First Technology Limited

Annual Report and Financial Statements
For the year ended 31 December 2020

Company Information

Officers and professional advisors

Director

Hicham Khellafi

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,
Berks,
RG12 1EB
United Kingdom

Strategic report

for the financial year ended 31 December 2020

The director presents his strategic report for the financial year ended 31 December 2020.

Principal activity

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

Review of the business and future developments

The loss for the financial year, after taxation, is £3,485,000 (2019: profit of £420,997,000).

The loss for the year is driven by the loss on foreign exchange differences of £2,071,000 and net interest expense of £14,18,000. The reduction in income for the year as compared to previous is due to the non-receipt of dividend income in the current year (2019: £462,697,000).

The company holds financial instruments measured at amortised cost and as such the impact of the COVID-19 was limited to the effect on the trading activity of its subsidiaries and effect on fluctuations in exchange rates. The company has reviewed its investments for indicators of impairment and has concluded that no impairment is necessary as a result of the COVID-19 pandemic.

The EU-UK Trade and Cooperation Agreement (Brexit deal) was signed on 30 December 2020 and is effective from 1 January 2021. As a holding company, the Brexit deal is not expected to have a significant impact on the future activities of the company however it will affect the principal risks and uncertainties as detailed in following paragraphs.

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

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

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

Financial risk management, objectives and policies

Foreign currency risks

The impact of COVID-19 has resulted in increased volatility in foreign exchange rates thus exposing the company to increased foreign currency risks. This has been compounded by the effect of the Brexit deal on British Pound Sterling. The company monitors and manages the increased foreign currency risks with the assistance of the treasury department of Honeywell International Inc.

Interest risks

The company is exposed to interest rate risk arising out of amounts owed to and from group undertakings respectively. 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.

Credit risks

The company does not have exposure to credit risk as there is no credit risk at the group level on account of intra group loans. Considering that we are receiving a guarantee letter from Honeywell International Inc. to support Inter-company balances, we do not foresee any credit risk.

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.

Strategic report

for the financial year ended 31 December 2020

In December 2019, a novel strain of co-19") was identified in Asia. Over the next several months, COVID-19 quickly spread across the world. In March 2020, the World Health Organization declared COVID-19 a worldwide pandemic. The outbreak of the COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown which could negatively impact the company's operations and adversely affect its business. As of December 31, 2020, the virus continues to spread, and many countries are experiencing a resurgence in infection rates. Although vaccines have recently been made available, the availability and distribution of the vaccines continues to provide challenges. We remain cautious as many factors remain unpredictable, including the increasing rate of COVID-19 infections. We continue to monitor COVID-19 infection rates and acknowledge the risk of new surges in COVID-19 infections.

The global spread of COVID-19 creates significant volatility, uncertainty and economic disruption, which impacts our business, operations and financial results and may continue to do so. Honeywell's capabilities adapted toward addressing the COVID-19 challenges of our customers around the world. The enduring impact of the COVID-19 pandemic on business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including: the duration, scope and severity of the pandemic; as well as the timing and availability of effective medical treatments and vaccines; governmental, business and individual decisions and actions; the impact of the pandemic on economic activity; and the extent to which we or our business partners may be prevented from conducting normal business activities due to shutdowns or other restrictive measures that may be requested or mandated by governmental authorities.

These factors are expected to impact the profitability of the company's subsidiaries. This may lead to a further decline in the fair value of its investments, owing to such reduction in its subsidiaries' profitability.

With the introduction of a vaccine, the COVID-19 pandemic is being brought under control however there is potential for new strains of the virus resulting in reduced efficacy and continuation of government imposed restrictions to business activities. A sustained or prolonged COVID-19 outbreak could exacerbate the negative impacts described above, and the resumption of normal business operations may be delayed or constrained by lingering effects on our suppliers, third-party service providers, and/or customers. These effects, alone or taken together, could further impact each of the risks described above. Due to daily evolution of the COVID-19 pandemic and the responses to curb its spread, we cannot predict the ultimate impact the COVID-19 pandemic will have on our business, financial condition, results of operations, liquidity, and cash flow.

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 UK left the EU on 31 January 2020 and was in a transition period until 31 December 2020. The EU-UK Trade and Cooperation Agreement (Brexit deal) was signed on 30 December 2020 and is effective from 1 January 2021. The deal imposes additional rules and regulations to govern the transfer of goods and services between the United Kingdom and European Union. This is likely to lead to an increase in costs and administrative requirements of trading with the European Union. The implementation of the deal is also expected to impact macroeconomic factors such as exchange rates. A working group has been established by Honeywell International Inc to monitor the trade deal and regulation and implement mitigating actions to respond to any changes.

The impact on the company, as a holding company, is limited to the effect on the company's subsidiaries and their ability to declare and pay dividends as well as macroeconomic factors, such as exchange rate and interest rate fluctuations, that are influenced by the deal and affect the environment in which the company operates.

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

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Hicham Khellafi
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Hicham Khellafi
Director
03-Jun-2021

Director's report

for the financial year ended 31 December 2020

The director presents his annual report and audited financial statements of the company for the financial year ended 31 December 2020.

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 loss for the financial year, after taxation was £3,485,000 (2019: profit of £420,997,000) which will be deducted from reserves. The results for the financial year are shown on page 9.

The director did not recommend the payment of a dividend (2019: £468,492,000).

Financial risk management, objectives and policies

The details of the financial risk management of the company are 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:

Asad Ali (resigned on 22 April 2020)
Hicham Khellafi

Director's indemnities

Pursuant to the company's articles of association, the director was throughout the financial year ended 31 December 2020 and is 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 director recognises the financial situation of the company evidenced by the loss for the financial year of £3,485,000 (2019: profit of £420,997,000) and net deficit in shareholder's funds of £3,263,000 (2019: surplus of £222,000).

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. While considering the ability of the ultimate parent company to provide financial support, the director, has reviewed the 2020 and Q1 2021 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The director has further relied on forward looking assessments provided by Honeywell International Inc. under various possible COVID-19 scenarios, including rollout of the vaccine, and is satisfied that the ultimate parent company is in a position to provide the necessary financial support. As part of his consideration, the director has acknowledged the cost control measures already taken across Honeywell International Inc., the group's cash, cash equivalents and short term investments balance at 31 March 2021 of $12.6 billion.

The director has a reasonable expectation that the company has adequate resources, including support from Honeywell International Inc. to continue in operational existence for the foreseeable future being a period of at least 12 months from the date of these financial statements.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

Director's report

for the financial year ended 31 December 2020

Disclosure of information to auditor

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 ought to have taken as a director to make himself 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.

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:

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Hicham Khellafi
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Hicham Khellafi
Director

03-Jun-2021

Director's responsibilities statement

for the financial year ended 31 December 2020

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 Accounting 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;
- state whether applicable UK Accounting Standards have 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 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 them 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 himself 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. 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 Western 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.

Profit and loss account

for the financial year ended 31 December 2020

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of First Technology Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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 which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

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.

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 this regard.

Profit and loss account

for the financial year ended 31 December 2020

Responsibilities of the 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 intends 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Profit and loss account

for the financial year ended 31 December 2020

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 director's report.

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.

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.

DocuSigned by:

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

04-Jun-2021

Profit and loss account

for the financial year ended 31 December 2020

	Notes	2020 £000s	2019 £000s
Administrative expense		(2,067)	(3,244)
Impairment of Investments	12	-	(37,752)
Dividend Income	5	-	462,697
Operating (loss)/profit	**6**	**(2,067)**	**421,701**
Interest receivable	9	2,253	4,191
Interest payable	10	(3,671)	(4,895)
(Loss)/profit before taxation		**(3,485)**	**420,997**
Tax on (loss)/profit	11	-	-
(Loss)/profit for the financial year		**(3,485)**	**420,997**

All amounts are derived from continuing operations.

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 12 to 21 form an integral part of the financial statements.

Balance sheet

as at 31 December 2020

	Notes	*2020* *£000s*	*2019* *£000s*
Fixed assets			
Investments	12	117,654	117,654
		117,654	**117,654**
Current assets			
Debtors: amounts falling due within one year	13	127,056	149,084
Cash at bank and in hand		-	9
		127,056	149,093
Creditors: amounts falling due within one year	14	(247,973)	(266,525)
Net current liabilities		**(120,917)**	**(117,432)**
Total assets less current liabilities		**(3,263)**	**222**
Net (liabilities)/assets		**(3,263)**	**222**
Capital and reserves			
Called-up share capital	15	-	-
Profit and loss account		(3,263)	222
Total shareholders' (deficit)/funds		**(3,263)**	**222**

The financial statements on pages 9 to 21 were approved by the board of directors on 03-Jun-2021 and signed on its behalf by:

DocuSigned by:
Hicham Khellafi
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Hicham Khellafi
Director

Statement of changes in equity

for the financial year ended 31 December 2020

	Called-up share capital	*Profit and loss account*	*Total*
	£000s	*£000s*	*£000s*
At 1 January 2019	-	47,717	47,717
Profit for the financial year	-	420,997	420,997
Dividend paid (note 16)	-	(468,492)	(468,492)
At 31 December 2019	**-**	**222**	**222**
Loss for the financial year	-	(3,485)	(3,485)
At 31 December 2020	**-**	**(3,263)**	**(3,263)**

Notes to the financial statements

for the financial year ended 31 December 2020

1. General information

First Technology 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 Honeywell Acquisitions II Limited, a company incorporated in the United Kingdom. The registered address of the parent is Honeywell House, Skimped Hill Lane, Bracknell, Berks, 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 300 South Tryon Street, Charlotte, NC 28202, USA. The financial statements of Honeywell International Inc. are publicly available and can be obtained 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' and the Companies Act 2006.

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 (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- 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 (key management compensation)
- the requirements of following paragraphs of IAS 1 Presentation of Financial Statements
    - 10(d) (statement of cash flows),
    - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements and 16 (statement of compliance with all IFRS),
    - 38A to 38D (requirement for minimum of two primary statements, including cash flow statements and additional comparative information),
    - 40A to 40D, 111 (statement of cash flows information) and 134-136 (capital management disclosures) of IAS 1;
- 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 (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); 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 2020

Going concern

The director recognises the financial situation of the company evidenced by the loss for the financial year of £3,485,000 (2019: profit of £420,997,000) and net deficit in shareholder's funds of £3,263,000 (2019: surplus of £222,000).

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. While considering the ability of the ultimate parent company to provide financial support, the director, has reviewed the 2020 and Q1 2021 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The director has further relied on forward looking assessments provided by Honeywell International Inc. under various possible COVID-19 scenarios, including rollout of the vaccine, and is satisfied that the ultimate parent company is in a position to provide the necessary financial support. As part of his consideration, the director has acknowledged the cost control measures already taken across Honeywell International Inc., the group's cash, cash equivalents and short term investments balance at 31 March 2021 of $12.6 billion.

The director has a reasonable expectation that the company has adequate resources, including support from Honeywell International Inc. to continue in operational existence for the foreseeable future being a period of at least 12 months from the date of these financial statements.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

Interest receivable

Interest receivable is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Interest payable

Interest payable is recognised using the effective interest rate method. In calculating interest payable, the effective interest rate is applied to the amortised cost of the liability.

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.

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 the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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.

Notes to the financial statements

for the financial year ended 31 December 2020

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 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 asset – recognition and measurement

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Classification of financial assets

Currently, all financial assets meet the following conditions and hence are classified at amortised costs:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 in interest receivable in the profit and loss account. The losses arising from impairment are recognised in the profit and loss account.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- 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.

Impairment of financial assets

In accordance with IFRS 9, the company applies the expected credit loss (ECL) model for the measurement and recognition of impairment loss on financial assets measured at amortised cost e.g., investments and loans.

Notes to the financial statements

for the financial year ended 31 December 2020

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, or financial liabilities at amortised cost as appropriate.

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

Currently, the company holds financial liabilities measured at amortised cost which comprises of bank overdraft.

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

In the application of the company's accounting policies, which are described in note 2, the director is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 financial assets

A letter of guarantee has been provided by the ultimate parent company, Honeywell International Inc. over financial assets at amortised cost receivable from fellow group companies, indicating that support will be given in order to settle these amounts should it be necessary. Accordingly, the company has not recognised a provision for expected credit loss on those balances.

(ii) Impairment of Investments

The investment in subsidiary undertakings is carried at cost and tested for impairment when indicators of potential impairment exist. 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 year end the value of the investment was £117,654,000 (2019: £117,654,000). There was no impairment charge during the year (2019: £37,752,000). The effect of COVID-19 on the profitability of the company's subsidiaries has been factored into the projections used when performing the impairment assessment.

Notes to the financial statements
for the financial year ended 31 December 2020

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 2020. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of First Technology Limited, nor is there expected to be any future impact to the company.

5. Dividend income

	2020	*2019*
	£000s	*£000s*
From subsidiary	-	462,697
Total dividend income	-	462,697

6. Operating (loss)/profit

	2020	*2019*
	£000s	£000s
This is stated after charging:		
Impairment of Investments	-	37,752
Loss on foreign exchange	2,071	3,199

7. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £2,700 (2019: £4,300) 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 (2019: £nil).

8. Employees and directors

In 2020, all directors (2019: all directors) were remunerated by other group companies for their services to the group as a whole.

The company has no other employees (2019: no other employees).

Notes to the financial statements

for the financial year ended 31 December 2020

9. Interest receivable

	2020	2019
	£000s	£000s
Interest receivable from group undertakings	2,253	4,191
Total interest receivable	2,253	4,191

10. Interest payable

	2020	2019
	£000s	£000s
Interest payable to group undertakings	998	1,396
Interest payable on bank overdraft	2,673	3,499
Total interest payable	3,671	4,895

11. Taxation

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

	2020	2019
	£000s	£000s
Current tax:		
UK corporation tax on profit for financial year	-	-
Total current tax	-	-
Total tax expense 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 higher than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020	2019
	£000s	£000s
(Loss)/profit before tax	(3,485)	420,997
(Loss)/profit multiplied by the effective rate of corporation tax in the UK of 19% (2019: 19%)	(662)	79,989
Effects of:		
Expenses not deductible for tax purposes	(82)	7,177
Income not taxable	-	(87,912)
Group relief surrendered	744	746
Total tax expense reported in the profit and loss account	-	-

Notes to the financial statements

for the financial year ended 31 December 2020

(c) Factors affecting tax charge for the financial year

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.Deferred taxes on the balance sheet have been measured at 19% (2019:17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

(d) Deferred tax

	2020	*2019*
	£000s	*£000s*
Unrecognised deferred tax asset @19% (2019:17%)	349	312
Total deferred tax asset	349	312

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

12. Investments

	2020	*2019*
	£000s	£000s
Cost		
At 1 January and 31 December	212,071	212,071
Provision for impairment		
At 1 January	(94,417)	(56,665)
Provided during the year	-	(37,752)
At 31 December	(94,417)	(94,417)
Net book value	117,654	117,654

The director believes that the book value of the investments is not 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 18.

During the previous year, the company impaired its investment in First Technology International Limited amounting to £37,752,000.

Notes to the financial statements

for the financial year ended 31 December 2020

13. Debtors: amounts falling due within one year

	2020	2019
	£000s	£000s
Amounts falling due within one year		
Amounts owed by group undertakings	127,056	149,084
Total amounts falling due within one year	127,056	149,084

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

Receivable	*Currency*	*Interest terms*	*2020*	*2019*
			£000s	*£000s*
On demand	GBP	UK Base rate plus 1%	2,524	23,832
On demand	USD	0.875% above 3M USD LIBOR	84,482	84,549
On demand	CAD	CAD 3M Bankers acceptance plus 0.875%	40,050	39,500

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

14. Creditors: amounts falling due within one year

	2020	2019
	£000s	£000s
Bank overdrafts	83,451	102,894
Amounts owed to group undertakings	164,522	163,631
Total amount owed to creditors	247,973	266,525

Amounts owed to group undertakings include the following interest-bearing loans and other borrowings, all other amounts are interest free:

Payable	*Currency*	*Interest terms*	*2020*	*2019*
			£000s	*£000s*
On demand	GBP	UK Base rate plus 1%	81,672	80,674

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

Notes to the financial statements

for the financial year ended 31 December 2020

15. Called-up share capital

	2020	2019
	£000s	£000s
Authorised		
87,318,222 (2019: 87,318,222) ordinary shares of £0.10 each at 1 January and 31 December	8,732	8,732
Allotted, called up and fully paid		
1 (2019: 1) ordinary share of £0.10 each at 1 January and 31 December	-	-

16. Dividend paid

During the year, the director did not recommend payment of dividend (2019: £468,492,000).

17. Contingent liabilities

The company, with other Honeywell group companies in the UK, has provided a bank guarantee under a composite accounting agreement. Under this agreement, bank interest is calculated on the net group position after setting off positive and overdrawn cash balances. The maximum contingent liability under this agreement is the total of overdrawn balances held by group companies, amounting to £494,085,000 (2019: £560,423,000).

Positive cash balances held by the group exceeded overdrawn balances in 2020 and 2019.

18. 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*	*Country of incorporation*	*Registered address*
Directly held subsidiaries:				
City Technology Holdings Limited	Dormant		United Kingdom	*
First Technology International Limited	Dormant		United Kingdom	*
FT Finance Limited	Holding company		United Kingdom	*
FT North America (Holdings) Limited	Holding company		United Kingdom	*
First Technology Automotive Limited	Dormant		United Kingdom	*
Indirectly held subsidiaries:				
City Technology Limited	Gas sensors		United Kingdom	*

Notes to the financial statements
for the financial year ended 31 December 2020

Comstack Limited	Dormant	United Kingdom	*
First Technology Overseas Limited	Holding company	United Kingdom	*
First Technology Sarl	Holding company	Luxembourg	43, boulevard Prince Henri Grand Duchy of Luxembourg L-1724
FT Hungary 1 Asset Management Kft	Holding company	Hungary	Petnehazy u. 2-4 Budapest H-1139
FT Hungary 2 Asset Management Kft	Holding company	Hungary	Petnehazy u. 2-4 Budapest H-1139
FT North America Limited	Holding company	United Kingdom	*
Honeywell Australia Finance Pty Ltd	Finance company	Australia	Level 3, 2 Richardson Place North Ryde, NSW 2113

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

19. Events after balance sheet date

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