

# **Novar Holdings Limited**

## **Annual Report and Financial Statements 2017**

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## Company Information

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### Officers and professional advisors

#### Director

John Tus

#### Auditor

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

#### Registered address

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

## Strategic report

for the financial year ended 31 December 2017

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The director presents his strategic report for the financial year ended 31 December 2017.

### Principal activities

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

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

### Review of the business and future developments

The profit for the financial year, after taxation, is £12,206,000 (2016: £nil). During the current year, it was identified that in 2016, the company had issued 179,540,000 ordinary shares of £0.05 each as consideration for the new investments made in Novar Electrical Holdings Limited, which were not recognised in the financial statements of prior year. Accordingly, the prior year numbers have been restated (note 19).

The profit for the year is driven by dividend received amounting to £15,000,000 from Novar Building Products Limited. This is offset by impairment in investment of Novar Building Products Limited amounting to £2,794,000. The directors intend that the company will continue to operate as a holding company for its trading subsidiaries for the foreseeable future.

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

Honeywell International Inc. recently announced its intention to separately spin off its Homes product portfolio and ADI global distribution business, as well as its Transportation Systems business, into two stand-alone, publicly-traded companies as a result of its comprehensive portfolio review. The planned separation transactions are expected to be completed by the end of 2018. However at this stage, it is not possible to determine with any degree of certainty whether there will be any direct impact on Novar Holdings Limited.

During the year the company transitioned from FRS 102 to FRS 101 – 'Reduced Disclosure Framework' and has taken advantage of the disclosure exemptions allowed under this standard. Details of the recognition or measurement differences arising on the adoption of FRS 101 are included in note 18 to these financial statements.


### Financial risk management

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 risks at the group level on account of intra group loans.

### 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.

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

DocuSigned by:  
  
John P. P. S.  
Director  
April 4, 2018

## Director's report

for the financial year ended 31 December 2017

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The director presents his annual report and audited financial statements for the company for the financial year ended 31 December 2017.

### Business review and future developments

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

### Results and dividends

The company's profit for the financial year, after taxation was £12,206,000 (2016: £nil) which will be transferred to reserves. The results for the financial year are shown on page 7.

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 256,584,381 shares, each with a nominal value of £0.05. The distributable reserve arising from the share capital reduction has been included within the profit and loss account.

### Financial risk management

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

### Director of the company

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

John Tus

### Director's indemnities

Pursuant of the Company's articles of association, the director was throughout the year ended 31 December 2017 and at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies act 2006

### Director's responsibilities statement

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Director's report

for the financial year ended 31 December 2017

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

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

### Disclosure of information to auditors

In the case of each of the persons who is a director at the time this report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director to make him aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

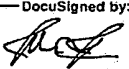
### Events since the balance sheet date

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

### Independent auditors

During the year the director appointed Deloitte LLP to provide independent auditing services.

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

DocuSigned by:  
  
0890575212424DF...  
John Tus  
Director  
April 4, 2018

## **Independent auditor's report**

*to the members of Novar Holdings 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 2017 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 Holdings 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 19.

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

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

#### **Other information**

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

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.

## **Independent auditor's report** *to the members of Novar Holdings Limited*

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### **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 intend to liquidate the company or to cease operations, or has 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.

### **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.

### **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 or 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.

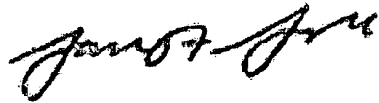
We have nothing to report in respect of these matters.

**Independent auditor's report**  
*to the members of Novar Holdings Limited*

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**Other matters**

As the company was exempt from audit under s. 480 of the Companies Act 2006 in the prior year, we have not audited the corresponding amounts for that year.



James Boyle CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Edinburgh, United Kingdom  
5<sup>th</sup> April 2018



## Profit and loss account

for the financial year ended 31 December 2017

		<i>Unaudited</i>	
		2017	2016
	Notes	£000s	£000s
Administrative expenses		(2,794)	-
<b>Operating loss</b>	5	<b>(2,794)</b>	-
Income from shares in group undertakings	8	15,000	-
<b>Profit before taxation</b>		<b>12,206</b>	-
Tax on profit	9	-	-
<b>Profit for the financial year attributable to owners of the parent</b>		<b>12,206</b>	-

All amounts are derived from continuing operations.

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

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

The notes on pages 10 to 19 form an integral part of the financial statements.

**Balance sheet**  
*at 31 December 2017*

		<i>Unaudited and restated</i>	
		<i>2017</i>	<i>2016</i>
	<i>Notes</i>	<i>£000s</i>	<i>£000s</i>
<b>Fixed assets</b>			
Investments	10	301,841	304,635
		<b>301,841</b>	<b>304,635</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	227,740	259,351
		227,740	259,351
Creditors: amounts falling due within one year	12	(509,180)	(509,180)
<b>Net current liabilities</b>		<b>(281,440)</b>	<b>(249,829)</b>
<b>Total assets less current liabilities</b>		<b>20,401</b>	<b>54,806</b>
<b>Net assets</b>		<b>20,401</b>	<b>54,806</b>
<b>Capital and reserves</b>			
Share capital	13	-	12,829
Share premium account	14	-	95,956
Other reserves	15	2,560	2,560
Profit and loss account		17,841	(56,539)
<b>Total shareholders' funds attributable to owners of the parent</b>		<b>20,401</b>	<b>54,806</b>

The financial statements on pages 7 to 19 were approved by the board of directors on April 4, 2018 and signed on its behalf by:

DocuSigned by:  
  
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John Tus  
Director

## Statement of changes in equity

at 31 December 2017

	Share capital	Share premium account	Other reserves	Profit and loss account	Total
	£000s	£000s	£000s	£000s	£000s
At 1 January 2016 (Unaudited)	3,852	95,956	2,560	(56,539)	45,829
Profit for the financial year attributable to owners of the parent	-	-	-	-	-
Prior year restatement (note 19)	8,977	-	-	-	8,977
<b>At 31 December 2016 (Unaudited)</b>	<b>12,829</b>	<b>95,956</b>	<b>2,560</b>	<b>(56,539)</b>	<b>54,806</b>
Share capital reduction (note 13)	(12,829)	(95,956)	-	108,785	-
Profit for the financial year attributable to owners of the parent	-	-	-	12,206	12,206
Dividend paid (note 16)	-	-	-	(46,611)	(46,611)
<b>At 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>2,560</b>	<b>17,841</b>	<b>20,401</b>

## Notes to the financial statements

at 31 December 2017

### 1. General information

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

The immediate parent undertaking is Novar Limited, a company incorporated in England. The registered office of the company is Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, R12 1EB, England, 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).

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

### 2. Significant Accounting policies

#### *Basis of preparation*

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2017 the company has undergone transition from reporting under FRS 102 to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

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.

In these financial statements, the company has adopted FRS 101 for the first time. In the transition to FRS 101, the company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the company is provided in note 18.

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 1 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

## Notes to the financial statements

at 31 December 2017

- 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.

### *Dividend income*

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

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

### *Taxation*

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

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

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

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

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

### *Investments*

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 of non-financial assets*

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

## Notes to the financial statements

at 31 December 2017

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account.

### *Financial assets - recognition and measurement*

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

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

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

### *Impairment of financial assets*

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

### *Derecognition of financial assets*

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

### *Financial liabilities*

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

Thereafter, the amounts owed to group undertakings are carried at amortised cost.

### *Loans and borrowings*

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

## 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**

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

## Notes to the financial statements

at 31 December 2017

### Impairment of Investments

The investments in subsidiaries are carried at cost less impairment. The assessment of impairment involves judgement and estimations as to the value of the unquoted investments. At the period end the value of the investments were £301,841,000 (2016: £304,635,000). There was an impairment charge of £2,794,000 during the year.

### Estimates and assumptions

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

## 4. New and amended standards and interpretations

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

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

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

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

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

#### *Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

As at 31 December 2017 the company had none of its investments classified as held for sale and therefore there is no impact of this amendment on the financial statements of the company.

## 5. Operating loss

	2017	2016
	£000s	£000s
This is stated after charging:		
Impairment of investments	2,794	-

## 6. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £4,000 (2016: £nil) 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.

## Notes to the financial statements

at 31 December 2017

### 7. Employees and directors

In 2017, one director (2016: one director) was remunerated by other group companies for his services to the group as a whole.

The company has no other employees.

### 8. Income from shares in group undertakings

	<i>Unaudited</i>	
	2017	2016
	£000s	£000s
Dividend from Novar Building Products Limited	15,000	-
<i>Total income from shares in group undertaking</i>	<u>15,000</u>	<u>-</u>

### 9. Taxation

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

	<i>Unaudited</i>	
	2017	2016
	£000s	£000s
<i>Current tax:</i>		
UK corporation tax on profit for financial year	-	-
<i>Total tax expense in the profit and loss account</i>	<u>-</u>	<u>-</u>

(b). Reconciliation of the total tax charge

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

	<i>Unaudited</i>	
	2017	2016
	£000s	£000s
Profit before tax	12,206	-
Profit/result on ordinary activities multiplied by effective rate of corporation tax in the UK of 19.25% (2016: 20%)	<u>2,350</u>	<u>-</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	537	-
Non-taxable income	(2,887)	-
Imputed income chargeable for tax purposes	249	-
Group relief not paid for	(249)	-
<i>Total tax expense reported in the profit and loss account</i>	<u>-</u>	<u>-</u>



## Notes to the financial statements

at 31 December 2017

### (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

	2017 £000s	Unaudited and restated* 2016 £000s
<b>Cost</b>		
At 1 January	369,791	360,794
Additions during the year	-	8,997
At 31 December	369,791	369,791
<b>Provision for impairment</b>		
At 1 January	(65,156)	(65,156)
Provided during the year	(2,794)	-
At 31 December	(67,950)	(65,156)
<b>Net book value</b>	301,841	304,635

The director believes that the book value of the investments is not less 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 17.

\* Prior year values have been restated to show the impact of increase in investment in Novar Electrical Holding limited. The consideration was paid by issuing its 35,908,000 shares of £0.25 each.

## 11. Debtors

	2017 £000s	Unaudited 2016 £000s
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	227,740	259,351
<b>Total amounts falling due within one year</b>	227,740	259,351

All amounts owed by group undertakings are non-interest bearing, payable on demand and are unsecured.

## Notes to the financial statements

at 31 December 2017

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

	<i>Unaudited</i>	
	2017	2016
	£000s	£000s
Amounts owed to group undertakings	509,180	509,180
<i>Total amount owed to creditors</i>	<i>509,180</i>	<i>509,180</i>

All amounts owed to group undertakings are non-interest bearing, payable on demand and unsecured

### 13. Share capital

	<i>Unaudited and restated*</i>	
	2017	2016
	£000	£000
<i>Authorised</i>		
256,584,382 ordinary shares of £0.05 each	12,829	12,829
<i>Allotted, called up and fully paid up</i>		
1 ordinary share (2016: 256,584,382 ordinary shares) of £0.05 each	-	12,829

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 256,584,381 shares, each with a nominal value of £0.05. The distributable reserve arising from the share capital reduction has been included within the profit and loss account.

During the current year, it was identified that in 2016, the company issued 179,540,000 ordinary shares of £0.05 each, which were not recorded within the financial statements as it was accounted for incorrectly.

\* Prior year values have been restated to include the impact of 179,540,000 ordinary shares of £0.05 each issued on 4 August 2016 to its parent company Novar Limited. The fund generated were subsequently used to purchase shares in Novar Electrical Holding limited. (See note 10 and note 19).

## Notes to the financial statements

at 31 December 2017

### 14. Share premium account

	2017	2016
	£000s	£000s
<i>Balance at 1 January and 31 December</i>		
Premium arising on issue of equity shares	-	95,956

Following the share capital reduction in the year as explained in note 13, the share premium balance has been reduced to £nil. The distributable reserve arising from the share capital reduction has been included within the profit and loss account.

### 15. Other reserves

	2017	2016
	£000s	£000s
<i>Balance at 1 January and 31 December</i>		
Other reserves	2,560	2,560

The other reserves of £2,560,000 represents the Capital Redemption Reserve which arose on repurchase of deferred shares when Caradon Plc. obtained a listing on the Stock Exchange in July, 1987. It is a non-distributable reserve.

### 16. Dividend paid

On 18 October 2017, the director recommended and paid a dividend of £46,611,459 (equivalent to £46,611,459 per share).

### 17. 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
<i><u>Directly held subsidiaries</u></i>				
Novar Building Products Limited	Holding Company		United Kingdom	*
Novar Electrical Holdings Limited	Holding Company		United Kingdom	*
<i><u>Indirectly held subsidiaries</u></i>				
Ackermann Limited	Dormant		United Kingdom	*
Chloride Safety Systems Limited	In liquidation		United Kingdom	1 More London Place, London, United Kingdom, SE1 2AF
Egatube (Isle of Man) Limited	Dormant		United Kingdom	The lexicon, Mount Street, Manchester, M2 5NT
Ex-Or Holdings Limited	Dormant		United Kingdom	*
Ex-Or Limited	Dormant		United Kingdom	*

## Notes to the financial statements

at 31 December 2017

Friedland Doggart Group Limited	Dormant		United Kingdom	*
Honeywell Electrical Devices & Systems India Limited	Electrical Devices	91%	India	Dowlath Tower 3 & 4 Floor Taylors Road, Kilpauk Chennai Tamil Nadu-TN 600010 India
Inline Electronics Limited	Dormant		United Kingdom	*
MK Electric International Limited	Electrical Devices		United States	Kleinwort Benson House P.O. Box 76 West's Centre Saint Helier JE4 8PQ Jersey, USA
Novar (Twyford's) Limited	Dormant		United Kingdom	*
Novar ED&S Limited	Electrical Devices		United Kingdom	*
Novar Projects Limited	Dormant		United Kingdom	*
Novar Systems Limited	Fire and Security		United Kingdom	*
Pillar Electrical Overseas Limited	Holding company		United Kingdom	*
Trend Control systems Limited	Building Management systems		United Kingdom	*

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

### 18. Transition to FRS 101

For the year ended 31 December 2016, the company prepared its financial statements in accordance with FRS 102. These financial statements, for the year ended 31 December 2017, are the first the company has prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2016 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet as at 1 January 2016, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the company in restating its balance sheet as at 1 January 2016 prepared under FRS 101 and its previously published FRS 102 financial statements for the year ended 31 December 2016.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards" except for the requirement of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition.

On transition to FRS 101, no adjustments were required to the previous FRS 102 reported opening balance sheet position as at 1 January 2016.

## Notes to the financial statements

at 31 December 2017

### 19. Prior year re-statement

During the current year, it was identified that in 2016, the company had issued 179,540,000 ordinary shares of £0.05 each as consideration for the additional investments made in Novar Electrical Holdings Limited, which were erroneously omitted and hence were not recognised in the financial statements of prior year. Accordingly, the prior year numbers have been restated.

*Impact on equity*

	31 December 2016
	£000s
<b>Fixed assets</b>	
Investments	8,977
<b>Capital and reserves</b>	
Share capital	8,977
<i>Net impact on equity</i>	8,977