

# **Novar Europe Limited**

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

**COMPANIES HOUSE  
EDINBURGH**

**22 MAY 2019**

**FRONT DESK**



## Company Information

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### Officers and professional advisors

#### Directors

Jonathan Turner  
John Tus

#### Statutory auditor

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

#### Registered address

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

## Strategic report

for the financial year ended 31 December 2018

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The directors present their strategic report for the financial year ended 31-December 2018.

### Principal activities

The principal activities of the company is to act as the holding company for its subsidiaries.

### Review of the business and future developments

The profit for the financial year, after taxation, is £351,384,000 (2017: £16,874,000).

The profit for the year is driven by dividend income of £355,872,000 out of which £306,976,000 was received from Novar Overseas Holding B.V. and £48,896,000 from Honeywell Acquisitions II Limited. The company also paid a dividend of £51,267,000 to Novar Limited.

Further, there are no key performance indicators as the company did not trade during the financial year and is a holding company.

During the current year, the company's ultimate parent company Honeywell International Inc. carried out a divestiture exercise to spin off its Homes products portfolio and ADI global distribution business, as well as its Transportation Systems business, into two stand-alone publicly-traded companies, Resideo Technologies Inc and Garrett Motion Inc. As a result of the spin off exercise, the company acquired investments in Ademco 2 Limited, Ademco 2 BV and Novar Overseas Limited (refer note 10).

The directors intend that the company will continue to operate as a holding company for its subsidiaries for foreseeable future.

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

### Financial risk management, objectives and policies

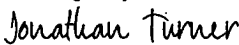
The company is exposed to interest rate risk arising out of amounts owed to group undertakings. The exposures to interest rate risks have not been hedged as there is no net interest rate risk at group level on account of intra group loan balances.

### Principal risks and uncertainties

As a holding company, the company is exposed to the value of its investments and the ability of its subsidiaries to generate surplus funds and pay dividends. The ultimate parent company actively manages the performance of its subsidiaries.

On 23 June 2016, the UK held a referendum on the UK's continuing membership of the EU, the outcome of which was a decision for the UK to leave the EU (Brexit). The progress of current negotiations between the UK Government and the EU will likely determine the future terms of the UK's relationship with the EU, as well as to what extent the UK will be able to continue to benefit from the EU's single market and other arrangements. Until the Brexit negotiation process is completed, it is difficult to anticipate the potential impact on the Company and the wider Honeywell Group's operations. The uncertainty during and after the period of negotiation is also expected to increase volatility and may have an economic impact particularly in the UK and Eurozone.

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

DocuSigned by:  
  
F98C9401E0BA4711:  
Jonathan Turner  
Director  
20-May-2019

## **Directors' report**

*for the financial year ended 31 December 2018*

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The directors present their annual report and audited financial statements of the company for the financial year ended 31 December 2018.

### **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 £351,384,000 (2017: £16,874,000) which will be transferred to reserves. The results for the financial year are shown on page 8.

The directors recommended and paid a dividend of £51,267,000 for 1 equity share at £51,267,000 per share (2017: £20,436,000).

### **Financial risk management, objectives and policies**

The details of the 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:

Jonathan Turner (appointed on 31 January 2018)

John Tus

Mehmet Erkilic (resigned on 31 January 2018)

### **Directors' indemnities**

Pursuant to the company's articles of association, the directors were 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 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 the ability of the ultimate parent company to provide financial support, 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.

### **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
- 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 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.

## Directors' report

for the financial year ended 31 December 2018

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### 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:

Jonathan Turner

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Jonathan Turner

Director

20-May-2019

## **Directors' responsibilities statement**

*for the financial year ended 31 December 2018*

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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.

To assist them in discharging these responsibilities, the directors have 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. 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 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.

## **Independent auditor's report**

*to the members of Novar Europe Limited.*

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### **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 profit for the 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 Novar Europe 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 14.

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 directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have 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.

## **Independent auditor's report**

*to the members of Novar Europe Limited.*

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### **Other information**

The directors are 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.

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 directors**

As explained more fully in the directors' responsibilities statement, the directors are 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 directors determine 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 directors are 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 directors 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](http://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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report and the directors' report.



## **Independent auditor's report**

*to the members of Novar Europe Limited.*

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### **Matters on which we are required to report by exception**

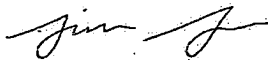
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

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  
22 May 2019

## Profit and loss account

for the financial year ended 31 December 2018

		2018	2017
	Notes	£000s	£000s
Dividend income	5	355,872	20,436
<b>Operating profit</b>		<b>355,872</b>	<b>20,436</b>
Interest payable	8	(4,488)	(3,562)
<b>Profit before taxation</b>		<b>351,384</b>	<b>16,874</b>
Tax on profit	9	-	-
<b>Profit for the financial year</b>		<b>351,384</b>	<b>16,874</b>

All amounts are derived from continuing operations.

There is no material difference between the profit 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.

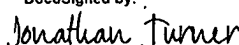
The notes on pages 11 to 19 form an integral part of the financial statements.

## Balance sheet

as at 31 December 2018

	Notes	2018 £000s	2017 £000s
<b>Fixed assets</b>			
Investments	10	1,055,314	750,709
		<b>1,055,314</b>	<b>750,709</b>
<b>Creditors: amounts falling due within one year</b>	11	(282,587)	(278,099)
<b>Net current liabilities</b>		<b>(282,587)</b>	<b>(278,099)</b>
<b>Total assets less current liabilities</b>		<b>772,727</b>	<b>472,610</b>
<b>Net assets</b>		<b>772,727</b>	<b>472,610</b>
<b>Capital and reserves</b>			
Called up capital	12	-	-
Profit and loss account		772,727	472,610
<b>Total shareholders' funds</b>		<b>772,727</b>	<b>472,610</b>

The financial statements on pages 8 to 19 were approved by the board of directors on 20-May-2019 and signed on its behalf by:

DocuSigned by:  
  
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Jonathan Turner  
Director

**Statement of changes in equity**  
*for the year ended 31 December 2018*

	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>
At 1 January 2017	540,790	(7500)	(72,118)	476,172
Profit for the financial year	-	-	16,874	16,874
Share capital reduction (note 12)	(540,789)	(7,500)	548,289	-
Dividend paid (note 13)	-	-	(20,436)	(20,436)
<b>At 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>472,610</b>	<b>472,610</b>
Profit for the financial year	-	-	351,384	351,384
Dividend paid (note 13)	-	-	(51,267)	(51,267)
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>772,727</b>	<b>772,727</b>

## Notes to the financial statements

for the financial year ended 31 December 2018

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### 1. General information

Novar Europe 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 strategic report on page 1.

The immediate parent undertaking is Novar Limited, a company incorporated in United Kingdom. The registered address of the parent is Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1E8, 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](http://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 financial year ended 31 December 2018

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### *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 the ability of the ultimate parent company to provide financial support, 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.

### *Dividend income*

Dividend income is recognised when the shareholder's right to receive payment is established, that is on declaration of the dividend by the subsidiary.

### *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.

### *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 directors 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.

## Notes to the financial statements

for the financial year ended 31 December 2018

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### *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**

In the process of applying the company's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### *(i) Impairment of investments*

The investment in subsidiary undertakings is carried at cost less impairment. The assessment of impairment involves estimation in relation to the value of the unquoted investment based on the net assets of the underlying investment and projected cash flows, wherever applicable. At the period end the value of the investment was £1,055,314,000 (2017: £750,709,000).

## 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 impact of each new standard or amendment is described 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.

## Notes to the financial statements

for the financial year ended 31 December 2018

### 5. Dividend income

	2018	2017
	£000s	£000s
Dividend income from:		
Novar Overseas Limited B.V.	306,976	-
Honeywell Acquisitions II Limited	48,896	-
Novar International Limited	-	20,436
<b>Total dividend income</b>	<b>355,872</b>	<b>20,436</b>

### 6. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £5,878 (2017: £4,000) 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.

### 7. 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).

### 8. Interest payable

	2018	2017
	£000s	£000s
Interest payable to group undertakings	4,488	3,562
<b>Total interest payable</b>	<b>4,488</b>	<b>3,562</b>

### 9. Taxation

(a) Tax charged in the profit and loss account

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



## Notes to the financial statements

for the financial year ended 31 December 2018

### (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
Profit before tax	351,384	16,874
Profit multiplied by the effective rate of corporation tax in the UK of 19% (2017: 19.25%)	66,763	3,248
Effects of:		
Income not taxable for tax purposes	(67,616)	(3,934)
Group relief not paid for	853	686
<b>Total tax expense reported in the profit and loss account</b>	<b>-</b>	<b>-</b>

### (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.

There are no unprovided amounts relating to deferred tax.

## 10. Investments

	2018	2017
	£000s	£000s
<b>Cost</b>		
At 1 January	750,709	750,709
Additions during the year	355,872	-
Disposals during the year	(51,267)	-
<b>At 31 December</b>	<b>1,055,314</b>	<b>750,709</b>
<b>Provision for impairment</b>		
At 1 January and 31 December	-	-
<b>Net book value</b>	<b>1,055,314</b>	<b>750,709</b>

During the year, Novar Europe Limited acquired 100% shareholdings in Ademco 2 B.V. and Novar Overseas Limited amounting to £2,370,000, 23.73% shareholding in Honeywell Acquisition II Limited amounting to £304,606,000 and 100% shareholdings in Ademco 2 Limited amounting to £48,896,000. Subsequent to these acquisitions, Novar Europe Limited transferred Novar Overseas Limited and Ademco 2 BV to Ademco 2 Limited, thus increasing the value of the investment in Ademco 2 Limited to £51,267,000. Further, the company disposed of the investments in Ademco 2 Limited.

The directors believe that the book value of the investments is more than the value of the underlying net assets.

Shares in the company's subsidiary undertakings are ordinary shares. The subsidiary undertakings are listed in note 14.

## Notes to the financial statements

for the financial year ended 31 December 2018

### 11. Creditors: amounts falling due within one year

	2018	2017
	£000s	£000s
Amounts owed to group undertakings	282,587	278,099
<b>Total amount owed to creditors</b>	<b>282,587</b>	<b>278,099</b>

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%	282,587	278,099

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

### 12. Called-up share capital

	2018	2017
	£000s	£000s
<i>Authorised and allotted, called up and fully paid</i>		
1,000,000,000 (2017: 1,000,000,000) ordinary shares of £1 each at 1 January	1,000,000	1,000,000
<b>Allotted share capital</b>		
1 (2017: 1) ordinary shares issued	-	-
1 (2017: 1) ordinary shares of £1 each at 31 December	-	-

On 16 October 2017, under section 642 of the Companies Act 2006, the board of directors passed a special resolution in order to reduce the share capital of the company by 540,789,999 shares, each with a nominal value of £1. The distributable reserve arising from the share capital reduction has been included within the profit and loss account.

### 13. Dividend paid

On 17 October 2018, the directors recommended and paid a dividend of £51,267,000 (equivalent to £51,267,000 per share). (2017: £20,436,000)

## Notes to the financial statements

for the financial year ended 31 December 2018

### 14. Subsidiary undertakings

The company's subsidiary undertakings, all of which are 100% owned unless otherwise indicated, are as follows:

Name of company	Principal activity	% holding if not 100%	Country of incorporation	Address
<b>Directly held subsidiaries:</b>				
Honeywell Acquisitions II Limited	Holding	100%	United Kingdom	*
Novar Overseas Holding B.V.	Holding	100%	Netherlands	1101 EA Amsterdam, Netherlands
<b>Indirectly held companies</b>				
First Technology Limited	Finance Company		United Kingdom	*
City Technology Holdings Limited	Dormant Company		United Kingdom	*
Comstack Limited	Dormant Company		United Kingdom	*
City Technology Limited	Gas sensors		United Kingdom	*
First Technology International Limited	Dormant Company		United Kingdom	*
First Technology Automotive Ltd	Dormant Company		United Kingdom	*
First Technology Overseas Limited	Holding		United Kingdom	*
First Technology Sàrl.	Holding		Luxembourg	43, Boulevard Prince Henri Grand Duchy of Luxembourg L-1724, Luxembourg
First Technology 2002 Ltd.	Finance Company		United Kingdom	*
FT Finance Limited	Holding		United Kingdom	*
FT North America Limited	Holding		United Kingdom	*
FT Hungary 1 Vagyonkezelő Korlátolt Felelősségű Társaság / FT Hungary 1 Asset Management Limited Liability Company	Holding		Hungary	**

## Notes to the financial statements

for the financial year ended 31 December 2018

FT Hungary 2 Asset Management limited liability company	Holding	Hungary	**	
Honeywell Australia Finance Pty Limited	Finance	Australia		Level 3, 2 Richardson Place, North Ryde, NSW 2113, Australia
FT North America (Holdings) Ltd	Holding	United Kingdom	*	
Novar European Holdings BV	Holding	Netherlands		Laaderhoogtweg 18, 1101 EA Amsterdam, Netherlands
Novar Holding GmbH	Holding	Austria	***	
Novar Vermoegensverwaltungs Holding GmbH		Austria	***	
Honeywell Austria Gesellschaft m.b.h	Gas detection	Austria		Handieskai 388, A-1023 Vienna, Austria
Foreign Enterprise Honeywell Ukraine	Holding	Ukraine		10/14 Radhishcheva Str, 03067, Kiev, Ukraine
Honeywell Life Safety Austria GmbH	Fire and security	Austria		ARENAVAGEN 27. 121 77 Johanneshov, Stockholms lan, Sweden
Honeywell Holdings Limited	Holding	United Kingdom	*	
Honeywell Limited	Holding	United Kingdom	*	
Honeywell Avionics Systems Limited	Staff Supply	United Kingdom	*	
Honeywell Control Systems Limited	Control Systems	United Kingdom	*	
Honeywell Bahrain W.L.L		Bahrain		Road 1510, Building 1510-731 Block 115 Hidd Town 731 14 Bahrain

## Notes to the financial statements

for the financial year ended 31 December 2018

Honeywell International (India) Private Limited	Information Technology	India	****
Honeywell Hometown Solutions India Foundation	Not for profit organisation	India	****
Honeywell Southern Africa (Proprietary) Limited	Control System	South Africa	*****
Honeywell Automation and Control Solutions South Africa (Proprietary) Limited	Control System	South Africa	*****
Honeywell Pension Trustees Limited	Dormant	United Kingdom	*
Pittway UK Limited	Dormant	United Kingdom	*
Honeywell Security UK Ltd	Intruder/Fire detection equipment	United Kingdom	*
Pittway Systems Technology Group Europe Limited	Life safety system	United Kingdom	*
KAC Alarm Company Limited	Security system	United Kingdom	*

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

\*\* 24, Petnehazy u, 1139, Budapest, Hungary

\*\*\* Parking 2 1010 Vienna Austria

\*\*\*\* Nagpal Business Tower, Ground Floor, A/91, Okhla Industrial Phase II, New Delhi 110020 India

\*\*\*\*\* Honeywell House Treur Close Waterfall Park Bekker Street Midrand 1685 South Africa