 December 2017

	Notes	2017 £000s	2016 £000s
Fixed assets			
Tangible assets	11	122	252
Intangible assets	12	59	-
		181	**252**
Current assets			
Stocks	13	11,856	9,805
Debtors: amounts falling due within one year	14	31,784	28,662
Cash at bank and in hand		-	933
		43,640	39,400
Creditors: amounts falling due within one year	15	(26,253)	(27,770)
Net current assets		**17,387**	**11,630**
Total assets less current liabilities		**17,568**	**11,882**
Net assets		**17,568**	**11,882**
Capital and reserves			
Share capital	16	100	100
Profit and loss account		17,468	11,782
Total shareholders' funds attributable to owners of the parent		**17,568**	**11,882**

For the year ended 31 December 2017 the company was entitled to the exemption from audit under section 479A of the Companies Act 2006.

- the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- the directors acknowledge their responsibility for complying with the requirement of this Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 5 to 19 were approved by the board of directors on June 14, 2018 and signed on its behalf by:

DocuSigned by:
Adrian Connell
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Adrian Connell
Director

Statement of changes in equity

at 31 December 2017

	Share capital	*Profit and loss account*	*Total*
	£000s	*£000s*	*£000s*
At 1 January 2016	100	8,165	8,265
Profit for the financial year attributable to owners of the parent	-	3,617	3,617
At 31 December 2016	**100**	**11,782**	**11,882**
Profit for the financial year attributable to owners of the parent	-	5,686	5,686
At 31 December 2017	**100**	**17,468**	**17,568**

Notes to the financial statements

at 31 December 2017

1. General information

ADI-Gardiner Limited is a private company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. The nature of the company's operations and its principal activities are set out in the strategic report on page 1.

The immediate parent undertaking is ADI-Gardiner Holding Limited, a company incorporated in the United Kingdom. The registered address of the parent is Unit 7a-7b Transpennine Trading Estate, Gorrells way, Rochdale, OL11 2PX, England, United Kingdom.

The company's results are included in the consolidated financial statements of Honeywell International Inc., a company registered in the USA. Honeywell International Inc. is the company's ultimate parent company and controlling party, heading up the smallest and largest group to consolidate these financial statements. The registered office of the ultimate parent company is located at 251, Little Falls Drive, Wilmington, DE 19808, USA. The financial statements of Honeywell International Inc. 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.

The accounting policies that have been applied consistently throughout the financial year and in the preceding year are set out below:

2. Significant Accounting policies

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure framework'.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006. The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the financial year ended 31 December 2017.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant, Equipment and paragraph 118(e) of IAS 38 Intangible Assets and paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the financial statements

at 31 December 2017

Turnover and revenue recognition

Turnover comprises sales to customers net of value added tax

Revenue is recognised as follows:

Type of sale	*Recognition*
Product and service sales	On delivery and when acceptance by the customer has occurred

Operating leases – as lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight line basis over the lease term.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report.

The ultimate parent company, Honeywell International Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. The directors, having taken into account both the future trading of the company and the financial support from the ultimate parent undertaking, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Foreign currency translation

The company's financial statements are presented in Sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Taxation

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Notes to the financial statements

at 31 December 2017

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The useful life of intangible asset is:

Capitalised software	8 years

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 improvements	5-12 years
Fixtures & fittings	5-15 years

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

Land is not depreciated.

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Financial assets - recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The company determines the classification of its financial assets at initial recognition. Trade debtors, amounts owed by group undertakings and other debtors have been classified as loans and receivables. The company has no other financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost, less impairment.

Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An allowance for doubtful debts is made against trade debtors that exceed 180 days past due date. Losses arising from impairment are recognised in the profit and loss account in administrative expenses.

Provisioning made against debts subsequently settled after 180 days past due is treated as a change in accounting estimate and released to profit or loss.

Notes to the financial statements

at 31 December 2017

Derecognition of financial assets

Financial assets are derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Thereafter, the company's trade creditors and the amounts owed to group undertakings are carried at amortised cost.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Provisions for obsolete and slow moving stocks are made where appropriate.

The cost of raw materials, consumables and goods for resale is the 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.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the financial year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no judgements and estimates that have a significant effect on amounts recognised in the financial statements.

4. New and amended standards and interpretations

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual financial statements of the company. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The company applied the amendments retrospectively. However, their application has no effect on the company's financial position and performance as the company has no deductible temporary differences or assets that are in the scope of the amendments.

Notes to the financial statements

at 31 December 2017

5. Turnover

	2017	2016
	£000s	£000s
Analysis of turnover by geographical market		
United Kingdom	131,174	112,185
Europe	3,039	3,651
North America	-	24
Other	818	1,300
Total turnover by geographical market	135,031	117,160

	2017	2016
	£000s	£000s
Analysis of turnover by category		
Automation and control solutions	135,031	117,160

6. Operating profit

	2017	2016
	£000s	£000s
This is stated after charging/(crediting):		
Depreciation and amortisation		
Tangible assets – owned	64	100
Intangible assets	7	-
Rental charges under operating leases		
Land and buildings	805	725
Plant and machinery	-	24
Loss/(gain) on foreign exchange	182	(529)
Reorganisation and redundancy	136	39

Notes to the financial statements
at 31 December 2017

7. Employees and directors

(a). Staff costs

	2017	2016
	£000s	£000s
Wages and salaries	8,874	8,325
Social security costs	980	865
Contributions to defined contribution pension plans	595	544
Total staff costs	10,449	9,734

	2017	2016
	£000s	£000s
Outstanding contributions for defined contribution plans at the end of the financial year:	-	-

The average monthly number of employees during the financial year was made up as follows:
(including executive directors)

	2017	2016
	No.	No.
Indirect	249	255
Total monthly average number of employees	249	255

(b). Directors' remuneration

	2017	2016
	£000s	£000s
Aggregate emoluments	309	282
Pension costs – defined contribution	42	34
Total payments to directors	351	316

Highest paid director		
Aggregate emoluments	206	188
Total payments to highest paid director	206	188

Notes to the financial statements

at 31 December 2017

In 2017 two directors, (2016: two 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 the company.

8. Interest receivable

	2017	2016
	£000s	£000s
Other interest income	2	-
Total interest receivable	2	-

9. Interest payable

	2017	2016
	£000s	£000s
Interest payable on bank overdrafts	41	45
Total interest payable	41	45

10. Taxation

(a). Tax charged in the profit and loss account

	2017	2016
	£000s	£000s
Current tax:		
UK corporation tax on profit for financial year	-	-
Total current tax		
Deferred tax:		
Origination and reversal of temporary differences	4	(8)
Effect of change in tax laws and rates	16	10
Adjustments in respect of prior years	54	-
Total deferred tax	74	2
Total tax expense in the profit and loss account	74	2

Notes to the financial statements

at 31 December 2017

(b). Reconciliation of the total tax charge

The tax expense in the profit and loss account for the financial year is lower than the standard rate of corporation tax in the UK of 19% (2016: 20%). The differences are reconciled below:

	2017	2016
	£000s	£000s
Profit before tax	5,760	3,619
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 19.25% (2016: 20%)	1,109	724
Effects of		
Expenses not deductible for tax purposes	6	5
Effect of change in tax laws and rates	16	10
Adjustments in respect of prior years	54	-
Group relief not paid for	(1,111)	(737)
Total tax expense reported in the profit and loss account	74	2

(c). Factors affecting tax charge for the financial year

The standard rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. The Finance (No.2) Act 2017 received Royal Assent on 16 November 2017 which will reduce the rate further to 17% from 1 April 2020. These reductions may reduce the company's future tax charge accordingly.

(d). Deferred tax

	2017	2016
	£000s	£000s
The deferred tax included in the balance sheet is as follows:		
Deferred tax asset		
Other short term timing differences	18	11
Differences between capital allowances and depreciation	111	192
Total deferred tax asset (note 14)	129	203

Movement in deferred tax

	£000s	£000s
At 1 January 2017	203	205
Charged to profit and loss account	(74)	(2)
At 31 December 2017	129	203

There are no unprovided amounts relating to deferred tax.

Notes to the financial statements
at 31 December 2017

11. Tangible assets

	Land and buildings £000s	Fixtures and fittings £000s	Construction in progress £000s	Total £000s
Cost				
At 1 January 2017	1,208	273	66	1,547
Disposals	(274)	(173)	-	(447)
Transfer	-	-	(66)	(66)
At 31 December 2017	934	100	-	1,034
Accumulated depreciation				
At 1 January 2017	1,042	253	-	1,295
Provided during the financial year	61	3	-	64
Disposals	(274)	(173)	-	(447)
At 31 December 2017	829	83	-	912
Net book value:				
At 31 December 2017	105	17	-	122
At 31 December 2016	166	20	66	252

The above figures include:

	2017 £000s	2016 £000s
Short leasehold land and buildings, at net book value	105	166

Notes to the financial statements
at 31 December 2017

12. Intangible assets

	Software
	£000s
Cost	
At 1 January 2017	11
Additions	66
At 31 December 2017	77
Accumulated amortisation	
At 1 January 2017	11
Provided during the financial year	7
At 31 December 2017	18
Net book value:	
At 31 December 2017	59
At 31 December 2016	-

13. Stocks

	2017	*2016*
	£000s	*£000s*
Finished goods	11,856	9,805
The amount of inventories recognised as an expense during the period	112,972	98,290
The amount inventories written down recognised as an expense in the period	81	19

14. Debtors

	2017	*2016*
	£000s	*£000s*
Amounts falling due within one year		
Trade debtors	28,652	26,255
Amounts owed by group undertakings	130	227
Deferred tax asset (note 10)	129	203
Other debtors	2,662	1,762
Prepayments and accrued income	211	215
Total amount falling due within one year	31,784	28,662

Notes to the financial statements

at 31 December 2017

15. Creditors: amounts falling due within one year

	2017	2016
	£000s	£000s
Trade creditors	16,512	22,042
Bank overdraft	2,385	-
Taxation and social security	2,132	2,089
Amounts owed to group undertakings	1,786	1,609
Accruals and deferred income	3,299	2,030
Other payables	139	-
Total amount owed to creditors	26,253	27,770

16. Share capital

	2017	2016
	£000s	£000s
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100	100

17. Operating lease commitments

	2017	2016
	£000s	£000s
At 31 December the future minimum rentals payable under non-cancellable operating leases are as follows:		
Land and buildings		
Not later than one year	337	424
After one year but not more than five years	194	285
Total land and building operating lease commitments	531	709
Other leases		
Not later than one year	-	24
After one year but not more than five years	-	-
Total other leases commitments	-	24

The company has entered into commercial leases on certain properties and items of machinery. These leases have an average duration of between 3 and 10 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Notes to the financial statements
at 31 December 2017

18. 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 £527,287,000 (2016: £596,213,000).

Positive cash balances held by the group exceeded overdrawn balances in 2017 and 2016.