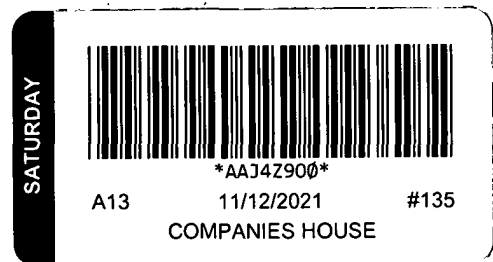


# **Honeywell Global Tracking** **Limited**

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



## Company Information

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### Officers and professional advisors

#### Directors

Kenneth Deville  
Olivier Tehio

#### Auditor

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

#### Bankers

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

#### Registered address

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

## Directors' report

*for the financial year ended 31 December 2020*

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The directors present their annual report and audited financial statements for the company for the financial year ended 31 December 2020.

### Principal activity

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

### Business review and future developments

No strategic report is provided as these financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

The directors intend that the company will continue to supply satellite based asset tracking and messaging systems for the foreseeable future.

### Results and dividends

The company's profit for the financial year, after taxation was \$236,000 (2019: \$422,000) which will be transferred to reserves. The results for the financial year are shown on page 9.

The directors do not recommend the payment of a dividend (2019: \$nil).

### Financial risk management, objectives and policies

#### *Foreign currency risks*

The impact of COVID-19 has resulted in increased volatility in foreign exchange rates thus exposing the company to increased foreign currency risks.

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.

#### *Liquidity risks*

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

#### *Credit risks*

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

In respect of intercompany receivables, the company does not have exposure to credit risk considering that we are receiving a guarantee letter from Honeywell International Inc. to support intercompany balances.

### Principal risks and uncertainties

As a trading company, the company is dependent on its continued ability to secure contracts with customers and its ability to perform under those contracts.

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

## Directors' report

*for the financial year ended 31 December 2020*

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

These factors could, among other things, disrupt the purchasing and payment behaviours of our customers and their end-users, our operations, including our manufacturing activities, the shipment of our products, and the performance of our suppliers and service providers, and our liquidity and cash flow.

The following risks will be applicable to the companies dealing in safety productivity solutions business as a whole:

- **Customer risk:** Existing and potential customers and their end-users may choose to reduce or delay spending, cancel contracts, or cut costs in a manner that reduces demand for our products and services. Customers may also attempt to renegotiate contracts and obtain concessions, face financial constraints on their ability to make payments to us on a timely basis or at all, or discontinue their business operations, and we may be required to discount the pricing of our products, all of which may materially and negatively impact our operating results, financial condition and prospects. In addition, unfavourable customer site conditions, such as closure of or access restrictions to customer facilities, and disruptions to our customers' third-party logistics, warehousing, inventory management and distribution services may limit our ability to sell products and provide services, meet billing milestones or provide services.
- **Operations risk:** The closure of our facilities, restrictions inhibiting our employees' ability to access those facilities, and disruptions to the ability of our suppliers or service providers to deliver goods or services to us (including as a result of supplier facility closures or access restrictions, disruptions to their supply chains, and supplier liquidity or bankruptcy risk) could disrupt our ability to provide our services and solutions and result in, among other things, terminations of customer contracts and losses of revenue. Because the COVID-19 pandemic could adversely affect our near-term and long-term revenues, earnings, liquidity and cash flows, we have taken and may be required to continue taking significant cost actions, including but not limited to reducing discretionary expenses (such as non-essential travel, contractors, and consultants), reducing hiring, cancelling annual merit increases, reducing executive and board of director pay, reducing work schedules across the enterprise, shortening or staggering work schedules to match production with demand, and reducing staffing levels, as well as increasing supplier-based productivity and enhancing spending-limit controls. Remote work and increased frequency of cybersecurity attacks, including phishing and malware attempts that utilize COVID-19-related strategies, increase the risk of a material cybersecurity incident that could result in the loss of proprietary or personal data, render us more vulnerable to future cybersecurity attacks, disrupt our operations, or otherwise cause us reputational or financial harm.

The company is involved in the supply of satellite based asset tracking and messaging systems. The business has been showing declining trend year over year with further decline in revenue as a result of COVID 19. The company has also been implementing the cost cutting measures as disclosed above.

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

## Directors' report

*for the financial year ended 31 December 2020*

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On 23 June 2016, the UK held a referendum on the UK's continuing membership of the EU, the outcome of which was a decision for the UK to leave the EU (Brexit). The UK left the EU on 31 January 2020 and was in a transition period until 31 December 2020. The EU-UK Trade and Cooperation Agreement (Brexit deal) was signed on 30 December 2020 and is effective from 1 January 2021. The deal imposes additional rules and regulations to govern the transfer of goods and services between the United Kingdom and European Union. This is likely to lead to an increase in costs and administrative requirements of trading with the European Union. The implementation of the deal is also expected to impact macroeconomic factors such as exchange rates. A working group has been established by Honeywell International Inc. to monitor the trade deal and regulation and implement mitigating actions to respond to any changes.

The company has limited trading activity with customers in the European Union and Brexit is not expected to have any significant impact on the company or its activities. The company has implemented actions to mitigate the impact of Brexit and continues to monitor the Brexit regulations and will adapt the mitigating actions as needed. In addition, the company may be affected by 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.

### 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:

Kenneth Deville  
Olivier Tehio  
Craig Hodges (resigned on 23 September 2020)

### Directors' indemnities

Pursuant to the company's articles of association, the directors were throughout the financial year ended 31 December 2020 and are 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 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 directors, have reviewed the 2020 and Q3 2021 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The directors have further relied on forward looking assessments provided by Honeywell International Inc. under various possible COVID-19 scenarios, including rollout of the vaccine, and are satisfied that the ultimate parent company is in a position to provide the necessary financial support. As part of their consideration, the directors have acknowledged the cost control measures already taken across Honeywell International Inc., the group's cash, cash equivalents and short term investments balance at 30 September 2021 of \$12.1 billion.

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

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

### Disclosure of information to auditor

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

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

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

### Events since the balance sheet date

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

## Directors' report

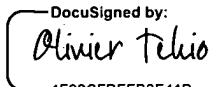
*for the financial year ended 31 December 2020*

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### 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:  
  
4E92CFBFFB3F41B...  
Olivier Tehio  
Director  
09-Dec-2021

## **Directors' responsibilities statement**

*for the financial year ended 31 December 2020*

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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 Accounting 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 of the company for that period.

In preparing these 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 themselves in discharging these responsibilities, the directors have engaged a number of third party providers including accounting firms who are engaged to prepare the company's financial statements, as well as Honeywell International Inc.'s own finance shared service centres located in Bengaluru, Prague and Bucharest. Honeywell operates a country controllership model under which an identified senior finance representative is responsible for all of the UK and Ireland entities, supported by a wider finance team and under the supervision of the Regional Finance Leader for Western Europe. The 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.

## **Independent auditor's report**

*to the members of Honeywell Global Tracking Limited.*

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### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Honeywell Global Tracking Limited (the 'company'):

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

- 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 (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 directors' 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 directors 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 directors are 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **Independent auditor's report**

*to the members of Honeywell Global Tracking Limited.*

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### **Responsibilities of the 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](http://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 internal audit about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included 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 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.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address them are described below:

- due to the nature of the group structure and the recharge arrangements in place, there is a risk that intragroup recharges are not recorded in the correct accounting period: we have tested a sample of post year end invoices and verified that the charges have been recorded in the accounting period to which the goods or provision of services relate.

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.

## Independent auditor's report

*to the members of Honeywell Global Tracking Limited.*

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

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

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 from the requirement to prepare a strategic report.

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:  
  
282542CEE6644A3  
James Boyle CA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Edinburgh, United Kingdom  
10-Dec-2021

## Profit and loss account

for the financial year ended 31 December 2020

		2020	2019
	Notes	\$000s	\$000s
Turnover	5	3,111	4,642
Cost of sales		(1,788)	(2,118)
<b>Gross profit</b>		<b>1,323</b>	<b>2,524</b>
Distribution expenses		(194)	(473)
Administrative expenses		(893)	(1,613)
<b>Operating profit</b>	7	<b>236</b>	<b>438</b>
Loss on sale of investments	12	-	(16)
<b>Profit before taxation</b>		<b>236</b>	<b>422</b>
Tax on profit	10	-	-
<b>Profit for the financial year</b>		<b>236</b>	<b>422</b>

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 notes on pages 12 to 23 form an integral part of the financial statements.

## Balance sheet

as at 31 December 2020

		2020	2019
	Notes	\$000s	\$000s
<b>Fixed assets</b>			
Tangible assets	11	74	95
Investments	12	-	-
		<b>74</b>	<b>95</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	1,476	1,324
Cash at bank and in hand		2,029	2,381
		<b>3,505</b>	<b>3,705</b>
<b>Creditors: amounts falling due within one year</b>	14	(619)	(1,076)
<b>Net current assets</b>		<b>2,886</b>	<b>2,629</b>
<b>Total assets less current liabilities</b>		<b>2,960</b>	<b>2,724</b>
<b>Net assets</b>		<b>2,960</b>	<b>2,724</b>
<b>Capital and reserves</b>			
Called-up share capital	15	13,076	13,076
Profit and loss account		(10,116)	(10,352)
<b>Total shareholder's funds</b>		<b>2,960</b>	<b>2,724</b>

The financial statements on pages 9 to 23 were approved by the board of directors on 09-Dec-2021 and signed on its behalf by:

DocuSigned by:  
  
 4F92CEBFB3F41B...  
 Olivier Tehio  
 Director

## Statement of changes in equity

for the financial year ended 31 December 2020

	<i>Called-up share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>\$000s</i>	<i>\$000s</i>	<i>\$000s</i>
At 1 January 2019	13,076	(10,774)	2,302
Profit for the financial year	-	422	422
<b>At 31 December 2019</b>	<b>13,076</b>	<b>(10,352)</b>	<b>2,724</b>
Profit for the financial year	-	236	236
<b>At 31 December 2020</b>	<b>13,076</b>	<b>(10,116)</b>	<b>2,960</b>

## Notes to the financial statements

for the financial year ended 31 December 2020

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### 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 registered in England & Wales. 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 Honeywell Group Holding UK II, a company incorporated in the United Kingdom. The registered address of the parent is Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB, United Kingdom.

The company's results are included in the consolidated 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](http://www.honeywell.com).

### 2. Significant accounting policies

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

#### *Basis of preparation*

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1,
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment,
  - paragraph 118(e) of IAS 38 Intangible Assets (reconciliations between the carrying amount at the beginning and end of the period), and
  - paragraph 17 of IAS 24 Related Party Disclosures (key management compensation);
- the requirements of following paragraphs of IAS 1 Presentation of Financial Statements:
  - 10(d) (statement of cash flows),
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements and 16 (statement of compliance with all IFRS),
  - 38A to 38D (requirement for minimum of two primary statements, including cash flow statements and additional comparative information), and
  - 40A to 40D, 111 (statement of cash flows information) and 134-136 (capital management disclosures) of IAS 1;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- 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; and

## Notes to the financial statements

for the financial year ended 31 December 2020

- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

### *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. While considering the ability of the ultimate parent company to provide financial support, the directors, have reviewed the 2020 and Q3 2021 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The directors have further relied on forward looking assessments provided by Honeywell International Inc. under various possible COVID-19 scenarios, including rollout of the vaccine, and are satisfied that the ultimate parent company is in a position to provide the necessary financial support. As part of their consideration, the directors have acknowledged the cost control measures already taken across Honeywell International Inc., the group's cash, cash equivalents and short term investments balance at 30 September 2021 of \$12.1 billion.

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

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

### *Turnover and revenue recognition*

Turnover comprises revenue from sales to customers and service revenues net of value added tax.

The company recognises revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer excluding amounts collected on behalf of third parties. The company measures revenue at the transaction price, excluding estimates of variable considerations. A good or service is considered to be transferred when the customer obtains control. IFRS 15 states that "control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset". Control also means the ability to prevent others from directing the use of, and receiving the benefit from, a good or service.

As per IFRS 15, the performance obligations are deemed to be satisfied in respect as follows:

<u>Type of sale</u>	<u>Recognition</u>
Product and service sales	On delivery and when acceptance by the customer has occurred

### *Contract balances*

#### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### *Trade receivables*

A receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in financial instruments – initial recognition and subsequent measurement.

#### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

## Notes to the financial statements

for the financial year ended 31 December 2020

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### *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 the profit and loss account.

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

### *Taxation*

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

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

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

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

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

### *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 and equipment	20-33%
Fixtures and fittings	20%

Depreciation is not provided on construction in progress until the asset is completed.

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- 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 directors 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.



## Notes to the financial statements

for the financial year ended 31 December 2020

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### *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.

### *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.

### *Financial asset – recognition and measurement*

#### *Initial recognition and measurement*

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

#### *Classification of financial assets*

All financial assets held by the company during the current and prior year meet the following conditions and have been classified as those measured at amortised cost:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### *Derecognition*

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

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

## Notes to the financial statements

for the financial year ended 31 December 2020

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### *Impairment of financial assets*

In accordance with IFRS 9, the company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on all financial assets not measured at fair value.

ECL is the weighted average of the differences 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 the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### *Financial liabilities - recognition and measurement*

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost as appropriate.

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

Currently, the company holds financial liabilities measured at amortised cost which comprise of loans and borrowings and trade creditors.

#### *Subsequent measurement*

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

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

#### *De-recognition*

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

## 3. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are 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 2020

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

#### (i) Impairment of financial assets

The company estimates the expected credit loss in relation to its financial assets considering the nature of business, past history and other mitigating factors. The company reviews this policy annually, if required. Accordingly, the company has recognised a provision for expected credit loss of \$1,000 (2019: \$13,000).

In respect of other financial assets which primarily comprises of amounts owed from group undertakings, a letter of guarantee has been provided by the ultimate parent company, Honeywell International Inc. indicating that support will be given in order to settle these amounts should it be necessary. Accordingly, the company has not recognised a provision for expected credit loss.

## 4. New and amended standards and interpretations

The company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Amendments to IAS 1 and IAS 8 Definition of Material

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

## 5. Turnover

	2020	2019
	\$000s	\$000s
<i>Analysis of turnover by geographical market</i>		
North America	902	2,168
South America	402	917
Middle East and Africa	1,242	798
Rest of the world	565	759
<i>Total turnover by geographical market</i>	<u>3,111</u>	<u>4,642</u>

## Notes to the financial statements

for the financial year ended 31 December 2020

	2020	2019
	\$000s	\$000s
<i>Analysis of turnover by category</i>		
Sale of goods	130	979
Rendering of services	2,981	3,663
<i>Total turnover by category</i>	<u>3,111</u>	<u>4,642</u>

	2020	2019
	\$000s	\$000s
<i>Timing of revenue recognition</i>		
Point of time	130	979
Over time	2,981	3,663
<i>Total revenue from contracts with customers</i>	<u>3,111</u>	<u>4,642</u>

### 6. Disclosure in respect of contracts with customers

	2020	2019
	\$000s	\$000s
Revenue from contracts with customers (note 5)	3,111	4,642
Impairment losses on receivables or contract assets arising from contracts with customers	10	105

The following table provides information about trade receivables, contracts assets and contract liabilities:

	2020	2019
	\$000s	\$000s
Trade receivables (refer note 13)	622	467
Contract assets (refer note 13)	274	389
Contract liabilities (refer note 14)	-	36

## Notes to the financial statements

for the financial year ended 31 December 2020

### 7. Operating profit

	2020	2019
	\$000s	\$000s
This is stated after charging/(crediting):		
<i>Depreciation and amortisation</i>		
Tangible assets (note 11)	21	456
Loss/(gain) on foreign exchange	18	(8)

### 8. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to \$14,200 (2019: \$19,200) for the audit of the financial statements. This cost was incurred by Honeywell Control Systems Limited, a fellow UK subsidiary of Honeywell International Inc., and it is not recharged to the company.

There are no non audit services fees payable to the auditor (2019: \$nil).

### 9. Employees and directors

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

### 10. Taxation

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

	2020	2019
	\$000s	\$000s
<i>Current tax:</i>		
UK corporation tax on profit for financial year	-	-
<i>Total current tax</i>	-	-
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	-	-
<i>Total deferred tax</i>	-	-
<i>Total tax expense reported in the profit and loss account</i>	-	-

## Notes to the financial statements

for the financial year ended 31 December 2020

### (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% (2019: 19%). The differences are reconciled below:

	2020	2019
	\$000s	\$000s
Profit before tax	236	422
Profit multiplied by the effective rate of corporation tax in the UK of 19% (2019:19%)	45	80
<i>Effects of:</i>		
Expenses not deductible for tax purposes and other permanent differences	46	(8)
Depreciation in excess of capital allowances	(48)	52
Other short term timing differences	(2)	(19)
Loss utilized during the year	(39)	-
Group relief not paid for	(2)	(105)
<i>Total tax expense reported in the profit and loss account</i>	-	-

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

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

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

### (d). Deferred tax

	2020	2019
	\$000s	\$000s
Unrecognised deferred tax assets @19% (2019: 17%)		
Differences between capital allowances and depreciation	225	244
Other short term timing differences	-	2
<i>Total unrecognised deferred tax asset</i>	225	246

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

## Notes to the financial statements

for the financial year ended 31 December 2020

### 11. Tangible assets

	<i>Plant and equipment</i>	<i>Fixtures and fittings</i>	<i>Construction in progress</i>	<i>Total</i>
	<i>\$000s</i>	<i>\$000s</i>	<i>\$000s</i>	<i>\$000s</i>
<i>Cost</i>				
At 1 January and 31 December 2020	3,085	182	2	3,269
<i>Accumulated depreciation</i>				
At 1 January 2020	2,992	182	-	3,174
Provided during the year	21	-	-	21
At 31 December 2020	3,013	182	-	3,195
<i>Net book value:</i>				
At 31 December 2020	72	-	2	74
At 31 December 2019	93	-	2	95

### 12. Investments

	<i>2020</i>	<i>2019</i>
	<i>\$000s</i>	<i>\$000s</i>
<i>Cost</i>		
At 1 January	-	1,369
Disposals during the year	-	(1,369)
At 31 December	-	-
<i>Provision for impairment</i>		
At 1 January	-	(1,289)
Disposals during the year	-	1,289
At 31 December	-	-
<i>Net book value</i>	-	-

In the previous year, the company sold its shares in Honeywell Brasil Comercialização de Segmento Espacial ("HW Brazil") to Honeywell International Inc. ("HII") for a consideration, based on fair value, of Brazilian Real 260,000 equivalent to \$64,000. This resulted in a loss on disposal of \$16,000.

## Notes to the financial statements

for the financial year ended 31 December 2020

### 13. Debtors: amounts falling due within one year

	2020	2019
	\$000s	\$000s
<i>Amounts falling due within one year</i>		
Trade receivables	622	467
Amounts owed by group undertakings	462	108
Contract assets	274	389
Other debtors	118	360
<i>Total amounts falling due within one year</i>	<u>1,476</u>	<u>1,324</u>

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

#### Trade receivables

	2020			2019		
	Gross carrying amount at risk of default \$000s	Expected credit loss rate %	Expected credit loss \$000s	Gross carrying amount at risk of default \$000s	Expected credit loss rate %	Expected credit loss \$000s
Amounts due:						
Not due	284	-	-	246	1.29	3
within 30 days	45	-	-	127	2.50	3
30 – 60 days	38	-	-	68	5.12	4
61 – 90 days	189	-	-	4	6.46	-
After 90 days	67	1.80	1	35	8.37	3
Total	623		1	480		13

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

	2020	2019
	\$000s	\$000s
Trade creditors	328	380
Amounts owed to group undertakings	112	556
Contract liabilities	-	36
Other creditors	179	104
<i>Total amount owed to creditors</i>	<u>619</u>	<u>1,076</u>

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



## Notes to the financial statements

for the financial year ended 31 December 2020

### 15. Called-up share capital

	2020	2019
	\$000s	\$000s
<i>Authorised and allotted, called-up and fully paid</i>		
9,067,249 (2019: 9,067,249) ordinary shares of £1 each at 1 January and 31 December 2020	13,076	13,076

### 16. 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 \$656,145,000 (2019: \$730,119,000).

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

### 17. Events after balance sheet date

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