Honeywell International UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023

Contents

Company Information

Director	Olga Dursun
Auditor	Deloitte LLP Statutory Auditor 3rd Floor 9 Haymarket Square Edinburgh EH3 8RY United Kingdom
Bankers	Barclays Bank Level 11 One Churchill Place London E14 5HP United Kingdom
Registered office	Honeywell House Skimped Hill Lane Bracknell Berkshire RG12 1EB United Kingdom

Strategic Report for the Year Ended 31 December 2023

The director presents her strategic report for the year ended 31 December 2023.

Principal activity
The principal activity of the company is to act as a holding company for its subsidiaries. The company also operates a cash pooling arrangement for fellow Honeywell undertakings in the United Kingdom.

Review of the business and future developments
The profit for the financial year, after taxation, is £26,738,000 (2022: £12,960,000). The profit for the year was mainly driven by Interest receivable and similar income of £68,630,000 (2022: £37,808,000), net of interest payable and similar expenses of £41,776,000 (2022: £20,826,000). The year on year movements are due to the movement in interest rates from 1.25% early 2022 to 6.25% at the end of 2023.

The company holds financial instruments measured at amortised cost and as such the impact of an ongoing military conflict in Ukraine, Israel-Hamas war and inflationary pressures 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 aforementioned conflict and inflationary pressures.

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 asset position and expects to remain so for the foreseeable future.

Financial risk management, objectives and policies

Foreign currency risks

The impact of an ongoing military conflict in Ukraine, the Israel-Hamas war and inflationary pressures have 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.

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.

Credit risks

The company does not have exposure to credit risk as there in 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.

The impact on the company, as a holding company, is limited to the effect on the company's subsidiary/subsidiaries and its/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. The ultimate parent company actively manages the performance of its subsidiaries.

Statement by the director in performance of her duties in accordance with s172(1) of Companies Act 2006
The following statement describes how the director has had regard to the matters set out in section 172(1)(a) to (f) when performing her duty under section 172 of the Companies Act 2006.

Strategic Report for the Year Ended 31 December 2023 (continued)

When making decisions, the director ensures that she acts in a way that she considers, in good faith, would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

	Section 172(1)	Overview of performance of statutory duties
(A)	The likely consequences of any decision in the long term	The director understands the business and the evolving environment in which we operate. The strategy followed by the board, and decisions taken to implement it, is intended to strengthen our position in the market place over the longer term.
(B)	The interests of the company's employees	Given the company is a holding company, there are no employees.
(C)	The need to foster the company's business relationships with suppliers, customers and others	The director recognises the importance of clear communication and proactive engagement with stakeholders. Comprehensive engagement enables informed decision making and is integral to the long-term success of the company. The director factors the implications of decisions on stakeholders, where relevant and feasible. Given the company is a holding company, there are no external suppliers or customers.
(D)	The impact of the company's operations on the community and the environment	The director applies Honeywell International Inc's Sustainable Opportunity Policy which is based on the principle that by integrating health, safety and environmental considerations into all aspects of our business, Honeywell protects its people, communities and the environment; achieves sustainable growth and accelerated productivity; drives compliance with all applicable regulations; and develops technologies that expand the sustainable capacity of our world. This policy is deliberately and directly embedded into the group-wide operating system, a blueprint for continuous operational improvement. Endorsed annually by the Honeywell International Inc CEO and senior leadership, the policy is posted in every facility and communicated to all employees and contractors.
(E)	The desirability of the company maintaining a reputation for high standards of business conduct	The director applies Honeywell International Inc's Code of Business Conduct which is designed to provide guidance on the Group's standards of Integrity and Compliance. By doing so the director helps to ensure that high standards are maintained both within the business and the business relationships we maintain.
(F)	The need to act fairly as between members of the company	By weighing up all relevant factors, the director considers which course of action best enables delivery of strategy through the long-term, taking into consideration the impact on stakeholders. The company had one shareholder in the current and prior year.

Principal decisions

Principal decisions, within the context of Section 172, are made within the context of the ultimate parent company Honeywell International Inc's group strategy and in accordance with policies and procedures set by Honeywell International Inc. During the year there were no principal decisions, within the context of Section 172 reporting, for the company to disclose.

19 September 2024

Approved by the director on .... and signed on its behalf by:

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Olga Dursun
Director

Director's Report for the Year Ended 31 December 2023

The director presents her report and the financial statements for the year ended 31 December 2023.

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.

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

Results and dividends
The company's profit for the financial year, after taxation was £26,738,000 (2022: £12,960,000) which will be transferred to reserves. The results for the financial year are shown on page 11.

The director did not recommend the payment of a dividend (2022: £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 director, who held office during the year, and up to the date of signing these financial statements, was as follows:

Olga Dursun

Director's indemnities
Pursuant to the company's articles of association, the director was throughout the financial year ended 31 December 2023 and is at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Employment of disabled persons
The company recognises that physically or otherwise disabled individuals are not, of necessity, prevented from making a valuable and significant contribution to the business, and where people have the attitudes and abilities necessary for the job, the company gives sympathetic consideration towards employing them, or retaining them in work should the disability emerge during employment. The company's policy is to ensure that no discrimination either direct or indirect occurs against employees or applicants, whether in selection, promotion, access to training, or appraisal.

Employee and stakeholder engagement
The company keeps employees fully informed of the company's strategies and their impact on the performance of the company and the group and encourages employee participation. Briefing meetings are held for each division to give information on company matters and provide an opportunity for discussion. E-mail bulletins are circulated regularly to all employees to ensure a common awareness of financial and economic factors that affect the performance of the company. Furthermore, employees can acquire shares in the ultimate parent company through the UK Share Builder Plan. Details of engagement with stakeholders undertaken during the year appears as part of our Section 172 statement on page 2. The company had no direct employees during the year. The company's direct and indirect subsidiaries have more than 250 employees in the UK.

Employee and stakeholder engagement
Details of engagement with stakeholders undertaken during the year appears as part of our Section 172 statement on page 3.

Engagement with suppliers, customers and other relationships
We recognise the importance of clear communication and proactive engagement with our stakeholders. Details of engagement with stakeholders undertaken during the year appears as part of our Section 172 statement on page 3.

Director's Report for the Year Ended 31 December 2023 (continued)

Disclosures concerning greenhouse gas emissions, energy consumption and energy efficiency
The company is exempt from the requirement to include Streamlined Energy and Carbon Reporting disclosures as it has consumed less than 40,000 kWh of energy from its activities during the year.

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 director recognises the financial situation of the company evidenced by the profit for the financial year of £26,738,000 (2022: profit of £12,960,000) and net surplus in shareholder's funds of £254,958,000 (2022: surplus of £228,220,000).

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 2023 financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. As part of her 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 June 2024 of $9.8 billion.

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation and the Israel-Hamas war may have an impact on the European and global economy. The entity does not have any significant direct exposure to Ukraine, Russia, Belarus, Israel or Palestine. The global economy experienced and continues to experience significant supply chain disruptions, increasing energy costs, and inflationary cost pressures. The impact on the company is limited, and 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.

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.

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

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

- so far as the 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 she ought to have taken as a director in order to make 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 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.

Director's Report for the Year Ended 31 December 2023 (continued)

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

Approved by the director on 19 September 2024 and signed on its behalf by:

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Olga Dursun
Director

Statement of Director's Responsibilities

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 she 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;
- state whether applicable UK Accounting Standards have 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 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 her to ensure that the financial statements comply with the Companies Act 2006. She 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 Honeywell International UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Honeywell International UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- 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 Honeywell International UK Limited (continued)

Responsibilities of the 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 for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

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

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

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

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

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

Independent Auditor's Report to the Members of Honeywell International UK Limited (continued)

- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's 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 or the Director's 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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Nikola Doig CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor
Edinburgh

Date: 26-Sep-2024

Profit and Loss Account for the Year Ended 31 December 2023

	Note	2023 £000	2022 £000
Administrative expenses		(116)	(4,022)
Operating loss	4	(116)	(4,022)
Interest receivable and similar income	8	68,630	37,808
Interest payable and similar expenses	9	(41,776)	(20,826)
Profit before taxation		26,738	12,960
Tax on profit	10	-	-
Profit for the financial year		26,738	12,960

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

The above results were derived from continuing operations.

Balance Sheet as at 31 December 2023

	Note	31 December 2023 £000	31 December 2022 £000
Fixed assets			
Investments	11	124,220	124,220
		124,220	124,220
Current assets			
Debtors: amounts falling due within one year	12	718,350	749,523
Cash at bank and in hand		46,845	78,372
		765,195	827,895
Creditors: Amounts falling due within one year	13	(634,457)	(723,895)
Net current assets		130,738	104,000
Total assets less current liabilities		254,958	228,220
Net assets		254,958	228,220
Capital and reserves			
Called-up share capital	14	13,524	13,524
Share premium	15	421	421
Capital redemption reserve	16	39,079	39,079
Retained earnings		201,934	175,196
Shareholders' funds		254,958	228,220

The financial statements on pages 11 to 25 were approved by the director on 19 September 2024 and signed on its behalf by:

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Olga Dursun
Director

Statement of Changes in Equity for the Year Ended 31 December 2023

	Called-up share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 January 2022	13,524	421	39,079	162,236	215,260
Profit for the year	-	-	-	12,960	12,960
Total comprehensive income	-	-	-	12,960	12,960
At 31 December 2022	13,524	421	39,079	175,196	228,220

	Called-up share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 January 2023	13,524	421	39,079	175,196	228,220
Profit for the year	-	-	-	26,738	26,738
Total comprehensive income	-	-	-	26,738	26,738
At 31 December 2023	13,524	421	39,079	201,934	254,958

The notes on pages 14 to 25 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2023

1 General information

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

The 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.

2 Accounting policies

Material accounting policy information and key accounting estimates

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

Basis of preparation

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

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

These financial statements are prepared 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 Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Summary of disclosure exemptions

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

- IFRS 7 - 'Financial instruments: Disclosures';

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

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';
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 - 'Impairment of Assets';
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); 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; and
- The requirements of Amendments to IAS 12 under International Tax reform - Pillar Two model rules. The company applied the relief from deferred tax accounting for Pillar two top-up taxes immediately upon the release of the amendments in May 2023.

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. While considering the ability of the ultimate parent company to provide financial support, the director has reviewed the 2023 financial performance of Honeywell International Inc. as well as representations and initiatives of Honeywell Executive Leadership. As part of her 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 June 2024 of $9.8 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.

2 Accounting policies (continued)

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation and the Israel-Hamas war may have an impact on the European and global economy. The entity does not have any significant direct exposure to Ukraine, Russia, Belarus, Israel or Palestine. The global economy experienced and continues to experience significant supply chain disruptions, increasing energy costs, and inflationary cost pressures. The impact on the company is limited, and 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.

Changes in accounting policy

New standards, interpretations and amendments that are effective for the current year
The following IFRS standards have been applied for the first time from 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- *Disclosure of Accounting Policies – amendments to IAS 1 and IFRS Practice Statement 2*

  The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

  Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

- *Definition of Accounting Estimates – Amendments to IAS 8*

  The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

  The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

- *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*

  The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

  - A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

  - Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

  The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

- *IFRS 17 Insurance Contracts*

  IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach); and

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

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.

Foreign currency translation
The company's financial statements are presented in Sterling, 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 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.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

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.

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

2 Accounting policies (continued)

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial liabilities at amortised cost

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

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

Derecognition

Financial assets

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

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

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss account. If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income. Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss account.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

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 and adjusted for forward-looking factors specific to the debtors and the economic environment. 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.

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

4 Operating loss

Arrived at after charging

	2023 £000	2022 £000
Foreign exchange losses	116	4,022

5 Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £3,675 (2022: £3,568) 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 (2022: £nil).

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

5 Auditor's remuneration (continued)

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

6 Staff costs

The company has no employees (2022: no employees).

7 Director remuneration

In 2023, the director (2022: the director) was remunerated by other group companies for her services to the group as a whole.

The director's services to the company were inconsequential.

8 Interest receivable and similar income

	2023 £000	2022 £000
Interest income on bank deposits	28,651	23,931
Interest receivable from group undertakings	39,979	13,877
	68,630	37,808

9 Interest payable and similar expenses

	2023 £000	2022 £000
Interest on bank overdrafts	27,334	14,551
Interest payable to group undertakings	14,442	6,275
	41,776	20,826

10 Tax on profit

Tax charged in the profit and loss account:

	2023 £000	2022 £000
Current taxation		
UK corporation tax	-	-
Total current income tax	-	-
Tax charge/(credit) in the profit and loss account	-	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 23.52% (2022: 19%).

The differences are reconciled below:

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

10 Tax on profit (continued)

	2023 £000	2022 £000
Profit before tax	26,738	12,960
Corporation tax at standard rate	6,289	2,462
Group relief	(6,289)	(2,462)
Total tax charge	-	-

Factors affecting tax charge for the financial year

The rate used to calculate tax is the blended rate of corporation tax in the UK of 23.52% (2022: standard rate 19%). The closing deferred tax asset as at 31 December 2023 has been calculated at 25% (2022: 25%) reflecting the tax rate at which the deferred tax asset is expected to be utilised in future periods.

Deferred tax

	2023 £000	2022 £000
Unrecognised deferred tax asset at 25% (2022: 25%)		
Other short-term timing differences	40	40
Tax losses carried forward	713	713
Total unrecognised deferred tax asset	753	753

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

11 Investments

Subsidiaries	**£000**
Cost	
At 1 January 2023	156,225
At 31 December 2023	156,225
Provision for impairment	
At 1 January 2023	(32,005)
At 31 December 2023	(32,005)
Carrying amount	
At 31 December 2023	124,220
At 31 December 2022	124,220

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

11 Investments (continued)

Details of the subsidiaries as at 31 December 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Country of incorporation	Holding
Honeywell Normalair-Garrett (Holdings) Limited*	Staff supply	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100.0%
Honeywell UK Limited*	Various	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100.0%
The Hymatic Engineering Company Limited*	Avionics equipment	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100.0%
Honeywell UK Pension Scheme Trustee Limited	Dormant	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100.0%
Honeywell CIF Trustee Limited	Dormant	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100.0%
Honeywell Normalair-Garrett Limited	In liquidation	Honeywell House, Skimped Hill Lane, Bracknell, Berkshire, RG12 1EB	United Kingdom	100.0%

* 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.

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

12 Debtors

	31 December 2023 £000	31 December 2022 £000
Amounts falling due within one year		
Amounts owed by group undertakings	718,348	749,523
Other debtors	2	-
	718,350	749,523

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

12 Debtors (continued)

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

Receivable	Currency	Interest terms	31 December 2023 £000	31 December 2022 £000
On demand	GBP	UK Base Rate plus 1%	468,609	423,748
On demand	GBP	4.18%	249,739	325,775

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

13 Creditors: amounts falling due within one year

	31 December 2023 £000	31 December 2022 £000
Amounts due to group undertakings	346,187	331,928
Bank overdrafts	288,270	391,967
	634,457	723,895

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

Payable	Currency	Interest terms	31 December 2023 £000	31 December 2022 £000
On demand	GBP	UK Base Rate plus 1%	251,490	237,697
On demand	GBP	0.72%	94,436	93,854
On demand	EUR	3M EURIBOR plus 0.25%	261	253

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

The interest on bank overdrafts amounted to £27,334,000 (2022: £14,551,000), see Note 9. The interest is based on UK Base rate plus margin.

14 Share capital

	31 December 2023 £000	31 December 2022 £000
Authorised capital		
2,898,391 (2022: 2,898,391) 'A' ordinary shares of £1 each	2,898	2,898
578,436 (2022: 578,436) 'B' ordinary shares of £1 each	578	578
19,500,000 (2022: 19,500,000) redeemable cumulative preference shares of £1 each	19,500	19,500
	22,976	22,976

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

14 Share capital (continued)

	31 December 2023 £000	31 December 2022 £000
Allotted, called-up and fully paid		
1,397,600 (2022: 1,397,600) 'A' ordinary shares of £1 each	1,398	1,398
578,436 (2022: 578,436) 'B' ordinary shares of £1 each	578	578
11,548,131 (2022: 11,548,131) redeemable cumulative preference shares of £1 each	11,548	11,548
	13,524	13,524

Holders of 'A' shares and 'B' shares are entitled to dividends in proportion to the amounts paid up including share premium. In the event of winding up, they are entitled to £1 on each share after payment to the preference shareholders. In addition, 'A' holders are entitled to any balance on distribution after the preference shareholders have been paid. Holders of 'A' and 'B' shares have equal voting rights. The redeemable cumulative preference shares of £1 each may be redeemed at par at any time at the option of the company. No premium is payable on redemption. The redeemable preference shares carry the right to attend shareholder meetings but have no rights to dividends and no voting rights.

15 Share premium

	2023 £000	2022 £000
Balance at 1 January and 31 December		
Premium arising on issue of equity shares	421	421

16 Capital redemption reserves

	2023 £000	2022 £000
Balance at 1 January and 31 December		
Capital redemption reserves	39,079	39,079

The capital redemption reserve was created in 1997 and relates to the investment in Honeywell Normalair-Garrett (Holdings) Limited.

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 £674,084,000 (2022: £672,319,000). Positive cash balances held by the group exceeded overdrawn balances in 2023 and 2022.

Further, at 31 December 2023 the company's overdraft contributed to this overall liability, see note 13.

18 Events after the balance sheet date

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