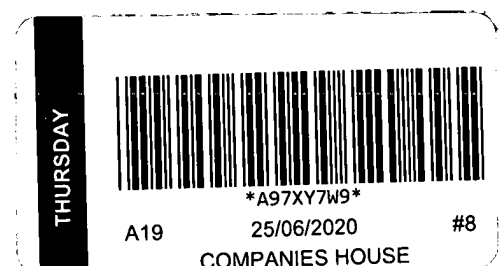


First Technology International Limited

Annual Report and Financial Statements For the year ended 31 December 2019



Company Information

Officers and professional advisors

Director

Hicham Khellafi

Auditor

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

Registered address

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

Strategic report

for the financial year ended 31 December 2019

The director presents his strategic report for the financial year ended 31 December 2019.

Principal activity

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

Review of the business and future developments

The profit for the financial year, after taxation, is £113,090,000 (2018: £nil).

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

During the current year, the company ceased to be dormant in accordance with the Companies Act 2006 due to receipt of dividend income amounting to £176,468,000 from its subsidiary undertaking and providing impairment of investment of £63,377,000. The company also paid a dividend of £176,349,000 to First Technology Limited. Following the company becoming active, it 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 transition arising on the adoption of FRS 101 are included in note 17 of these financial statements.

On 19 March 2019, under section 550 of the Companies Act 2006, the board of directors passed an ordinary resolution to issue 99,290,000 bonus shares of £1 each by capitalising the other reserve. On the same date, 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 137,679,263 shares, each with a nominal value of £1.

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

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

Financial risk management, objectives and policies

The company is 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 coronavirus outbreak has developed rapidly, with a significant number of infections. On March 11, 2020, the World Health Organization declared the coronavirus outbreak a pandemic. The outbreak of the coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown which could negatively impact the Company's operations and adversely affect its business.

The global spread of COVID 19 has created significant volatility, uncertainty and economic disruption, which is likely to affect the demand for Honeywell products globally. The extent to which the COVID-19 pandemic impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including: the duration, scope and severity of the pandemic; governmental, business and individual decisions and actions; the impact of the pandemic on economic activity; and the extent to which we or our business partners may be prevented from conducting normal business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. These factors are expected to impact the profitability of the company's subsidiaries. The company expects a decline in the fair value of its investments, owing to such reduction in its subsidiaries' profitability.

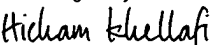
The scope and impact of the COVID-19 pandemic is changing rapidly, and additional impacts may arise. A sustained or prolonged COVID-19 outbreak could exacerbate the negative impacts described above, and the resumption of normal business operations may be delayed or constrained by lingering effects on our suppliers, third-party service providers, and/or customers. These effects, alone or taken together, could further impact each of the risks described above.

Strategic report

for the financial year ended 31 December 2019

On 23 June 2016, the UK held a referendum on the UK's continuing membership of the EU, the outcome of which was a decision for the UK to leave the EU (Brexit). The UK left the EU on 31 January 2020 and will be in a transition period until 31 December 2020, during which time negotiations around a trade deal with the EU will continue. Until the Brexit negotiation process is completed, it is difficult to anticipate the potential impact on the company and the wider Honeywell Group's operations. There is no evidence at this time of Brexit having a material adverse effect on the company's activities.

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

DocuSigned by:

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Hicham Khellafi
Director
22-Jun-2020

Director's report

for the financial year ended 31 December 2019

The director presents his annual report and audited financial statements of the company for the financial year ended 31 December 2019.

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 £113,090,000 (2018: £nil) which will be transferred to reserves. The results for the financial year are shown on page 9.

The directors recommended and paid a dividend of £176,349,000 for 1 equity share at £176,349,000 per share (2018: 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 1.

Directors of the company

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

Hicham Khellafi

John Tus (resigned on 14 June 2019)

Director's indemnities

Pursuant to the company's articles of association, the director was throughout the financial year ended 31 December 2019 and is at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Going concern

The 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 2019 and Q1 2020 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The director has further relied on forward looking assessments provided by Honeywell International Inc under various possible COVID 19 scenarios and is satisfied that the ultimate parent company is in a position to provide the necessary financial support. As part of his consideration, the director has acknowledged the cost control measures already taken across Honeywell International Inc, the group's cash, cash equivalents and short term investments balance at 31 March 2020 of \$8.8bn as well as securing additional loan facilities in 2020 of \$6bn, to maximize flexibility, liquidity and resilience.

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

Accordingly, he continues to adopt the going concern basis in preparing the annual report and financial statements.

Disclosure of information to auditor

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

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

Director's report

for the financial year ended 31 December 2019

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

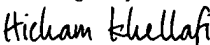
Events since the balance sheet date

Subsequent to the balance sheet date, as noted in the Strategic Report, the COVID-19 outbreak has developed rapidly, being declared a global pandemic. The principal risks and uncertainties and the impact on going concern have been discussed in detail elsewhere in these financial statements. We have concluded that the outbreak is a non-adjusting event in accordance with IAS 10.

Independent auditor

During the year the director appointed Deloitte LLP to provide independent auditing services. Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

DocuSigned by:

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Hicham Khellafi
Director

22-Jun-2020

Director's responsibilities statement

for the financial year ended 31 December 2019

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 them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report

to the members of First Technology International Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the financial year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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 (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

Independent auditor's report

to the members of First Technology International Limited

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

We have nothing to report in respect of these matters.

Responsibilities of 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Independent auditor's report

to the members of First Technology International Limited

Matters on which we are required to report by exception

As the company was exempt from audit under s480 of the Companies Act 2006 in the prior year, we have not audited the corresponding amounts for that period.

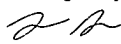
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
22-Jun-2020

Profit and loss account

for the financial year ended 31 December 2019

	Notes	2019 £000s	Unaudited 2018 £000s
Administration expense		(1)	-
Impairment of investments	4	(63,377)	-
Dividend income	7	176,468	-
Operating profit		113,090	-
Profit before taxation		113,090	-
Tax on profit	8	-	-
Profit for the financial year		113,090	-

All amounts are derived from continuing operations.

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

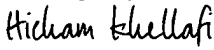
The notes on pages 12 to 19 form an integral part of the financial statements.

Balance sheet

as at 31 December 2019

		2019	Unaudited 2018
	Notes	£000s	£000s
Fixed assets			
Investments	9	9,893	73,270
		9,893	73,270
Creditors: amounts falling due within one year	10	-	(118)
Net current liabilities		9,893	(118)
Total assets less current liabilities		9,893	73,152
Net assets		9,893	73,152
Capital and reserves			
Called-up share capital	11	-	38,389
Share premium account	12	-	9,256
Other reserves	13	-	99,290
Profit and loss account		9,893	(73,783)
Total shareholders' funds		9,893	73,152

The financial statements on pages 9 to-19 were approved by the board of directors on 22-Jun-2020 and signed on its behalf by:

DocuSigned by:

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Hicham Khellafi
Director

Statement of changes in equity

for the year ended 31 December 2019

	<i>Called-up Share capital</i>	<i>Share premium account</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>
At 1 January 2018 (<i>unaudited</i>)	38,389	9,256	99,290	(73,783)	73,152
Result for the financial year (<i>unaudited</i>)	-	-	-	-	-
At 31 December 2018	38,389	9,256	99,290	(73,783)	73,152
Profit for the financial year	-	-	-	113,090	113,090
Bonus shares issued (note 11 & 13)	99,290	-	(99,290)	-	-
Share capital reduction (note 11 & 12)	(137,679)	(9,256)	-	146,935	-
Dividend paid (note 14)	-	-	-	(176,349)	(176,349)
At 31 December 2019	-	-	-	9,893	9,893

Notes to the financial statements

for the financial year ended 31 December 2019

1. General information

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

The immediate parent undertaking is First Technology Limited, a company incorporated in the United Kingdom. The registered address of the parent is Honeywell House, Skimped Hill Lane, Bracknell, Berks, RG12 1EB, United Kingdom.

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

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the financial statements of Honeywell International Inc., a company registered in the USA. Honeywell International Inc. is the company's ultimate parent company and controlling party, heading up the smallest and largest group to consolidate these financial statements. The registered office of the ultimate parent company is located at 251, Little Falls Drive, Wilmington, DE 19808, USA. The financial statements of Honeywell International Inc. are publicly available and can be obtained from Corporate Publications, PO Box 2245, Morristown, New Jersey 07962-2245, USA or from the Internet at www.honeywell.com.

2. Significant accounting policies

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

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2019 the company has undergone transition from reporting under FRS 102 to 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 17.

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 financial year ended 31 December 2019

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 17 of IAS 24 Related Party Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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 2019 and Q1 2020 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The director has further relied on forward looking assessments provided by Honeywell International Inc under various possible COVID 19 scenarios and is satisfied that the ultimate parent company is in a position to provide the necessary financial support. As part of his consideration, the director has acknowledged the cost control measures already taken across Honeywell International Inc, the group's cash, cash equivalents and short term investments balance at 31 March 2020 of \$8.8bn as well as securing additional loan facilities in 2020 of \$6bn, to maximize flexibility, liquidity and resilience.

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

Accordingly, he continues to adopt the going concern basis in preparing the annual report and financial statements.

Dividend income

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

Taxation

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

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

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.

Notes to the financial statements

for the financial year ended 31 December 2019

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

Investments – recognition, measurement and impairment

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

Financial instruments

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

Financial liabilities - recognition and measurement

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

De-recognition

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

3. Judgements and key sources of estimation uncertainty

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

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

Judgements

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

Notes to the financial statements

for the financial year ended 31 December 2019

Estimates and assumptions

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

(i) Impairment of Investments

The investment in subsidiary undertakings is carried at cost less impairment. The assessment of impairment involves estimation in relation to the value of the unquoted investment based on the net assets of the underlying investment and projected cash flows, wherever applicable. At the period end the value of the investment was £9,893,000 (2018: £73,270,000). There was an impairment charge of £63,377,000 during the year.

4. Operating profit

	2019	2018
	£000s	£000s
This is stated after charging:		
Impairment of investments	63,377	-

5. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £6,000 (2018: £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 (2018: nil).

6. Employees and directors

In 2019, all directors (2018: all directors) were remunerated by other group companies for their services to the group as a whole.

The company has no other employees (2018: no other employees).

7. Dividend income

	2019	Unaudited 2018
	£000s	£000s
From subsidiary	176,468	-
Total dividend income	176,468	-

Notes to the financial statements

for the financial year ended 31 December 2019

8. Taxation

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

	2019	Unaudited 2018
	£000s	£000s
Current tax:		-
UK corporation tax on profit for financial year	-	-
Total current tax	-	-
Total tax expense reported in the profit and loss account	-	-

(b). Reconciliation of the total tax charge

The tax expense in the profit and loss account for the financial year is lower than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019	Unaudited 2018
	£000s	£000s
Profit before tax	113,090	-
Profit multiplied by the effective rate of corporation tax in the UK of 19% (2018: 19%)	(21,487)	-
Effects of:		
Income not taxable for tax purposes	33,529	-
Expense not deductible for tax purposes	(12,042)	-
Total tax expense reported in the profit and loss account	-	-

(c). Factors affecting tax charge for the financial year

The standard rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. The Finance (No.2) Act 2017 received Royal Assent on 16 November 2017 which decided to reduce the rate further to 17% from 1 April 2020. However, as per the budget announced on 11 March 2020, it was decided to maintain the UK corporation tax rate at 19%.

There are no unprovided amounts relating to deferred tax.

Notes to the financial statements

for the financial year ended 31 December 2019

9. Investments

	2019	Unaudited 2018
	£000s	£000s
<i>Cost</i>		
At 1 January and 31 December	146,320	146,320
<i>Provision for impairment</i>		
At 1 January	(73,050)	(73,050)
Provided during the year	(63,377)	-
At 31 December	(136,427)	-
<i>Net book value</i>	9,893	73,270

The director believes that the book value of the investments is not more than the value of the underlying net assets.

During the year, the company impaired its investment in First Technology Overseas Limited amounting to £63,377,000.

Shares in the company's subsidiary undertakings are ordinary shares. The subsidiary undertakings are listed in note 15.

10. Creditors: amounts falling due within one year

	2019	Unaudited 2018
	£000s	£000s
Amounts owed to group undertakings	-	118
<i>Total amount owed to creditors</i>	-	118

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

11. Called-up share capital

	2019	Unaudited 2018
	£000s	£000s
<i>Authorised and allotted, called up and fully paid</i>		
38,389,264 (2018: 38,389,264) ordinary shares of £1 each at 1 January	38,389	38,389
99,290,000 (2018: nil) bonus shares allotted	99,290	-
137,679,263 (2018: nil) shares reduced	(137,679)	-
1 (2018: 38,389,264) share of £1 each at 31 December	-	38,389

Notes to the financial statements

for the financial year ended 31 December 2019

On 19 March 2019, under section 550 of the Companies Act 2006, an ordinary resolution was passed by the board of directors to issue 99,290,000 ordinary shares of £1 each as fully paid bonus shares to the shareholder by capitalising other reserves. On the same date, the company cancelled 137,679,263 ordinary shares with a nominal value of £1 each in the capital of the Company along with the entire share premium of £9,256,000 by passing a special resolution under section 642 of the Companies Act 2006.

The distributable reserve arising from the share capital reduction of £146,935,000 has been included within the accumulated profit and loss account.

12. Share premium

	2019	Unaudited 2018
	£000s	£000s
Balance at 1 January	9,256	9,256
Cancellation of premium on reduction of share capital	(9,256)	-
Balance at 31 December	-	9,256

Following the share capital reduction in the year as explained in note 11, the share premium balance has been reduced to nil. The distributable reserve arising from the share capital reduction has been included within the accumulated profit and loss account.

13. Other reserves

	2019	Unaudited 2018
	£000s	£000s
Balance at 1 January	99,290	99,290
Capitalisation of reserves on issue of bonus shares	(99,290)	-
Balance at 31 December	-	99,290

Other reserves represented unrealised profit on a transaction leading to the acquisition of the investment in First Technology Overseas Ltd, recognised in the annual accounts for the year ended 30 April 2002.

On 19 March 2019, the company issued 99,290,000 ordinary shares of £1 each as fully paid bonus shares to the shareholder by capitalising other reserves.

14. Dividends paid

On 27 March 2019, the directors recommended and paid a dividend of £176,349,000 (equivalent to £176,349,000 per share) (2018: Nil).

Notes to the financial statements

for the financial year ended 31 December 2019

15. Subsidiary undertakings

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

<i>Name of company</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Registered address</i>
Directly held subsidiary:			
First Technology Overseas Limited	Holding company	United Kingdom	Honeywell House, Skimped Hill Lane, Bracknell, Berks, RG12 1EB, United Kingdom

Indirectly held companies

First Technology Sarl	Holding company	Luxembourg	43, boulevard Prince Henri Grand Duchy of Luxembourg L-1724, Luxembourg
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16. Events after balance sheet date

Subsequent to the balance sheet date, as noted in the Strategic Report, the COVID-19 outbreak has developed rapidly, being declared a global pandemic. The principal risks and uncertainties and the impact on going concern have been discussed in detail elsewhere in these financial statements. We have concluded that the outbreak is a non-adjusting event in accordance with IAS 10.

17. Transition to FRS 101

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

For the year ended 31 December 2018, the company prepared its financial statements in accordance with FRS 102. These financial statements, for the year ended 31 December 2019, are the first the company has prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2018 and the significant accounting policies meeting those requirements are described in the relevant note.

In preparing these financial statements, the company has started from an opening balance sheet as at 1 January 2018, 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 2018 prepared under FRS 102 and its previously published FRS 102 financial statements for the year ended 31 December 2018.

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 2018.