Honeywell Global Tracking Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

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Company Information

Directors	Olivier Tehio Olga Slipetska
Auditor	Deloitte LLP Statutory Auditor 3rd Floor 9 Haymarket Square Edinburgh EH3 8RY United Kingdom
Bankers	Barclays Bank Level 11 One Churchill Place London E14 5HP United Kingdom
Registered office	Green Lane Business Park Green Lane Ashchurch Tewksbury Gloucestershire GL20 8HD United Kingdom

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity
The company used to supply satellite based asset tracking and messaging systems in the United Kingdom. However, during 2022, the company ceased its trading operations and is expected to become dormant in the future. These financial statements are therefore prepared on a basis other than going concern.

Business review
The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. In accordance with section 414B(b) of the Companies Act 2006, the directors have elected to take advantage of the exemption from preparing a Strategic Report.

Results
The company's loss for the financial year, after taxation was £468,000 (2021: loss of £789,000) which will be deducted from reserves. The results for the financial year are shown on page 8.

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

Olivier Tehio
Kenneth Deville (resigned 9 January 2024)
Olga Slipetska (appointed 9 January 2024)

Directors' indemnities
Pursuant to the company's articles of association, the directors were throughout the financial year ended 31 December 2022 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 company ceased its trading operations with such activity now being undertaken directly by the parent entity. As required by UK accounting standards, the director has prepared the financial statements on the basis that the company is no longer a going concern, and is expected to become dormant in the future. No material adjustments arose as a result of ceasing to apply the going concern basis.

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

- so far as the 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 in order 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 s418 of the Companies Act 2006.

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

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 on January 17th, 2024 and signed on its behalf by:

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Olivier Tehio
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Olivier Tehio
Director

Statement of Directors' Responsibilities

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 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.

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 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 2022 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 which comprise:

- profit and loss account;
- balance sheet;
- statement of changes in equity; and
- the related notes 1 to 13.

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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Honeywell Global Tracking Limited (continued)

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 FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent Auditor's Report to the Members of Honeywell Global Tracking Limited (continued)

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

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 director was not entitled to take advantage of the small companies' exemptions in preparing the Director's Report and 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:
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James Boyle CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor
Edinburgh
United Kingdom

Date: 17 January 2024

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 $000	2021 $000
Turnover	4	189	1,932
Cost of sales		(526)	(1,503)
Gross (loss)/profit		(337)	429
Distribution expenses		(73)	(140)
Administrative expenses		(83)	(1,078)
Operating loss	5	(493)	(789)
Loss before taxation		(493)	(789)
Tax on loss	8	25	-
Loss for the financial year		(468)	(789)

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

The above results were derived from discontinued operations.

The notes on pages 11 to 23 form an integral part of these financial statements.

Balance Sheet as at 31 December 2022

	Note	31 December 2022 $000	31 December 2021 $000
Current assets			
Debtors: amounts falling due within one year	9	472	1,524
Cash at bank and in hand		1,337	1,281
		1,809	2,805
Creditors: Amounts falling due within one year	10	(106)	(634)
Net current assets		1,703	2,171
Total assets less current liabilities		1,703	2,171
Net assets		1,703	2,171
Capital and reserves			
Called-up share capital	11	13,076	13,076
Retained earnings		(11,373)	(10,905)
Shareholders' funds		1,703	2,171

The financial statements on pages 8 to 23 were approved by the board of directors on January 17th, 2024 and signed on its behalf by:

DocuSigned by:
Olivier Tehio
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Olivier Tehio
Director

The notes on pages 11 to 23 form an integral part of these financial statements.

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

	Called-up share capital $000	Retained earnings $000	Total $000
At 1 January 2021	13,076	(10,116)	2,960
Loss for the year	-	(789)	(789)
Total comprehensive loss	-	(789)	(789)
At 31 December 2021	13,076	(10,905)	2,171

	Called-up share capital $000	Retained earnings $000	Total $000
At 1 January 2022	13,076	(10,905)	2,171
Loss for the year	-	(468)	(468)
Total comprehensive loss	-	(468)	(468)
At 31 December 2022	13,076	(11,373)	1,703

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

1 General information

Honeywell Global Tracking Limited is a private company limited by share capital, incorporated and domiciled in United Kingdom under the Companies Act 2006 and registered in England and Wales. The nature of the company's operations and its principal activities are set out in the directors' report on page 2.

The address of its registered office is:
Green Lane Business Park
Green Lane
Ashchurch
Tewksbury
Gloucestershire
GL20 8HD
United Kingdom

The immediate parent undertaking is Honeywell Group Holding UK II, a company incorporated in 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.

2 Accounting policies

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

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

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

These financial statements are prepared 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 dollars ($000) except when otherwise indicated.

Summary of disclosure exemptions
In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);

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

2 Accounting policies (continued)

- 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' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15);
- The requirements of paragraph 52 of IFRS 16 - 'Leases', the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 - 'Leases';
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):

  - paragraph 79(a)(iv) of IAS 1 (reconciliation of number of shares at the beginning and end of the period),

  - paragraph 73(e) of IAS 16, 'Property, plant and equipment' (reconciliations between the carrying amount at the beginning and end of the period),

  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period), and

  - and paragraph 17 of IAS 24 Related Party Disclosures (key management compensation);
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):

  - 10(d) (statement of cash flows),

  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements and 16 (statement of compliance with all IFRS),

  - 38A to 38D (requirement for minimum of two primary statements, including cash flow statements and additional comparative information), and

  - 40A to 40D, 111 (statement of cash flows information) and 134-136 (capital management disclosures) of IAS 1;
- IAS 7 - 'Statement of cash flows';
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 - 'Impairment of Assets';
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group);
- The requirements of paragraph 52 of IFRS 16 Leases; and
- The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Going concern
The company ceased its trading operations with such activity now being undertaken directly by the parent entity. As required by UK accounting standards, the director has prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Changes in accounting policy

New standards, interpretations and amendments that are effective for the current year
The following IFRS standards have been applied for the first time from 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

2 Accounting policies (continued)

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

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

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

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

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

- *Annual Improvements to IFRS Standards 2018 – 2020*

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

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

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

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

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

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

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

2 Accounting policies (continued)

Turnover and revenue recognition

Recognition

Turnover comprises revenue from sales to customers, licensing agreements and service revenues net of value added tax. Turnover also comprises the cost-plus mark-up of general administration support to fellow group companies, 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 as follows:

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

Contract assets and receivables

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.

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.

Foreign currency translation

The company's financial statements are presented in Dollar, 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 expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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

2 Accounting policies (continued)

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

Financial instruments

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

Initial recognition

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

All recognised financial assets are subsequently measured in their entirety at amortised cost.

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

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

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

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

2 Accounting policies (continued)

Classification and measurement

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

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

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

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

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

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

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

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are 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.

Derecognition

Financial assets

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 Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial liabilities

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. If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income. 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.

Impairment of financial assets

Measurement of Expected Credit Losses

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

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

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

3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the 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 Year Ended 31 December 2022 (continued)

3 Judgements and key sources of estimation uncertainty (continued)

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.

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

4 Turnover

The analysis of the company's turnover for the year by geographical market is as follows:

	2022 $000	2021 $000
United Kingdom	1	31
South America	4	145
North America	2	480
Middle East and Africa	144	933
Rest of the world	38	343
	189	1,932

The timing of the company's revenue recognition for the year is as follows:

	2022 $000	2021 $000
Over time	189	1,720
Point of time	-	212
	189	1,932

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

4 Turnover (continued)

Disclosures in respect of contracts with customers

	31 December 2022 $000	31 December 2021 $000
Trade receivables (note 9)	87	352
Contract assets	7	117

Revenue recognised in the period from:

	31 December 2022 $000	31 December 2021 $000
Revenue from contracts with customers	189	1,932
Impairment losses on receivables or contract assets arising from contracts with customers	-	(77)

5 Operating loss

Arrived at after charging/(crediting)

	2022 $000	2021 $000
Depreciation expense	-	19
Foreign exchange losses/(gains)	81	(28)

6 Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to $21,657 (2021: $21,657) 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 (2021: £nil).

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

7 Directors' remuneration

In 2022, all directors (2021: all directors) were remunerated by other group companies for their services to the group as a whole.

The directors' services to the company were inconsequential.

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

8 Tax on loss

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

	2022 $000	2021 $000
Current taxation		
UK corporation tax	(25)	-
Total current income tax	(25)	-
Deferred taxation		
Arising from origination and reversal of temporary differences	-	-
Total deferred taxation	-	-
Tax receipt in the profit and loss account	(25)	-

The tax on loss for the year is the same as the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 $000	2021 $000
Loss before tax	(493)	(789)
Corporation tax at standard rate	(94)	(150)
Effect of capital allowances depreciation	-	(28)
Tax decrease from utilisation of tax losses	25	-
Group relief surrendered	280	164
Current tax from unrecognised temporary difference from a prior period	(236)	14
Total tax credit	(25)	-

Factors affecting tax charge for the financial year

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

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

8 Tax on loss (continued)

Deferred tax

	2022 $000	2021 $000
Unrecognised deferred tax asset at 25% (2021: 19%)		
Accelerated capital allowances	-	258
Other short-term timing differences	-	19
Tax losses carried forward	-	33
Total unrecognised deferred tax asset	-	310

The deferred tax asset is unrecognised as it is uncertain when and if there will be sufficient taxable profits in the future against which to utilise the deferred tax asset.

9 Debtors

	31 December 2022 $000	31 December 2021 $000
Amounts falling due within one year		
Trade debtors	87	352
Amounts owed by group undertakings	352	1,031
Other debtors	26	24
Contract asset	7	117
	472	1,524

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.

	31 December 2022		
	Gross carrying amount at risk of default $000	Expected credit loss rate %	Expected credit loss $000
Amounts due:			
Not due	95	0.25	-
Within 30 days	-	-	-
30-60 days	-	-	-
61 - 90 days	-	-	-
After 90 days	-	-	-
	95		-

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

9 Debtors (continued)

	31 December 2021		
	Gross carrying amount at risk of default $000	Expected credit loss rate %	Expected credit loss $000
Amounts due:			
Not due	201	1.60	3
Within 30 days	(11)	3.21	-
30 - 60 days	10	14.48	1
61 - 90 days	4	19.34	1
After 90 days	225	32.05	72
	429		77

10 Creditors: amounts falling due within one year

	31 December 2022 $000	31 December 2021 $000
Trade creditors	12	216
Accrued expenses	-	62
Amounts due to group undertakings	84	353
Social security and other taxes	2	-
Other creditors	8	3
	106	634

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

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

11 Share capital

	31 December 2022 $000	31 December 2021 $000
Authorised and allotted, called-up and fully paid		
9,076,249 (2021: 9,076,249) ordinary shares of £1 each at 1 January	13,076	13,076
	13,076	13,076

12 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 £672,319,000 (2021: £792,016,000). Positive cash balances held by the group exceeded overdrawn balances in 2022 and 2021.

13 Events after the balance sheet date

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