Pillar Electrical Overseas Limited

Annual Report and Financial Statements
For the year ended 31 December 2018

Company Information

Officers and professional advisors

Director

Ashish Saraf

Statutory auditor

Deloitte LLP
Saltire Court,
20 Castle Terrace,
Edinburgh,
EH1 2DB
United Kingdom

Bankers

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

Registered address

Honeywell House,
Skimped Hill Lane,
Bracknell,
Berkshire,
RG12 1EB
United Kingdom

Director's report

for the financial year ended 31 December 2018

The director presents his annual report and audited financial statements of the company for the financial year ended 31 December 2018.

Principal Activities

The principal activity of the company is primarily to finance other group entities fund requirements and earn interest thereupon.

Business review and future developments

No strategic report is provided as these financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

The director intends that the company will continue to operate as a financing company for the foreseeable future.

Results and dividends

The company's loss for the financial year, after taxation was £140,000 (2017: £136,000) which will be deducted from reserves. The results for the financial year are shown on page 7.

During the year, Pillar Electrical Overseas Limited disposed of its investment in the shares of Friedland Doggart Group Limited having a net book value of £7,142,000.The sale was for consideration of £7,142,000, which was paid in cash.

The director does not recommend the payment of a dividend (2017: £nil).

Financial risk management, objectives and policies

The company is exposed to interest rate risk arising out of amounts owed to group undertakings. The exposures to interest rate risks have not been hedged as there is no net interest rate risk at group level on account of intra group loan balances. The company does not have exposure to credit risk as there in no credit risk at the group level on account of intra group loans.

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:

Ashish Saraf
Mehmet Erkilic (resigned on 31 January 2018)

Director's indemnities

Pursuant to the company's articles of association, the director was throughout the financial year ended 31 December 2018 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Going concern

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 director, having taken into account the ability of the ultimate parent company to provide financial support, has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the annual report and financial statements.

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 auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make him aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Director's report

for the financial year ended 31 December 2018

Events since the balance sheet date

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

Independent auditor

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

DocuSigned by:
Ashish Saraf
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Ashish Saraf
Director

09-May-2019

Director's responsibilities statement

for the financial year ended 31 December 2018

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

To assist him in discharging these responsibilities, the director has engaged a number of third party providers including an accounting firm who is engaged to prepare the company's financial statements, as well as Honeywell International Inc.'s own finance shared service centre located in Bengaluru and Prague. 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 the Regional Finance Leader for North & South Europe. The director has 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

Independent auditor's report

to the members of Pillar Electrical Overseas Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the financial year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Pillar Electrical Overseas Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the director's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report

to the members of Pillar Electrical Overseas Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the director's report.

Independent auditor's report

to the members of Pillar Electrical Overseas Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Boyle CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
14 May 2019

Profit and loss account

for the financial year ended 31 December 2018

	Notes	2018 £000s	2017 £000s
Interest payable	7	(140)	(136)
Loss before taxation		**(140)**	**(136)**
Tax on loss	8	-	-
Loss for the financial year		**(140)**	**(136)**

All amounts are derived from continuing operations.

There is no material difference between the loss before taxation and the loss 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 loss for the financial year.

The notes on pages 10 to 15 form an integral part of the financial statements.

Balance sheet

as at 31 December 2018

	Notes	2018 £000s	2017 £000s
Fixed assets			
Investments	9	-	7,142
		-	**7,142**
Current assets			
Cash at bank and in hand		7,142	-
		7,142	-
Creditors: amounts falling due within one year	10	(5,334)	(5,194)
Net current assets/(liabilities)		**1,808**	**(5,194)**
Total assets less current liabilities		**1,808**	**1,948**
Net assets		**1,808**	**1,948**
Capital and reserves			
Called-up share capital	11	19	19
Profit and loss account		1,789	1,929
Total shareholder's funds		**1,808**	**1,948**

The financial statements on pages 7 to 15 were approved by the board of directors on 09-May-2019 and signed on its behalf by:

DocuSigned by:
Ashish Saraf
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Ashish Saraf
Director

Statement of changes in equity

for the year ended 31 December 2018

	Called-up share capital	Profit and loss account	Total
	£000s	£000s	£000s
At 1 January 2017	19	2,065	2,084
Loss for the financial year	-	(136)	(136)
At 31 December 2017	**19**	**1,929**	**1,948**
Loss for the financial year	-	(140)	(140)
At 31 December 2018	**19**	**1,789**	**1,808**

Notes to the financial statements

for the year ended 31 December 2018

1. General information

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

The immediate parent undertaking is Novar Electrical Holdings Limited, a company incorporated in the United Kingdom. The registered address of the immediate parent is located at Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB, United Kingdom.

The financial statements contain information about the company as an individual company and do not contain consolidated financial information as parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the 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.

2. Significant accounting policies

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

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the 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 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 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

for the year ended 31 December 2018

Going concern

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 director, having taken into account the ability of the ultimate parent company to provide financial support, has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the annual report and financial statements.

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.

Investments – recognition, measurement and impairment

Investments in subsidiaries are accounted for at cost less any provision for impairment. The value of investments is reviewed annually by the director or more frequently if there is a triggering event and provision made where the investment's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment losses been recognised for the investment in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liabilities - recognition and measurement

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings.

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

The company's financial liabilities comprise of loans and borrowings.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit and loss account when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest payable in the profit and loss account.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss account.

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.

Judgements

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

Estimates and assumptions

There are no estimates and assumptions made 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 2018. 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:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

There is no impact of IFRS 9 in the financial statements of the company.

5. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £3,142 (2017: £2,940) for the audit of the financial statements. This cost was incurred by Honeywell Control Systems Limited, a fellow UK subsidiary of Honeywell International Inc., and it is not recharged to the company.

There are no non audit services fees payable to the auditor

6. Employees and directors

In 2018, all directors (2017: all directors) did not undertake any relevant services to the entity and were remunerated by other group companies for their services to the group as a whole.

The company has no other employees (2017: no other employees).

Notes to the financial statements

for the year ended 31 December 2018

7. Interest payable

	2018	2017
	£000s	£000s
Interest payable to group undertakings	140	136
Total interest payable	140	136

8. Taxation

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

	2018	2017
	£000s	£000s
Current tax:		
UK corporation tax on loss for financial year	-	-
Total current tax	-	-
Total tax expense reported in the profit and loss account	-	-

(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% (2017:19.25%). The differences are reconciled below:

	2018	2017
	£000s	£000s
Loss before tax	(140)	(136)
Loss multiplied by the effective rate of corporation tax in the UK of 19% (2017:19.25%)	(27)	(26)
Effects of:		
Group relief surrendered	27	26
Total tax expense reported in the profit and loss account	-	-

(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.

Notes to the financial statements

for the year ended 31 December 2018

(d). Deferred tax

	2018	2017
	£000s	£000s
Unrecognised deferred tax asset @ 17% (2017:17%)		
Overseas interest not paid	500	500

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

9. Investments

	2018	2017
	£000s	£000s
Cost		
At 1 January	17,045	17,045
Disposals during the year	(17,045)	-
At 31 December	-	17,045
Provision for impairment		
At 1 January	(9,903)	-
Provided during the year	-	(9,903)
Disposals during the year	9,903	-
At 31 December	-	(9,903)
Net book value	-	7,142

During the year, Pillar Electrical Overseas Limited disposed its investment in the shares of Friedland Doggart Group Limited having a net book value of £7,142,000. The sale was for consideration of £7,142,000, which was paid in cash.

10. Creditors: amounts falling due within one year

	2018	2017
	£000s	£000s
Amounts owed to group undertakings	5,334	5,194
Total amount owed to creditors	5,334	5,194

Amounts owed to group undertakings include the following interest bearing loans and other borrowings:

Payable	Currency	Interest terms	2018	2017
			£000s	£000s
On demand	GBP	UK base rate plus 1%	1,323	1,302
On demand	GBP	5.23%	3,758	3,639

All amounts owed to group undertakings are payable on demand and unsecured.

11. Called-up share capital

	2018	2017
	£000s	£000s
Authorised capital		
25,000 (2017: 25,000) ordinary shares of £1 each at 1 January and 31 December	25	25
Allotted, called up and fully paid		
18,680 (2017: 18,680) ordinary shares of £1 each at 1 January and 31 December	19	19

12. 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 £423,389,000 (2017: £0).

Positive cash balances held by the group exceeded overdrawn balances in 2018 and 2017.