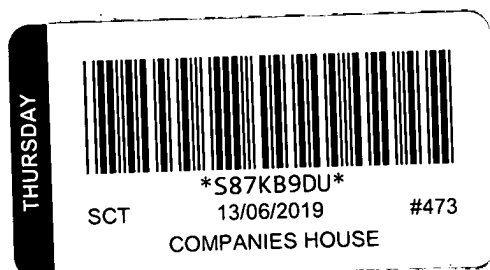


FT North America Limited

Annual Report and Financial Statements For the year ended 31 December 2018



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EDINBURGH

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Company Information

Officers and professional advisors

Directors

Asad Ali
John Tus

Statutory Auditor

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

Bankers

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

Registered Address

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

Strategic Report

for the financial year ended 31 December 2018

The directors present their strategic report for the financial year ended 31 December 2018.

Principal activities

The company's principal activity is to act as a holding company for its subsidiaries.

Review of the business and future developments

The profit for the financial year, after taxation, is CAD\$ 24,540,000 (2017: loss of CAD\$ 2,566,000). The profit for the year is driven by dividend income received from Honeywell Australia Finance Pty Limited of CAD\$ 317,545,000. There was an impairment charge of CAD\$ 292,244,000 on the company's investment in Honeywell Australia Finance Pty.

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

Financial risk management, objectives and policies

The company is exposed to foreign currency and interest rate risk arising out of amounts owed to/from group undertakings respectively. The company monitors and manages the foreign currency risk relating to the operations of the company at a group level, with the assistance of the treasury department of Honeywell International Inc. The exposures to interest rate risks have not been hedged as there is no net interest rate risk at group level on account of intra group loan balances. The company does not have exposure to credit risk as there is no credit risk at the group level on account of intra group loans.

Principal risks and uncertainties

As a holding company, the company is exposed to the value of its investments and the ability of its subsidiaries to generate surplus funds and pay dividends. The ultimate parent company actively manages the performance of its subsidiaries.

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 progress of current negotiations between the UK Government and the EU will likely determine the future terms of the UK's relationship with the EU, as well as to what extent the UK will be able to continue to benefit from the EU's single market and other arrangements. Until the Brexit negotiation process is completed, it is difficult to anticipate the potential impact on the Company and the wider Honeywell Group's operations. The uncertainty during and after the period of negotiation is also expected to increase volatility and may have an economic impact particularly in the UK and Eurozone.

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

DocuSigned by:



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Asad Ali
Director

11-Jun-2019

Directors' report

for the financial year ended 31 December 2018

The directors present their annual report and audited financial statements for the company of the financial year ended 31 December 2018.

Business review and future developments

A review of the business of the company and future developments is included in the strategic report on page 1.

Results and dividends

The company's profit for the financial year, after taxation was CAD\$ 24,540,000 (2017: loss of CAD\$ 2,566,000) which will be transferred to reserves. The results for the financial year are shown on page 8.

The directors recommended and paid a dividend of CAD\$ 375,003,000 for 28,500,001 equity shares at CAD\$ 13.16 per share (2017: CAD\$ Nil).

Financial risk management

The details of the financial risk management of the company is included in the strategic report on page 1.

Directors of the company

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

Asad Ali (appointed on 31 January 2018)
John Tus
Mehmet Erkilic (resigned on 31 January 2018)

Directors' indemnities

Pursuant to the company's articles of association, the directors were throughout the financial year ended 31 December 2018 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's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report.

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

Disclosure of information to auditors

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

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

On 28 May 2019 the company issued 123,112,700 ordinary shares of £ 1.00 each as fully-paid bonus shares to FT Finance Limited amounting to CAD 210,000,000. Further, on 4 June 2019 the company decided to reduce its share capital by 151,612,700 shares of £ 1.00 amounting to CAD 271,348,000. The reduction resulted in a credit to the profit and loss reserve.

Directors' report

for the financial year ended 31 December 2018

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:

Asad Ali

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Asad Ali
Director

11-Jun-2019

Directors' responsibilities statement

for the financial year ended 31 December 2018

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

To assist them in discharging these responsibilities, the directors have engaged a number of third party providers including an accounting firm who is engaged to prepare the company's financial statements, as well as Honeywell International Inc.'s own finance shared service centre located in Bengaluru. Honeywell operates a country controllership model under which an identified senior finance representative is responsible for all of the UK and Ireland entities, supported by a wider finance team and under the supervision of the Regional Finance Leader for North & South Europe. The 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 FT North America Limited*

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 of FT North America Limited which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

Independent auditor's report

to the members of FT North America Limited

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the 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.

We have nothing to report in respect of these matters.

Independent auditor's report
to the members of FT North America Limited

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.



James Boyle CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
11 JUNE 2019

Profit and loss account

for the financial year ended 31 December 2018

		2018	2017
	Notes	CAD\$ 000s	CAD\$ 000s
Administrative expenses		(292,351)	(2,038)
Dividend income	5	317,545	-
Operating profit/(loss)	6	25,194	(2,038)
Interest receivable	9	1,813	1,085
Interest payable	10	(1,850)	(1,165)
Profit/(loss) before taxation		25,157	(2,118)
Tax on profit/(loss)	11	(617)	(448)
Profit/(loss) for the financial year		24,540	(2,566)

All amounts are derived from continuing operations.

There is no material difference between the profit/(loss) before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents.

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

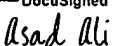
The notes on pages 11 to 20 form an integral part of the financial statements

Balance Sheet

as at 31 December 2018

		2018	2017
	Notes	CAD\$ 000s	CAD\$ 000s
Fixed assets			
Investments	12	416,702	708,946
		416,702	708,946
Current assets			
Debtors: amounts falling due within one year	13	130,678	189,299
		130,678	189,299
Creditors: amounts falling due within one year	14	(71,865)	(72,267)
Net current assets		58,813	117,032
Total assets less current liabilities		475,515	825,978
Net assets		475,515	825,978
Capital and reserves			
Called-up share capital	15	61,348	61,348
Other reserves	16	210,000	210,000
Profit and loss account		204,167	554,630
Total shareholders' funds		475,515	825,978

The financial statements on pages 8 to 20 were approved by the board of directors on and signed on its behalf by:

DocuSigned by:

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Asad Ali
Director
11-Jun-2019

Statement of changes in equity
for the financial year ended 31 December 2018

	<i>Called-up share capital</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>CAD\$ 000s</i>	<i>CAD\$ 000s</i>	<i>CAD\$ 000s</i>	<i>CAD\$ 000s</i>
At 1 January 2017	61,348	210,000	557,196	828,544
Loss for the financial year	-	-	(2,566)	(2,566)
At 31 December 2017	61,348	210,000	554,630	825,978
Profit for the financial year	-	-	24,540	24,540
Dividend paid (note 17)	-	-	(375,003)	(375,003)
At 31 December 2018	61,348	210,000	204,167	475,515

Notes to the financial statements

for the financial year ended 31 December 2018

1. General information

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

The immediate parent undertaking is FT Finance Limited, 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 financial statements contain information about the company as an individual company and do not contain consolidated financial information as parent of a group.

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

2. Significant accounting policies

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

Basis of preparation

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

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

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006. The company's financial statements are presented in Canadian Dollars and all values are rounded to the nearest thousand dollars (CAD\$ 000s) 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;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Notes to the financial statements

for the financial year ended 31 December 2018

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report.

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

Interest receivable

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Dividend income

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

Foreign currency translation

The company's financial statements are presented in Canadian 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 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.

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.

Financial instruments

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

Notes to the financial statements

for the financial year ended 31 December 2018

Financial instruments

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

Financial asset – recognition and measurement

Initial recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured 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.

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

Classification of financial assets

Currently, all financial assets meet the following conditions and hence are classified at amortised costs:

- 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.

This category is the most relevant to the company. 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 interest income in the profit and loss. The losses arising from impairment are recognised in the profit and 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.

Impairment of financial assets

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 and loans.

The company has considered any expected credit loss in respect of the 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.

Notes to the financial statements

for the financial year ended 31 December 2018

Financial liabilities - recognition and measurement

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

De-recognition

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

Financial Instruments – Accounting policies applied until 31 December 2017

Financial assets - recognition and measurement

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

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

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

3. Judgements and key sources of estimation uncertainty

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

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 2018

Estimates and assumptions

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

(i) Impairment of Investments

The investment in subsidiary undertakings is carried at cost less impairment. The assessment of impairment involves estimation in relation to the value of the unquoted investment based on the net assets of the underlying investment and projected cash flows, wherever applicable. At the period end the value of the investment was CAD\$ 416,702,000 (2017: CAD\$ 708,946,000). There was an impairment charge of CAD\$ 292,244,000 during the year.

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 2018. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard or amendment is described below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

As required by IFRS 9, the company has considered any expected credit loss in respect of the 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. We are satisfied that Honeywell International Inc. has the ability to provide this guarantee. Accordingly, the company has not recognised a provision for expected credit loss.

5. Dividend income

	2018	2017
	CAD\$ 000s	CAD\$ 000s
Dividend from Honeywell Australia Finance Pty Limited	317,545	-
Total dividend income	317,545	-

6. Operating profit

	2018	2017
	CAD\$ 000s	CAD\$ 000s
This is stated after charging:		
Impairment of investments	292,244	-
Loss on foreign exchange	66	2,032

7. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to CAD\$ 8,857 (2017: CAD\$ 4,932) 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.

Notes to the financial statements

for the financial year ended 31 December 2018

8. Employees and directors

In 2018, all directors (2017: all directors) did not undertake any relevant services to the entity and were remunerated by other group companies for their services to the group as a whole.

The company has no other employees (2017: no other employees).

9. Interest receivable

	2018	2017
	CAD\$ 000s	CAD\$ 000s
Interest receivable from group undertakings	1,813	1,085
Total interest receivable	1,813	1,085

10. Interest payable

	2018	2017
	CAD\$ 000s	CAD\$ 000s
Interest payable to group undertakings	1,561	1,108
Bank interest	289	57
Total interest payable	1,850	1,165

11. Taxation

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

	2018	2017
	CAD\$ 000s	CAD\$ 000s
Current tax:		
Foreign tax on profit/(loss) for financial year	617	448
Total current tax	617	448
Total tax expense reported in the profit and loss account	617	448

Notes to the financial statements

for the financial year ended 31 December 2018

(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% (2017: 19.25%). The differences are reconciled below:

	2018 CAD\$ 000s	2017 CAD\$ 000s
Profit/(loss) before tax	25,157	(2,118)
Profit/ (loss) multiplied by the effective rate of corporation tax in the UK of 19% (2017:19.25%)	4,780	(408)
Effects of:		
Expenses not deductible for tax purposes	56,142	448
Income not taxable for tax purposes	(60,334)	-
Unrecognised losses	1	1
Group relief not paid for	28	407
Total tax expense reported in the profit and loss account	617	448

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

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

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.

12. Investments

	2018 CAD\$ 000s	2017 CAD\$ 000s
Cost		
At 1 January and 31 December	708,946	708,946
Provision for impairment		
At 1 January	-	-
Provided during the year	(292,244)	-
At 31 December	(292,244)	-
Net book value	416,702	708,946

During the year, the company impaired the investment in Honeywell Australia Finance Pty. by CAD\$ 292,244,000.

Notes to the financial statements

for the financial year ended 31 December 2018

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

Shares in the company's subsidiary undertakings are ordinary shares. The subsidiary undertakings are listed in note 19.

13. Debtors: amounts falling due within one year

	2018	2017
	CAD\$ 000s	CAD\$ 000s
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	130,676	189,299
Prepayments and accrued income	2	-
<i>Total amounts falling due within one year</i>	<u>130,678</u>	<u>189,299</u>

Amounts owed by group undertakings include the following interest bearing loans and other borrowings:

Receivable	Currency	Interest terms	2018	2017
			CAD\$ 000s	CAD\$ 000s
On demand	GBP	3 Month Libor+0.25%	130,676	189,299

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

During the year, the company settled its intercompany receivables held in Honeywell Acquisition II Limited amounting to CAD\$ 57,457,187 in exchange for cash.

14. Creditors: amounts falling due within one year

	2018	2017
	CAD\$ 000s	CAD\$ 000s
Amounts owed to group undertakings	66,382	68,655
Corporation tax	1,065	448
Bank overdraft	4,418	3,164
<i>Total amount owed to creditors</i>	<u>71,865</u>	<u>72,267</u>

Amounts owed to group undertakings include the following interest bearing loans and other borrowings:

Payable	Currency	Interest terms	2018	2017
			CAD\$ 000s	CAD\$ 000s
On demand	CAD	CAD Libor 3M + 0.875%	65,859	64,298

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

Notes to the financial statements

for the financial year ended 31 December 2018

15. Called-up share capital

	2018	2017
	CAD\$ 000s	CAD\$ 000s
<i>Authorised Capital</i>		
100,000,000 (2017: 100,000,000) ordinary shares of £1 each as at 1 January and 31 December	215,256	215,256
<i>Allotted, called up and fully paid</i>		
28,500,001 (2017: 28,500,001) ordinary shares of £1 each as at 1 January and 31 December	61,348	61,348

16. Other reserves

	2018	2017
	CAD\$ 000s	CAD\$ 000s
<i>Balance at 1 January and 31 December</i>		
Capital contribution	210,000	210,000

The capital redemption reserves relates to a capital contribution received from a fellow Honeywell group company in 2005

17. Dividend paid

The directors recommended and paid a dividend of CAD\$ 375,002,942 (equivalent to CAD\$ 13.16 per share). (2017: CAD\$ NIL)

18. 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 CAD\$ 718,669,000 (2017: CAD\$ 907,996,179).

Positive cash balances held by the group exceeded overdrawn balances in 2018 and 2017.

Notes to the financial statements

for the financial year ended 31 December 2018

19. Subsidiary undertakings

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

<i>Name of company</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Address</i>
Directly held subsidiaries:			
FT Hungary 1 asset management Kft	Holding company	Hungary	2-4 Petnehazy. U., 1139 Budapest
Honeywell Australia Finance Pty Limited	Finance company	Australia	Level 3 2 Richardson Place North Ryde NSW2113
Indirectly held companies			
FT Hungary 2 asset management kft	Holding company	Hungary	2-3 Petnehazy.U., 1139 Budapest

20. Events after balance sheet date

On 28 May 2019 the company issued 123,112,700 ordinary shares of £ 1.00 each as fully-paid bonus shares to FT Finance Limited amounting to CAD 210,000,000. Further, on 4 June 2019 the company decided to reduce its share capital by 151,612,700 shares of £ 1.00 amounting to CAD 271,348,000. The reduction resulted in a credit to the profit and loss reserve.