Honeywell Global Tracking Limited

Annual Report and Financial Statements 2017

Company Information

Officers and professional advisors

Directors

Olivier Tehio
Craig Hodges
Thomas Park

Auditor

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

Bankers

Barclays Bank
Level 11,
One Churchill Place,
London,
E14 5HP
England
United Kingdom

Registered address

Green Lane Business Park,
Green Lane,
Ashchurch,
Tewkesbury,
Gloucestershire,
GL20 8HF
England
United Kingdom

Directors' report

for the financial year ended 31 December 2017

The directors present their annual report and audited financial statements for the company for the financial year ended 31 December 2017.

Principal activities

The principal activity of the company is the supply of satellite based asset tracking and messaging systems.

Business review and future developments

No business review is provided as this report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Results and dividends

The company's loss for the financial year, after taxation was $971,000 (2016: $2,799,000) which will be deducted from reserves. The results for the financial year are shown on page 6.

The directors do not recommend the payment of a dividend (2016: $nil).

Financial risk management

Credit risk

Credit risk arises from credit exposures to customers. The creditworthiness of customers granted credit terms in the normal course of business are monitored continually.

The terms and conditions of credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer. Sales are not materially dependent on a single customer or a small group of customers.

Liquidity risk

The company ensures availability of funding for its operations through an appropriate amount of committed bank facilities on a group wide basis.

Foreign currency risk

The company monitors and manages the foreign currency risk relating to the operations of the company, with the assistance of the treasury department of Honeywell International Inc.

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:

Simon Swift (appointed on 28 September 2017, resigned on 30 August 2018)
Olivier Tehio
Taylor Smith (resigned on 30 August 2018)
Craig Hodges (appointed on 30 August 2018)
Thomas Park (appointed on 30 August 2018)
Kameleshkumar Mistry (resigned on 27 September 2017)

Directors' indemnities

Pursuant of the company's articles of association, the directors were throughout the financial year ended 31 December 2017 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Research and development

Research and development expenditure for the financial year ended amounted to $840,000 (2016 $3,796,000).

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted

Directors' report

for the financial year ended 31 December 2017

Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework.'

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

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Going concern

The ultimate parent company, Honeywell International Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. The directors, having taken into account both the future trading of the company and the financial support from the ultimate parent undertaking, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Disclosure of information to auditors

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

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

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

Events since the balance sheet date

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

Independent auditor

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

DocuSigned by:
Craig Denning Hodges
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Craig Hodges
Director
21/09/2018

Independent auditor's report

to the members of Honeywell Global Tracking Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Honeywell Global Tracking Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Independent auditor's report

to the members of Honeywell Global Tracking Limited

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report

to the members of Honeywell Global Tracking Limited

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

James Boyle CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
27 SEP 2018

Profit and loss account
for the financial year ended 31 December 2017

	Notes	2017	2016
		$000s	$000s
Turnover	5	6,403	8,211
Cost of sales		(3,427)	(3,238)
Gross profit		**2,976**	**4,973**
Distribution expenses		(833)	(1,836)
Administrative expenses		(2,577)	(5,988)
Loss before taxation	6	**(434)**	**(2,851)**
Tax on loss	9	(537)	52
Loss for the financial year attributable to owners of the parent		**(971)**	**(2,799)**

All amounts are derived from continuing operations.

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

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

The notes on pages 9 to 21 form an integral part of the financial statements.

Balance sheet
at 31 December 2017

	Notes	2017 $000s	2016 $000s
Fixed assets			
Investments	10	80	-
Tangible assets	11	1,002	1,354
		1,082	**1,354**
Current assets			
Debtors: amounts falling due within one year	12	1,844	2,546
Cash at bank and in hand		5,323	5,726
		7,167	**8,272**
Creditors: amounts falling due within one year	13	(6,202)	(6,548)
Net current assets		**965**	**1,724**
Total assets less current liabilities		**2,047**	**3,078**
Provisions for liabilities	14	-	(60)
Net assets		**2,047**	**3,018**
Capital and reserves			
Share capital	15	13,076	13,076
Profit and loss account		(11,029)	(10,058)
Total shareholders' funds attributable to owners of the parent		**2,047**	**3,018**

The financial statements on pages 6 to 21 were approved by the board of directors on September 21, 2018
2018 and signed on its behalf by:

DocuSigned by:
Craig Denning Hodges
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Craig Hodges
Director

Statement of changes in equity
at 31 December 2017

	Share capital	*Profit and loss account*	*Total*
	$000s	*$000s*	*$000s*
At 1 January 2016	13,076	(7,259)	5,817
Loss for the financial year attributable to owners of the parent	-	(2,799)	(2,799)
At 31 December 2016	**13,076**	**(10,058)**	**3,018**
Loss for the financial year attributable to owners of the parent	-	(971)	(971)
At 31 December 2017	**13,076**	**(11,029)**	**2,047**

Notes to the financial statements

at 31 December 2017

1. General information

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

The immediate parent undertaking is Satamatic Global Limited, a company incorporated in United Kingdom. The registered office of the immediate parent undertaking is located at Green Lane Business Park, Green Lane, Ashchurch, Tewksbury, Gloucestershire, GL20 8HD, England, United Kingdom.

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

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

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

2. Significant accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006. The company's financial statements are presented in US Dollars and all values are rounded to the nearest thousand USD ($000s) except when otherwise indicated.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the financial year ended 31 December 2017.

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, paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the financial statements

at 31 December 2017

Turnover and revenue recognition

Turnover comprises sales to customers and services revenue net of value added tax.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Type of sale	*Recognition*
Product and service sales	On delivery and when acceptance by the customer has occurred

Operating leases – as lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight line basis over the lease term.

Research and development

All costs associated with research and development are written off to the profit and loss account in the year of expenditure, less any R&D expenditure credit reclaimable from HM Revenue and Customs in respect of those costs.

Going concern

The ultimate parent company, Honeywell International Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. The directors, having taken into account both the future trading of the company and the financial support from the ultimate parent undertaking, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Foreign currency translation

The company's financial statements are presented in US Dollars which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Taxation

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

Notes to the financial statements

at 31 December 2017

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

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally 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.

Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less accumulated depreciation. Depreciation is calculated using the straight line method at rates calculated to write down the cost to the estimated residual value over the estimate useful life. Cost comprises purchase costs together with any incidental expenses of acquisition. The annual depreciation rates used for the major assets are:

Plant & machinery	20-33%
Fixtures & fittings	20%

Depreciation is not provided on construction in progress until the asset is completed and ready to use.

Land is not depreciated.

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investments

Investments in subsidiary are accounted for at cost less any provision for impairment. The value of investments are reviewed annually by the directors or more frequently if there is a triggering event and provision made where the investment's carrying amount exceeds its recoverable amount.

Impairment of non-financial assets

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

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

Notes to the financial statements

at 31 December 2017

Financial assets - recognition and measurement

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

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

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

Impairment of financial assets

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

An allowance for doubtful debts is made against trade debtors that exceed 180 days past due date. Losses arising from impairment are recognised in the profit and loss account in administrative expenses.

Provisioning made against debts subsequently settled after 180 days past due is treated as a change in accounting estimate and released to profit or loss.

Derecognition of financial assets

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

Financial liabilities

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

Thereafter, the company's trade creditors and amounts owed to group undertakings are carried at amortised cost.

Provisions

The company recognises a provision when it has a present obligation, either legal or constructive, which can be reliably measured and it is probable that the transfer of economic benefits will be required to settle that obligation. Provisions are based on the best estimate of expenditure required to settle the obligation.

Pensions

Defined contribution plans are externally funded, with the assets of the plan held separately from those of the company in separate trustee administered funds. Contributions to such plans are charged to the profit and loss account as they become payable.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Judgements

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

(i) Investments

The investment in subsidiary is carried at cost less impairment. The assessment of impairment involves judgement and estimations as to the value of the unquoted investment. At the period end the value of the investment was $80,000 (2016: $nil). There was an impairment charge of $720,000 (2016: $561,000) during the year.

Estimates and assumptions

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

4. New and amended standards and interpretations

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

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

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

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

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

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

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

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

Notes to the financial statements
at 31 December 2017

5. Turnover

	2017	2016
	$000s	$000s
Analysis of turnover by geographical market		
United Kingdom	413	284
Europe	98	149
North America	1,750	1,448
South America	2,021	3,676
Other	2,121	2,654
Total turnover by geographical market	6,403	8,211

	2017	2016
	$000s	$000s
Analysis of turnover by category		
Sale of goods	1,289	1,285
Rendering of services	5,114	6,926
Total turnover by category	6,403	8,211

Notes to the financial statements
at 31 December 2017

6. Operating loss

	2017	2016
	$000s	$000s
This is stated after charging:		
Depreciation		
Tangible assets – owned	453	467
Rental charges under operating leases		
Land and buildings	228	89
Impairment of investments	720	561
Reorganisation and redundancy	827	130
Research and development	840	3,796
(Gain)/loss on foreign exchange	(234)	559

7. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to $20,284 (2016: $21,554) 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.

8. Employees and directors

(a). Staff costs

	2017	2016
	$000s	*$000s*
Wages and salaries	507	1,116
Social security costs	86	222
Contributions to defined contribution pension plans	66	164
Total staff costs	659	1,502

The average monthly number of employees during the financial year was made up as follows:

(including executive directors)

	2017	2016
	No.	*No.*
Indirect	8	20
Total monthly average number of employees	8	20

Notes to the financial statements

at 31 December 2017

(b). Directors' remuneration

In 2017, all directors (2016: all directors) were remunerated by other group companies for their services to the group as a whole.

9. Taxation

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

	2017	*2016*
	$000s	*$000s*
Current tax:		
Foreign tax suffered	103	-
Adjustments in respect of prior years	69	
Total current tax	172	-
Deferred tax:		
Origination and reversal of temporary differences	-	(68)
Effect of change in tax laws and rates	-	16
Deferred tax asset written off	365	-
Total deferred tax	365	(52)
Total tax expense/(credit) reported in the profit and loss account	537	(52)

Notes to the financial statements
at 31 December 2017

(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% (2016: 20%). The differences are reconciled below:

	2017	*2016*
	$000s	*$000s*
Loss before tax	(434)	(2,851)
Loss on ordinary activities multiplied by the effective rate of corporation tax in the UK of 19.25% (2016: 20%)	(84)	(570)
Effects of:		
Expenses not deductible for tax purposes and other permanent differences	139	115
Effect of change in tax laws and rates	-	16
Difference in current tax rate to deferred rate	-	4
Deferred tax asset written off	365	-
Depreciation in excess of capital allowances	33	-
Other short term timing differences	(10)	-
Adjustment in respect of prior years	69	-
Foreign tax credit	(78)	
Withholding tax suffered	103	-
Group relief not paid for	-	383
Total tax expense/(credit) reported in the profit and loss account	537	(52)

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

The standard rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. The Finance (No.2) Act 2017 received Royal Assent on 16 November 2017 which will reduce the rate further to 17% from 1 April 2020. These reductions may reduce the company's future tax charge accordingly.

(d). Deferred tax

	2017	*2016*
	$000s	*$000s*
The deferred tax included in the balance sheet is as follows:		
Deferred tax asset		
Differences between capital allowances and depreciation	-	337
Other short term timing differences	-	28
Total deferred tax asset (note 12)	-	365

Notes to the financial statements

at 31 December 2017

Movement in deferred tax

	Total
	$000s
At 1 January 2017	365
Charge to the profit and loss account	(365)
At 31 December 2017	-

(e) Unrecognised deferred tax asset

	2017 *$000s*	*2016* *$000s*
Differences between capital allowances and depreciation	228	-
Other short term timing differences	7	-
Total unrecognised deferred tax asset	235	-

10. Investments

	2017	*2016*
	$000s	$000s
Cost		
At 1 January	569	8
Additions during the year	800	561
At 31 December	1,369	569
Provision for impairment		
At 1 January 2017	(569)	(8)
Provided during the year	(720)	(561)
At 31 December 2017	(1,289)	(569)
Net book value	80	-

The directors believe that the book value of the investments is not less than the value of the underlying net assets.

Shares in the company's subsidiary undertakings are ordinary shares. The subsidiary undertaking is listed in note 18.

On 19 June 2017, the company made a capital contribution in Honeywell Brasil Commercializacao de Segmento Espacial Ltda amounting to $800,000.This investment was subsequently impaired by $720,000 since the net assets of the subsidiary were lower than the carrying value of the investment.

Notes to the financial statements

at 31 December 2017

11. Tangible assets

	Plant and machinery	*Fixtures and fittings*	*Construction in progress*	*Total*
	$000s	*$000s*	*$000s*	*$000s*
Cost				
At 1 January 2017	2,986	182	-	3,168
Additions	-	-	101	101
At 31 December 2017	2,986	182	101	3,269
Accumulated depreciation				
At 1 January 2017	1,633	181	-	1,814
Provided during the financial year	452	1	-	453
At 31 December 2017	2,085	182	-	2,267
Net book value:				
At 31 December 2017	901	-	101	1,002
At 31 December 2016	1,353	1	-	1,354

12. Debtors

	2017	*2016*
	$000s	*$000s*
Amounts falling due within one year		
Trade debtors	1,032	650
Amounts owed by group undertakings	279	782
Deferred tax asset	-	365
Other debtors	65	175
Prepayments and accrued income	468	574
Total amounts falling due within one year	1,844	2,546

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

Notes to the financial statements

at 31 December 2017

13. Creditors: amounts falling due within one year

	2017	2016
	$000s	$000s
Trade creditors	357	634
Amounts owed to group undertakings	5,201	4,644
Taxation and social security	12	-
Accruals and deferred income	532	1,270
Total amount owed to creditors	6,202	6,548

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

14. Provisions for liabilities

	At 1 January 2017	Credit to P&L	Utilised	At 31 December 2017
	$000s	$000s	$000s	$000s
Restructuring	60		(60)	-
Total provision for liabilities	60	-	(60)	-

15. Share capital

	2017	2016
	$000s	$000s
Authorised and allotted, called up and fully paid		
9,067,249 ordinary shares of £1 each	13,076	13,076

Notes to the financial statements

at 31 December 2017

16. Operating lease commitments

	2017	2016
	$000s	$000s
At 31 December the future minimum rentals payable under non-cancellable operating leases are as follows:		
Land and buildings		
Not later than one year	90	90
After one year but not more than five years	53	143
Total land and building operating lease commitments	143	233

The company has entered into a commercial lease agreement which has a duration of 3 years. The agreement does not contain an option for renewal. There are no restrictions placed upon the lessee by entering into this lease

17. Contingent liabilities

The company, with other Honeywell group companies in the UK, has provided a bank guarantee under a composite accounting agreement. Under this agreement, bank interest is calculated on the net group position after setting off positive and overdrawn cash balances. The maximum contingent liability under this agreement is the total of overdrawn balances held by group companies, amounting to $706,829,000 (2016: $910,685,000).

Positive cash balances held by the group exceeded overdrawn balances in 2017 and 2016.

18. Subsidiary undertakings

The company's subsidiary undertaking is as follows:

Name of company	*Principal activity*	*% holding*	*Country of incorporation*	*Registered address*
Honeywell Brasil Comercializacao de Segmento Espacial Ltda	Satellite network systems	99.98	Brazil	Avenida Tambore, 267 Edificio Canopus Corporate Alphaville Conjunto 171 A 17 Andar Sala 01