

# FT North America Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2021

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## Company Information

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<b>Director</b>	Lazare Mounzeo Nidhi Jain
<b>Auditors</b>	Deloitte LLP Statutory Auditor Saltire Court 20 Castle Terrace Edinburgh EH1 2DB United Kingdom
<b>Bankers</b>	Barclays Bank Level 11 One Churchill Place London E14 5HP United Kingdom
<b>Registered office</b>	Honeywell House Skimped Hill Lane Bracknell Berkshire RG12 1EB United Kingdom

## Strategic Report for the Year Ended 31 December 2021

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The director presents his report for the year ended 31 December 2021.

### **Principal activity**

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

### **Review of the business and future developments**

The company's loss for the financial year, after taxation was CAD\$3,497,000 (2020: CAD\$5,396,000). The decrease in loss for the year is driven by a decrease in net interest payable of CAD\$2,669,000 (2020: CAD\$4,854,000), realised hedge loss of CAD\$1,808,000 (2020: CAD\$994,000) and a gain on disposal of Investment in HW Australia Finance Pty Ltd. amounting to CAD\$453,000 during the year.

The company holds financial instruments measured at amortised cost and as such the impact of the COVID-19 was limited to the effect on the trading activity of its subsidiaries and effect of fluctuations in exchange rates. The company has reviewed its investments for indicators of impairment and has concluded that no impairment is necessary as a result of the COVID-19 pandemic.

The EU-UK Trade and Cooperation Agreement (Brexit deal) was signed on 30 December 2020 and is effective from 1 January 2021. As a holding company, the Brexit deal is not expected to have a significant impact on the future activities of the company however it will affect the principal risks and uncertainties as detailed in following paragraphs.

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

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

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

### **Financial risk management, objectives and policies**

#### *Interest rate risks*

The company is exposed to interest rate risk arising out of amounts owed to/from group undertakings respectively. 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.

#### *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.

#### *Credit risks*

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. Considering that we are receiving a guarantee letter from Honeywell International Inc. to support Inter-company balances, we do not foresee any credit risk.

### **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.

## Strategic Report for the Year Ended 31 December 2021 (continued)

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 the 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, 2021, the virus continues to spread and many countries are experiencing a resurgence in infection rates. Although vaccines have recently 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.

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 are expected to impact the profitability of the company's subsidiaries. This may lead to a further decline in the fair value of its investments, owing to such reduction in its subsidiaries' profitability.

The COVID-19 pandemic continues to impact our business operations, and our customers' and suppliers' ability to operate at normal levels. Disruptions in normal operating levels continue to create supply chain disruptions and inflationary cost pressures within our end-markets. We anticipate supply chain constraints, and the inflationary environment will continue during 2022. As such, we implemented short-term and long-term strategies to reduce the impact of current and future effects. During the first quarter of 2022, governments around the world removed many restrictions on businesses and the general public. We continue to operate our manufacturing sites at normal production levels. As of May 31, 2022, we have returned 100% of our non-manufacturing employees to the workplace on a flexible schedule (3 days working from office – 2 days working from home). We continue to actively monitor regional COVID-19 outbreaks, and the related government restrictions and lockdown activities in the areas we operate. To date, the impacts of these actions have not been material.

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 may lead in future years to an increase in costs and administrative requirements and procedures 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 impact on the company, as a holding company, is limited to the effect on the company's subsidiaries and their ability to declare and pay dividends as well as 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.

Approved by the board of directors on <sup>29-Dec-2022</sup> and signed on its behalf by:

DocuSigned by:  
  
1912055408AD4AC.....  
Lazare Mounzeo  
Director

## Directors Report for the Year Ended 31 December 2021

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The director presents his report and the financial statements for the year ended 31 December 2021.

### **Business review and future developments**

A review of the business of the company and future developments is included in the strategic report on page 2.

### **Results and dividends**

The company's loss for the financial year, after taxation was CAD\$3,497,000 (2020: CAD\$5,396,000) which will be transferred to reserves. The results for the financial year are shown on page 10.

The director did not recommend the payment of a dividend (2020: CAD\$nil).

### **Financial risk management, objectives and policies**

The details of the financial risk management of the company are included in the strategic report on page 2.

### **Director of the company**

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

Nidhi Jain (appointed 22 April 2021 and resigned 14 December 2022)

Asad Ali (resigned 22 April 2021)

Lazare Mounzeo (appointed 14 December 2022)

### **Director's indemnities**

Pursuant to the company's articles of association, the director was throughout the financial year ended 31 December 2021 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 director recognises the financial situation of the company evidenced by the loss for the financial year of CAD\$3,497,000 (2020: CAD\$5,396,000) and net deficit in shareholder's funds of CAD\$463,000 (2020: surplus of CAD\$3,034,000).

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

The ultimate parent company, Honeywell International Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. While considering the ability of the ultimate parent company to provide financial support, the director, has reviewed the 2021 and Q3 2022 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The director has further relied on forward looking assessments provided by Honeywell International Inc. under various possible COVID-19 scenarios, 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 his consideration, the director has acknowledged the cost control measures already taken across Honeywell International Inc., the group's cash, cash equivalents and short term investments balance at 30 September 2022 of \$8.0 billion.

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

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on the European and global economy. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. At the date of these financial statements, the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

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

## Directors Report for the Year Ended 31 December 2021 (continued)

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### Disclosure of information to the auditors

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 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.

### 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 29-Dec-2022 and signed on its behalf by:

DocuSigned by:

*Lazare Mounzeo*

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Lazare Mounzeo  
Director

## Statement of Director's Responsibilities

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The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

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

In preparing these financial statements, the director is 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Independent Auditor's Report to the Members of FT North America Limited

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### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of FT North America Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 18.

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

#### Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 director's 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 director 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 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 FT North America Limited (continued)**

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### **Responsibilities of director**

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

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has 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 is available 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.

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.

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 concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

## Independent Auditor's Report to the Members of FT North America Limited (continued)

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### 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 Strategic Report and Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors Report have 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 Strategic Report and 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:

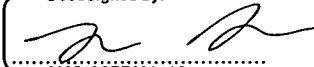
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### Use of our report

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

DocuSigned by:



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

Date: 29-Dec-2022

## Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 CAD\$000	2020 CAD\$000
Administrative expenses		(1,624)	133
Gain on sale of investments	12	453	-
Dividend income	4	484	-
Operating (loss)/profit	5	(687)	133
Interest receivable and similar income	9	623	1,067
Interest payable and similar expenses	10	(3,292)	(5,921)
Loss before taxation		(3,356)	(4,721)
Tax on loss	11	(141)	(675)
Loss for the financial year		<u>(3,497)</u>	<u>(5,396)</u>

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 continuing operations.

## Balance Sheet as at 31 December 2021

	Note	31 December 2021 CAD\$000	31 December 2020 CAD\$000
<b>Fixed assets</b>			
Investments	12	<u>241,803</u>	<u>320,382</u>
		<u>241,803</u>	<u>320,382</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	152,559	153,135
Cash at bank and in hand		<u>2,628</u>	<u>-</u>
		155,187	153,135
<b>Creditors: Amounts falling due within one year</b>	14	<u>(397,453)</u>	<u>(470,483)</u>
<b>Net current liabilities</b>		<u>(242,266)</u>	<u>(317,348)</u>
<b>Total assets less current liabilities</b>		<u>(463)</u>	<u>3,034</u>
<b>Net (liabilities)/assets</b>		<u>(463)</u>	<u>3,034</u>
<b>Capital and reserves</b>			
Called-up share capital	15	-	-
Retained earnings		<u>(463)</u>	<u>3,034</u>
<b>Shareholders' (deficit)/funds</b>		<u>(463)</u>	<u>3,034</u>

The financial statements on pages 10 to 23 were approved by the board of directors on <sup>29-Dec-2022</sup> and signed on its behalf by:

DocuSigned by:  
*Lazare Mounzeo*  
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Lazare Mounzeo  
Director

The notes on pages 13 to 23 form an integral part of these financial statements.

## Statement of Changes in Equity for the Year Ended 31 December 2021

	<b>Called-up share capital CAD\$000</b>	<b>Retained earnings CAD\$000</b>	<b>Total CAD\$000</b>
At 1 January 2020	-	8,430	8,430
Loss for the year	-	(5,396)	(5,396)
Total comprehensive loss	-	(5,396)	(5,396)
At 31 December 2020	-	3,034	3,034
	<b>Called-up share capital CAD\$000</b>	<b>Retained earnings CAD\$000</b>	<b>Total CAD\$000</b>
At 1 January 2021		3,034	3,034
Loss for the year	-	(3,497)	(3,497)
Total comprehensive loss	-	(3,497)	(3,497)
At 31 December 2021		(463)	(463)

The notes on pages 13 to 23 form an integral part of these financial statements.

## Notes to the Financial Statements for the Year Ended 31 December 2021

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### 1 General information

FT North America 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 strategic report on page 2.

The address of its registered office is:

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

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 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 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 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 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, the company's functional currency, and all values are rounded to the nearest thousand dollars (CAD\$ 000) except when otherwise indicated.

#### Summary of disclosure exemptions

In these financial statements, as a qualifying entity, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures';

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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### 2 Accounting policies (continued)

- 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);
- 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 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';
- 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); and
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

### Going concern

The director recognises the financial situation of the company evidenced by the loss for the financial year of CAD\$3,497,000 (2020: CAD\$5,396,000) and net deficit in shareholder's funds of CAD\$463,000 (2020: surplus of CAD\$3,034,000).

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

The ultimate parent company, Honeywell International Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. While considering the ability of the ultimate parent company to provide financial support, the director has reviewed the 2021 and Q3 2022 operating results and financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. The director has further relied on forward looking assessments provided by Honeywell International Inc under various possible COVID 19 scenarios, 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 director has acknowledged the cost control measures already taken across Honeywell International Inc, the group's cash, cash equivalents and short term investments balance at 31 December 2021 of \$11.5 billion and 30 September 2022 of \$8.0 billion.

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



## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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### 2 Accounting policies (continued)

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on the European and global economy. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. At the date of these financial statements, the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

#### Changes in accounting policy

##### New standards, interpretations and amendments effective

The following IFRS standards have been applied for the first time from 1 January 2021:

##### ***Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform (Phase 2)***

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition. These amendments had no impact on the financial statements of the company, which will apply the guidance to impacted transactions during the transition period. The company does not expect the adoption of this standard to have a material impact on the company's future financial statements.

##### ***Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021***

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. This amendment had no impact on the financial statements of the company.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

##### Interest receivable

Interest receivable 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.

##### Interest payable

Interest payable is recognised using the effective interest rate method. In calculating interest payable, the effective interest rate is applied to the amortised cost of the liability.

##### 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.

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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### 2 Accounting policies (continued)

#### Foreign currency translation

The company's financial statements are presented in Canadian 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 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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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.

#### Investments

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

#### Financial instruments

A financial instrument is any contract that gives rise to a financial asset 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 at their entirety at amortised cost.

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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### 2 Accounting policies (continued)

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.

#### 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

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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### 2 Accounting policies (continued)

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

#### *Financial liabilities*

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 of 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 director is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### **Judgements**

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

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 3 Judgements and key sources of estimation uncertainty (continued)

#### Estimates and assumptions

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

### 4 Dividend income

	2021 CAD\$000	2020 CAD\$000
From subsidiary	484	-

### 5 Operating profit

Arrived at after charging/(crediting)

	2021 CAD\$000	2020 CAD\$000
Foreign exchange (losses)/gains	(1,607)	133

### 6 Auditors' remuneration

Fees payable to the auditor, Deloitte LLP, amounted to CAD\$ 4,600 (2020: CAD\$ 4,600) 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 (2020: CAD\$ nil).

### 7 Staff costs

The company has no employees (2020: no employees).

### 8 Director remuneration

In 2021, the director (2020: the director) was remunerated by other group companies for her services to the group as a whole.

### 9 Interest receivable and similar income

	2021 CAD\$000	2020 CAD\$000
Interest receivable from group undertakings	623	1,067

### 10 Interest payable and similar expenses

	2021 CAD\$000	2020 CAD\$000
Interest on bank overdrafts	174	189
Interest payable to group undertakings	3,118	5,732
	3,292	5,921

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 11 Tax on loss

Tax charged in the profit and loss account:

	2021 CAD\$000	2020 CAD\$000
<b>Current taxation</b>		
UK corporation tax	141	675
Total current income tax	141	675
Tax expense in the profit and loss account	141	675

The tax on loss before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 CAD\$000	2020 CAD\$000
Loss before tax	(3,356)	(4,721)
Corporation tax at standard rate	(671)	(897)
Effect of income exempt from taxation	(178)	-
Group relief surrendered	849	897
Income of foreign affiliates	141	675
Total tax charge	141	675

### 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%. The Finance Act 2021 reading on 24 May 2021 substantively enacted the increase, and, therefore, is considered effective at the balance sheet date for deferred tax re-measurement purposes.

### Deferred tax

	2021 CAD\$000	2020 CAD\$000
<b>Unrecognised deferred tax asset at 25% (2020: 19%)</b>		
Unrecognised deferred tax asset	2	1
Total unrecognised deferred tax asset	2	1

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 Year Ended 31 December 2021 (continued)

### 12 Investments

Subsidiaries	CAD\$000
<b>Cost</b>	
At 1 January 2021	642,998
Disposals	(78,580)
At 31 December 2021	564,418
<b>Provision for impairment</b>	
At 1 January 2021	(322,615)
At 31 December 2021	(322,615)
<b>Carrying amount</b>	
At 31 December 2021	241,803
At 31 December 2020	320,382

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Country of incorporation	Holding
FT Hungary 1 asset management Kft *	Holding Company	2-4 Petnehazy.U., 1139 Budapest	Hungary	100%
Honeywell Australia Finance Pty Limited *	Finance Company	Level 3 2 Richardson Place North Ryde NSW2113	Australia	100%
FT Hungary 2 asset management kft	Holding Company	2-4 Petnehazy.U., 1139 Budapest	Hungary	100%

\*indicates direct investment of the company

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

During the year, the company disposed of a subsidiary - HW Australia Finance Pty Ltd. - realising a gain on disposal of CAD\$ 453,000.

### 13 Debtors

	31 December 2021 CAD\$000	31 December 2020 CAD\$000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	152,559	153,135

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 13 Debtors (continued)

Amounts owed by group undertakings include the following interest-bearing loans and other borrowings, all other amounts are interest free:

			31 December 2021 CAD\$000	31 December 2020 CAD\$000
Receivable	Currency	Interest terms		
On demand	GBP	0.32%	134,916	134,070
On demand	GBP	UK Base rate plus 1%	17,643	17,396

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

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

			31 December 2021 CAD\$000	31 December 2020 CAD\$000
Amounts due to group undertakings			397,312	460,045
Corporation tax liability			141	1,470
Loans and borrowings			-	8,968
			397,453	470,483

Amounts owed to group undertakings include the following loans and other borrowings, all other amounts are interest free:

			31 December 2021 CAD\$000	31 December 2020 CAD\$000
Payable	Currency	Interest terms		
On demand	CAD	CAD LIBOR 3M plus 0.875%	-	68,552
On demand	CAD	3M Bank Acc plus 0.25%	393,151	390,419

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

### 15 Called-up share capital

		31 December 2021 CAD\$000	31 December 2020 CAD\$000
<b>Authorised capital</b>			
151,612,701 (2020: 151,612,701) ordinary shares of £1 each		215,256	215,256
		215,256	215,256
<b>Allotted, called-up and fully paid</b>			
1 (2020: 1) ordinary share of £1 each		-	-
		-	-



## **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

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### **16 Dividends paid**

The director did not recommend the payment of a dividend (2020: CAD\$ nil).

### **17 Contingent liabilities**

The company, with other Honeywell group companies in the UK, has provided a bank guarantee under a composite accounting agreement. Under this agreement, bank interest is calculated on the net group position after setting off positive and overdrawn cash balances. The maximum contingent liability under this agreement is the total of overdrawn balances held by group companies, amounting to CAD\$1,359,900,000 (2020: CAD\$845,705,000). Positive cash balances held by the group exceeded overdrawn balances in 2021 and 2020.

### **18 Events after the balance sheet date**

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