

Novar Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

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Company Information

Director	Ronan Cliford
Auditor	Deloitte LLP Statutory Auditor 3rd Floor 9 Haymarket Square Edinburgh EH3 8RY United Kingdom
Bankers	Barclays Bank Level 11 One Churchill Place London E14 5HP United Kingdom
Registered office	Honeywell House Skimped Hill Lane Bracknell Berkshire RG12 1EB United Kingdom

Strategic Report for the Year Ended 31 December 2022

The director presents his strategic report for the year ended 31 December 2022.

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 profit for the financial year, after taxation, is £6,159,000 (2021: £2,698,000). The increase in profit during the year is driven by increase in the interest income from group undertakings amounting to £6,159,000 (2021: £2,698,000). Increase is driven by changes in value of loans payable and change in UK interest terms.

The company holds financial instruments measured at amortised cost and as such the impact of an ongoing military conflict in Ukraine and inflationary pressures was limited to the effect on the trading activity of its subsidiaries and effect of 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 aforementioned conflict and inflationary pressures.

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

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.

Financial risk management, objectives and policies

Interest rate risks

The company is exposed to interest rate risk arising out of amounts owed to/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.

The company is not exposed to any significant financial risks.

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.

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.

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.

Statement by the director in performance of their statutory duties in accordance with s172(1) of Companies Act

The following statement describes how the director has had regard to the matters set out in section 172(1)(a) to (f) when performing his duty under section 172 of the Companies Act 2006.

When making decisions, the director ensures that he acts in a way that he considers, in good faith, would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

Strategic Report for the Year Ended 31 December 2022 (continued)

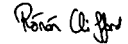
Section 172(1)		Overview of performance of statutory duties
(A)	The likely consequences of any decision in the long term	The director understands the business and the evolving environment in which we operate. The strategy followed by the board, and decisions taken to implement it, is intended to strengthen our position in the market place over the longer term.
(B)	The interests of the company's employees	Given the company is a holding company, there are no employees.
(C)	The need to foster the company's business relationships with suppliers, customers and others	The director recognises the importance of clear communication and proactive engagement with stakeholders. Comprehensive engagement enables informed decision making and is integral to the long-term success of the company. The director factors the implications of decisions on stakeholders, where relevant and feasible. Given the company is a holding company, there are no external suppliers or customers.
(D)	The impact of the company's operations on the community and the environment	<p>The director applies Honeywell International Inc's Sustainable Opportunity Policy which is based on the principle that by integrating health, safety and environmental considerations into all aspects of our business, Honeywell protects its people, communities and the environment; achieves sustainable growth and accelerated productivity; drives compliance with all applicable regulations; and develops technologies that expand the sustainable capacity of our world.</p> <p>This policy is deliberately and directly embedded into the group-wide operating system, a blueprint for continuous operational improvement. Endorsed annually by the Honeywell International Inc CEO and senior leadership, the policy is posted in every facility and communicated to all employees and contractors.</p>
(E)	The desirability of the company maintaining a reputation for high standards of business conduct	The director applies Honeywell International Inc's Code of Business Conduct which is designed to provide guidance on the Group's standards of Integrity and Compliance. By doing so the director helps to ensure that high standards are maintained both within the business and the business relationships we maintain.
(F)	The need to act fairly as between members of the company	By weighing up all relevant factors, the director considers which course of action best enables delivery of strategy through the long-term, taking into consideration the impact on stakeholders. The company had one shareholder in the current and prior year.

Principal decisions

Principal decisions, within the context of Section 172, are made within the context of the ultimate parent company Honeywell International Inc's group strategy and in accordance with policies and procedures set by Honeywell International Inc. During the year there were no principal decisions, within the context of Section 172 reporting, for the company to disclose.

24/10/23

Approved by the director on and signed on its behalf by:

DocuSigned by:

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 Ronan Clifford
 Director

Director's Report for the Year Ended 31 December 2022

The director presents his report and the financial statements for the year ended 31 December 2022.

Principal activity

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

Business review and future developments

A review of the business of the company and future developments is included in the strategic report on page 2.

Results and dividends

The company's profit for the financial year, after taxation was £6,159,000 (2021: £2,698,000) which will be transferred to reserves. The results for the financial year are shown on page 10. The profit for the year is driven in principal by increase in interest income due changes in value of UK interest terms.

The director did not recommend the payment of a dividend (2021: £nil).

Financial risk management, objectives and policies

The details of the financial risk management of the company are included in the strategic report on page 2.

Director of the company

The director, who held office during the year, and up to the date of signing these financial statements, was as follows:

Ronan Clifford

Director's indemnities

Pursuant to the company's articles of association, the director was throughout the financial year ended 31 December 2022 and is at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Employment of disabled persons

The company recognises that physically or otherwise disabled individuals are not, of necessity, prevented from making a valuable and significant contribution to the business, and where people have the attitudes and abilities necessary for the job, the company gives sympathetic consideration towards employing them, or retaining them in work should the disability emerge during employment. The company's policy is to ensure that no discrimination either direct or indirect occurs against employees or applicants, whether in selection, promotion, access to training, or appraisal.

Employee and stakeholder engagement

Details of engagement with stakeholders undertaken during the year appears as part of our Section 172 statement on page 2. The company has no employees other than the directors and therefore has nothing to report in respect of employee engagement activity during the year.

Engagement with suppliers, customers and other relationships

We recognise the importance of clear communication and proactive engagement with our stakeholders. Details of engagement with stakeholders undertaken during the year appears as part of our Section 172 statement on page 2.

Disclosures concerning greenhouse gas emissions, energy consumption and energy efficiency

The company is exempt from the requirement to include Streamlined Energy and Carbon Reporting disclosures as it has consumed less than 40,000 kWh of energy from its activities during the year.

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 director recognises the financial situation of the company evidenced by the profit for the financial year of £6,159,000 (2021: profit of £2,698,000) and net surplus in shareholder's funds of £35,440,000 (2021: surplus of £29,281,000).

Director's Report for the Year Ended 31 December 2022 (continued)

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 2022 financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. 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 30 June 2023 of \$8.7 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 signing these financial statements.

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

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on the European and global economy. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. Throughout 2022 and continuing into 2023, the global economy experienced and continues to experience significant supply chain disruptions, increasing energy costs, and inflationary cost pressures. The impact on the company is limited, and at the date of these financial statements, the company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

Disclosure of information to the auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order 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 s418 of the Companies Act 2006.

Events since the balance sheet date

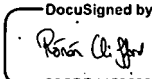
There have been no material adjusting or disclosable events since the financial year end.

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.

24/10/23

Approved by the director on and signed on its behalf by:

DocuSigned by:

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Ronan Clifford
Director

Statement of Director's Responsibilities

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 of the company for that period.

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

- select suitable accounting policies and 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 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.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the Group website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Novar Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Novar Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 which comprise:

- profit and loss account;
- balance sheet;
- statement of changes in equity; and
- the related notes 1 to 14.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Novar Holdings Limited (continued)

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 FRC'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 the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the director about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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 UK 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's 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.

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

Independent Auditor's Report to the Members of Novar Holdings Limited (continued)

- 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;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinion on other matter 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

Matters on which we are required to report by exception

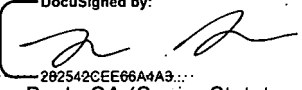
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

24 October 2023
Date:.....

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £000	2021 £000
Interest receivable and similar income	7	6,159	2,698
Profit before taxation		6,159	2,698
Tax on profit	8	-	-
Profit for the financial year		6,159	2,698

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

The above results were derived from continuing operations.

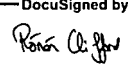
The notes on pages 13 to 23 form an integral part of these financial statements.

Balance Sheet as at 31 December 2022

	Note	31 December 2022 £000	31 December 2021 £000
Fixed assets			
Investments	9	291,521	291,521
		291,521	291,521
Current assets			
Debtors: amounts falling due within one year	10	253,099	246,940
Total assets less current liabilities		544,620	538,461
Creditors: Amounts falling due after more than one year	11	(509,180)	(509,180)
Net assets		35,440	29,281
Capital and reserves			
Called-up share capital	12	-	-
Other reserves	13	2,560	2,560
Retained earnings		32,880	26,721
Shareholders' funds		35,440	29,281

24/10/23

The financial statements on pages 10 to 23 were approved by the director on and signed on its behalf by:

DocuSigned by:

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 Ronan Clifford
 Director

The notes on pages 13 to 23 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called-up share capital £000	Other reserves £000	Retained earnings £000	Total £000
At 1 January 2021	-	2,560	24,023	26,583
Profit for the year	-	-	2,698	2,698
Total comprehensive income	-	-	2,698	2,698
At 31 December 2021	-	2,560	26,721	29,281
	Called-up share capital £000	Other reserves £000	Retained earnings £000	Total £000
At 1 January 2022	-	2,560	26,721	29,281
Profit for the year	-	-	6,159	6,159
Total comprehensive income	-	-	6,159	6,159
At 31 December 2022	-	2,560	32,880	35,440

The notes on pages 13 to 23 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

Novar Holdings Limited is a private company limited by share capital, incorporated and domiciled in 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 2.

The address of its registered office is:

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

The immediate parent undertaking is Novar Limited, a company incorporated in the United Kingdom. The registered address of the parent is Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, R12 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 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

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

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, as a qualifying entity, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - paragraph 79(a)(iv) of IAS 1 (reconciliation of number of shares at the beginning and end of the period);
 - paragraph 17 of IAS 24 Related Party Disclosures (key management compensation)
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 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), and
 - 40A to 40D, 111 (statement of cash flows information) and 134-136 (capital management disclosures) of IAS 1;
- IAS 7 - 'Statement of cash flows';
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 - 'Impairment of Assets';
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the 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);

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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. While considering the ability of the ultimate parent company to provide financial support, the director has reviewed the 2022 financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. 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 30 Jun 2023 of \$8.7 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 signing these financial statements.

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on the European and global economy. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. Throughout 2022 and continuing into 2023, the global economy experienced and continues to experience significant supply chain disruptions, increasing energy costs, and inflationary cost pressures. The impact on the company is limited, and at the date of these financial statements, the company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

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

Changes in accounting policy

New standards, interpretations and amendments that are effective for the current year

The following IFRS standards have been applied for the first time from 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

- *IAS 37 Onerous Contracts — Cost of Fulfilling a Contract*

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

- *Annual Improvements to IFRS Standards 2018 – 2020*

- IFRS 1 *First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

- IFRS 9 *Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

- IFRS 16 *Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

- IAS 41 *Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

- *Reference to the Conceptual Framework – Amendments to IFRS 3*

Amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Leases*. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

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.

Dividend income

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

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the profit and loss account.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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 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 in one entity and a financial liability or equity instrument in another entity.

Initial recognition

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 marketplace (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 at their entirety at amortised cost.

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 loans and borrowings.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

The company derecognises a financial asset when

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

- The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised;
- The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;
- The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined;
- The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

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

ECL is the weighted average of difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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:

4 Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £3,650 (2021: £3,700) 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.

The above amounts exclude the costs of certain central work streams which are part of the statutory audit but are performed and billed on a global basis by other Deloitte member firms. It is not considered practical to allocate such costs on an entity by entity basis.

5 Staff costs

The company has no employees (2021: no employees).

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Director's remuneration

In 2022, the director (2021: the director) was remunerated by other group companies for his services to the group as a whole.

7 Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from group undertakings	6,159	2,698

8 Tax on profit

Tax charged/(credited) in the profit and loss account

	2022 £000	2021 £000
Current taxation		
UK corporation tax	-	-
Total current income tax	-	-
Tax expense/(receipt) in the profit and loss account	-	-

Tax relating to items credited or charged to statement of comprehensive income:

	2022 £000	2021 £000
The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021: lower than the standard rate of corporation tax in the UK) of 19% (2021: 19%).		

The differences are reconciled below:

	2022 £000	2021 £000
Profit before tax	6,159	2,698
Corporation tax at standard rate	1,170	513
Effect of income exempt from taxation	(484)	(484)
Group relief surrendered	(686)	(29)
Total tax charge/(credit)	-	-

Factors affecting tax charge for the financial year

The 2021 Finance budget announced that the main rate of corporation tax will increase from 19% to 25% effective from 1 April 2023. This rate increase has been reflected in the calculation of deferred tax at the balance sheet date.

Deferred tax

There is no deferred tax (2021: none).

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments

Subsidiaries	£000
Cost	
At 1 January 2021	356,677
At 31 December 2021	356,677
At 1 January 2022	356,677
At 31 December 2022	356,677
Provision for impairment	
At 1 January 2021	(65,156)
At 31 December 2021	(65,156)
At 1 January 2022	(65,156)
At 31 December 2022	(65,156)
Carrying amount	
At 31 December 2022	291,521
At 31 December 2021	291,521

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Country of incorporation	Holding
Novar Electrical Holdings Limited *	Holding company	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100%
Novar (Twyford) Limited *	Dormant	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100%
Honeywell Electrical Devices and Systems India Limited	Electrical Devices	Dowlath Tower 3 & 4 Floor Taylors Road, Kilpauk Chennai Tamil Nadu-TN 600010 India	India	91%
Novar ED&S Limited	Electrical Devices	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100%
Novar Systems Limited	Fire and Security	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100%

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Country of incorporation	Holding
Trend Control Systems Limited	Building Management Systems	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100%

* indicates direct investment of the company

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 above.

10 Debtors

	31 December 2022 £000	31 December 2021 £000
Amounts falling due within one year		
Amounts owed by group undertakings	<u>253,099</u>	<u>246,940</u>

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

Receivable	Interest terms	31 December 2022 £000	31 December 2021 £000
On demand	UK Base rate plus 1%	<u>253,099</u>	<u>246,940</u>

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

11 Creditors: amounts falling due within one year

	31 December 2022 £000	31 December 2021 £000
Amounts due to group undertakings	<u>509,180</u>	<u>509,180</u>

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

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Share capital

	31 December 2022 £000	31 December 2021 £000
Allotted, called-up and fully paid		
1 (2021: 1) ordinary shares of £0.05	-	-
	<u>-</u>	<u>-</u>

13 Other reserves

	2022 £000	2021 £000
Balance at 1 January and 31 December		
Other reserves	2,560	2,560
	<u>2,560</u>	<u>2,560</u>

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.

14 Events after the balance sheet date

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