

Detector Electronics (U.K.) Limited

**Annual Report
for the year ended 31 December 2019**

Registered number: 01617797

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Detector Electronics (U.K.) Limited

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Detector Electronics (U.K.) Limited

Strategic Report

The Directors present their Strategic Report for the company for the year ended 31 December 2019.

Review of the business

Revenue for the year ended 31 December 2019 amounted to £11,969,000 (2018: £9,752,000). Loss before taxation for the year was £(20,000) (2018: Profit £1,406,000) and net assets at the year end amounted to £5,782,000 (2018: £5,802,000).

The Directors consider that in the challenging economic context of 2019, both the level of the business and the year end financial position were satisfactory.

The recovery in key sectors of our core markets continued in 2019. We will initiate further efforts to diversify in the coming years and 2019 saw specific teams formed to bring go-to-market plans to bear on key adjacent markets where our expertise and value may be leveraged.

Major projects in UK in 2019 were somewhat limited but mid-tier projects and OEM turbine business was buoyant. We also brought our German business under the UK entity and away from our sister company in Germany, which helped us to increase reach and customer base. Activity levels have continued to be positive throughout the year and into 2020. We continue to navigate well while bringing more resource to bear for the future major projects we anticipate.

Geopolitical issues and sanctions continue to cause the business additional burden of compliance and restriction. Brexit is a cause for concern however the company has a clear mitigation plan to handle additional workload, logistics issues and supply chain. Energy markets are showing clear signs of migrating investment to the renewable sector where we already have a firm foothold that we will continue to invest resources into developing.

The company's financial position at the end of the year is set out in the balance sheet on page 10 of the financial statements.

Key performance indicators

The company's key financial indicators for the year are as follows:

	2019	2018	Change
	£'000	£'000	%
Revenue	11,969	9,752	22.7 %
Gross profit	1,960	3,036	(35.4)%
(Loss)/ profit before taxation	(79)	1,381	(105.7)%
Operating (loss)/ profit as a % of sales	(0.7)%	14.2%	(14.9)%
Net current assets	5,420	5,378	0.8 %

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to some risks. More than half the business is sales to the oil and gas industries and demand is influenced by capital investment and ongoing maintenance budgets of the major customers.

The company is monitoring the oil price and the situation with regards to sanctions in end destinations such as Russia and part-owned end users by Russian corporations across the region. We work hard to understand the potential impact on future revenue streams in the oil industry.

One of the larger risks is with foreign exchange, with the weakening of the pound sterling resulting from Brexit, which may cause an increased GBP list price, making the business less price competitive.

Detector Electronics (U.K.) Limited

Strategic Report (Continued)

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including foreign exchange risk, credit risk, liquidity risk and price risk.

Foreign exchange risk

The company manages foreign exchange risk through arrangements with the UTC group whereby foreign currency that is not required is offered to the group at the spot rate and similarly required foreign currency can be obtained from the group at the spot rate.

Credit risk

The company manages its credit risk in line with its credit control policy, including credit checks, trade references and credit limit reviews.

Liquidity risk

The company ensures the availability of funding through managing cash flow and access to intercompany funding where required.

Price risk

The company's price risk arises from competition in the market. The company minimises this risk by operating in a number of markets with a defined pricing strategy and structure.

Future developments

The Directors of Detector Electronics (U.K.) Limited expect the general level of activity to remain consistent with 2019 in the forthcoming year.

On April 3, 2020, United Technologies Corporation ("UTC") separated into three independent, publicly traded companies; UTC, Otis Worldwide Corporation and Carrier Global Corporation (the "Separation"). As a result of the Separation, the ultimate parent of the Company changed from UTC to Carrier Global Corporation. On April 3, 2020, UTC became Raytheon Technologies Corporation.

As of the date of Financial Statements, the Company was not monitoring the evolution of the Covid-19 outbreak, as this was not known about. In the first weeks of 2020, this initially impacted economic activity only in China, but subsequently it spread to other countries, including the United Kingdom. The government has imposed restrictions on movement and person-to-person contact. The consequences on the economic front, of this and the outbreak itself, are currently difficult to quantify and evaluate.

With the Covid-19 outbreak it was only from the end of January that the existence of an effective "International Emergency" was declared and a pandemic was only declared on 12 March 2020. The Covid-19 outbreak was therefore considered by the Directors to be an event that does not entail adjustment to the balances represented within the financial statements.

It is noted by the Directors that the Covid-19 outbreak could also have a significant repercussion on future growth, having an impact on the prospects in the general economy and the financial markets. As of today, there is significant uncertainty and estimates are subject to change as the economic and financial effects of Covid-19 are known with more certainty. In addition, the duration of the Government's restrictions is not known and cannot be reasonably estimated. Additionally, the relatively short time that has elapsed between the start of the Covid-19 outbreak and today's date has not yet allowed the Directors to fully measure the effect that will inevitably occur in the coming months.

In any case the situation and its impact on the Company are constantly kept under close review by the Directors and appropriate measures are being implemented to protect the Company. Currently, the Directors believe that there is no substantial doubt about the Company's ability to continue as a going concern, for a reasonable period of time, from the date the financial statements are issued.

Detector Electronics (U.K.) Limited

Strategic Report (Continued)

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D Riddle', is written over the text 'Approved by the Board and signed on its behalf by:'. The signature is fluid and cursive.

D Riddle
Director
29th December 2020

1st Floor, Ash House
Littleton Road
Ashford
Middlesex
TW15 1TZ

Detector Electronics (U.K.) Limited

Directors' Report

The Directors present their annual report and audited financial statements of the company for the year ended 31 December 2019.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 to 3 and form part of this report by cross-reference.

Going concern

The current economic conditions continue to create uncertainty particularly around revenue and operating profit levels. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and committed financing arrangements.

Whilst the company partly meets its day-to-day working capital requirements and financing arrangements through UK group cash pooling arrangements, which are centrally managed by group companies (Parkview Treasury Services (UK) Limited and Kaysail Limited), there is a finite risk of a cash pooling mechanism failure and the facility can be terminated by the Pool Leader with 1 day's notice. Accordingly, the company has received a letter of support from Carrier Corporation, its ultimate parent undertaking.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Further details regarding the adoption of the going concern basis can be found in the notes to the financial statements.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Dividends

The Directors do not recommend the payment of a dividend (2018: £nil).

Directors

The Directors, who served throughout the year, and up to the date of signing the financial statements were as follows:

D Riddle

S Day

Chubb Management Services Limited (resigned 24 July 2019)

Directors' indemnities

The Directors have the benefit of an indemnity provided on a group wide basis via United Technologies Corporation which is a qualifying third party indemnity provision. The indemnity was in force throughout the last financial year and also at the date of approval of the financial statements.

Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

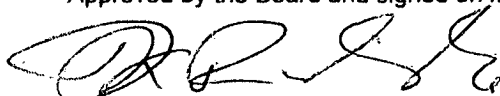
In the case of each Director in office at the date the Directors' Report is approved:

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

Independent Auditors

PricewaterhouseCoopers LLP have indicated 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 and signed on its behalf by:



D Riddle
Director
29th December 2020

1st Floor, Ash House
Littleton Road
Ashford
Middlesex
TW15 1TZ

Detector Electronics (U.K.) Limited

Independent auditors' report to the members of Detector Electronics (U.K.) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Detector Electronics (U.K.) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Detector Electronics (U.K.) Limited

Independent auditors' report to the members of Detector Electronics (U.K.) Limited

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Detector Electronics (U.K.) Limited

Independent auditors' report to the members of Detector Electronics (U.K.) Limited

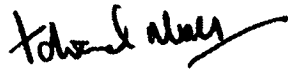
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29th December 2020

Detector Electronics (U.K.) Limited

Statement of comprehensive income

For the year ended 31 December 2019

Registered number: 01617797

	<i>Note</i>	2019 £'000	2018 £'000
Revenue	3	11,969	9,752
Cost of sales		(10,009)	(6,716)
Gross profit		1,960	3,036
Distribution costs		(1,728)	(1,769)
Administrative expenses		(311)	114
Operating (loss)/profit		(79)	1,381
(Loss)/profit before finance charges		(79)	1,381
Finance income	4	59	25
(Loss)/profit before taxation	5	(20)	1,406
Tax on (loss)/ profit	9	—	—
(Loss)/profit for the financial year		(20)	1,406
Other comprehensive income		—	—
Total comprehensive (loss)/ income for the year		(20)	1,406

All results are derived from continuing operations.

Detector Electronics (U.K.) Limited

Balance sheet

As at 31 December 2019

Registered number: 01617797

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	362	424
		362	424
Current assets			
Inventories	11	799	875
Debtors amounts falling due within one year	12	10,455	6,651
Cash at bank and in hand		48	44
		11,302	7,570
Creditors: Amounts falling due within one year	13	(5,882)	(2,192)
Net current assets		5,420	5,378
Net assets		5,782	5,802
Equity			
Called up share capital	14	80	80
Retained earnings		5,702	5,722
Total Shareholders' funds		5,782	5,802

The notes on pages 12 to 26 form part of these financial statements.

The financial statements on pages 9 to 26 were approved by the board of Directors on 29th December 2020 and were signed on its behalf by:



D Riddle
Director
29th December 2020

Detector Electronics (U.K.) Limited

Statement of changes in equity

For the year ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 January 2018	80	4,316	4,396
Profit for the financial year	—	1,406	1,406
Total comprehensive income for the year	—	1,406	1,406
Balance at 31 December 2018	80	5,722	5,802
Loss for the financial year	—	(20)	(20)
Total comprehensive loss for the year	—	(20)	(20)
Balance at 31 December 2019	80	5,702	5,782

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting Policies

Detector Electronics (U.K.) Limited ('the company') provides the sale and service of high speed fire and gas detection systems.

The company is a private limited company, limited by shares, and is incorporated and domiciled in England, UK. The address of its registered office is 1st Floor, Ash House, Littleton Road, Ashford, Middlesex, TW15 1TZ.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and all the years presented, unless otherwise stated.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements are therefore prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

1.Accounting Policies (continued)

As permitted by FRS 101, the company has taken advantage of some of the disclosure exemptions available under that standard. The key exemptions taken are as follows:

IFRS 7 – financial instrument disclosures

IFRS 13 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities

IAS 1 – Information on management of capital

IAS 7 – statement of cash flows

IAS 8 – disclosures in respect of new standards and interpretations that have been issued but are not yet effective

IAS 24 - disclosure of key management compensation and for related party disclosures entered into between two or more members of a group;

Where required, equivalent disclosures are given in the group financial statements of United Technologies Corporation. The group financial statements of United Technologies Corporation are available to the public and can be obtained as set out in note 18.

Adoption of new and revised Standards

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has not had a material impact on the company's financial statements. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

The company meets its day to day working capital requirements through a cash pooling arrangement which is centrally managed by its ultimate parent undertaking.

It is noted by the Directors that the Covid-19 outbreak could also have a significant repercussion on future growth, having an impact on the prospects in the general economy and the financial markets. As of today, there is significant uncertainty and estimates are subject to change as the economic and financial effects of Covid-19 are known with more certainty. In addition, the duration of the Government's restrictions is not known and cannot be reasonably estimated. Additionally, the relatively short time that has elapsed between the start of the Covid-19 outbreak and today's date has not yet allowed the Directors to fully measure the effect that will inevitably occur in the coming months.

In any case the situation and its impact on the Company are constantly kept under close review by the Directors and appropriate measures are being implemented to protect the Company. Currently, the Directors believe that there is no substantial doubt about the Company's ability to continue as a going concern, for a reasonable period of time, from the date the financial statements are issued.

Whilst the company partly meets its day-to-day working capital requirements and financing arrangements through UK group cash pooling arrangements, which are centrally managed by group companies (Parkview Treasury Services (UK) Limited and Kaysail Limited), there is a finite risk of a cash pooling mechanism failure and the facility can be terminated by the Pool Leader with 1 day's notice.

Detector Electronics (U.K.) Limited

Notes to the financial statements

1.Accounting Policies (continued)

Accordingly, the company has received a letter of support from Carrier Corporation, its ultimate parent undertaking.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The useful economic lives of intangible assets acquired separately are:

Software - 8 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of intangible assets

At each balance sheet date, the company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

1.Accounting Policies (continued)

Inventories

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

1.Accounting Policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these. The company's activities are described in detail below. The company bases its estimate of the return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods

Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and the recovery of the consideration is considered probable. For product sales, revenue is recognised when the performance obligations are satisfied in accordance with the customer contract.

A receivable is recognised when the performance obligations are satisfied in accordance with the customer contract. This is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pension costs

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting Policies (continued)

Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments).

Leases

The company as lessee

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: at fair value through profit or loss (FVTPL); and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

1.Accounting Policies (continued)

Effective interest method

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

Impairment of financial assets

Assets carried at amortised cost

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired.

Trade and other receivables

- Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.
- Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Company's obligation.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

2.Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies, which are described in note 1 above, the Directors are required to make judgements, 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.

Critical judgements in applying the company's accounting policies

The Directors do not believe there are any critical judgments, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Inventory provisioning

The company supplies, installs and maintains fire and security equipment which are subject to changing customer demands and technological change. As a result it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. Management consider the nature and condition of inventory, as well as apply assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning. See note 11 for the net carrying value of inventory and associated provision.

Impairment of Trade Receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the age profile of the receivable and historic experience. See note 12 for the net carrying amount of the receivables and the associated impairment provision.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

3.Revenue

An analysis of the Company's revenue is as follows:

	2019	2018
	£'000	£'000
Continuing operations		
Sales of goods	11,969	9,752
Total revenue	11,969	9,752

An analysis of the Company's revenue by geographical market is set out below:

	2019	2018
	£'000	£'000
Revenue:		
United Kingdom	2,378	3,051
European Union	7,687	4,998
United States of America	37	162
Rest of World	1,867	1,541
	11,969	9,752

4.Finance Income

	2019	2018
	£'000	£'000
Interest receivable:		
Bank deposits	59	25
	59	25

5.(Loss)/Profit Before Taxation

(Loss)/profit before taxation is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Net foreign exchange losses/(gains)	68	(172)
Amortisation of intangible assets	62	47
Operating lease charges:		
- plant and machinery	58	51
- building rent	115	138
Audit fees	18	28
Inventory recognised as expense	10,146	6,229
Movement in inventory provision	63	13
Impairment of trade receivables	116	92
Staff costs (see note 7)	1,309	1,619

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

6. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statement were £18,000 (2018: £28,000).

Fees payable to PricewaterhouseCoopers LLP for non-audit services to the company £nil (2018: £nil).

7. Staff Costs

The average monthly number of employees (including executive Directors) was:

	2019	2018
	Number	Number
Selling & Distribution	22	17
	22	17

Their aggregate remuneration comprised:

	2019	2018
	£'000	£'000
Wages and salaries	1,150	1,469
Social security costs	121	110
Other pension costs (see note 15)	38	40
	1,309	1,619

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

8.Directors' Remuneration and Transactions

	2019 £'000	2018 £'000
Directors' remuneration		
Emoluments	201	200
Company contributions to money purchase pension schemes	11	9
	<u>212</u>	<u>209</u>

	2019 Number	2018 Number
The number of Directors who:		
Are members of a pension scheme	2	2

Aggregate amounts paid to the Kidde UK pension scheme arrangement amounts to £10,583 (2018: £9,349).

	2019 £'000	2018 £'000
Remuneration of the highest paid Director:		
Emoluments and amounts (excluding shares) under long term incentive schemes	128	133
Company contributions to money purchase pension schemes	8	7

The highest paid Director exercised share options in the year and had shares receivable under long-term incentive schemes.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

9. Tax on (Loss)/Profit

Tax expense included in profit or loss:

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the year	—	—
Total current tax	—	—
Total tax on (loss)/profit	—	—

The credit for the year can be reconciled to the (loss)/ profit in the profit and loss account as follows:

	2019 £'000	2018 £'000
(Loss)/ Profit before taxation	(20)	1,406
Tax on (loss)/profit at standard UK corporation tax rate of 19.00% (2018: 19.00%)	(4)	267
Effects of:		
Expenses not deductible for tax purposes	—	11
Group relief received for nil consideration	(7)	(275)
Amounts not recognised	11	(3)
Total tax charge for the year	—	—

The reduction in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The current tax rate used in the year ended 31 December 2019 is therefore 19% and the rate used for closing deferred tax balances is 17%.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2019

10. Intangible Assets

	Software £'000	Total £'000
Cost		
At 1 January 2019	496	496
At 31 December 2019	496	496
Accumulated amortisation		
At 1 January 2019	72	72
Amortisation	62	62
At 31 December 2019	134	134
Net book value		
At 31 December 2019	362	362
At 31 December 2018	424	424

11. Inventory

	2019 £'000	2018 £'000
Raw materials and consumables	—	1
Work in progress	—	26
Finished goods and goods for resale	799	848
	799	875

Inventories are stated after provisions for impairment of £91,000 (2018: £28,000).

12. Debtors

Amounts falling due within one year:

	2019 £'000	2018 £'000
Trade receivables	2,756	2,569
Amounts owed by group undertakings	7,180	4,030
Other receivables	511	37
Prepayments and accrued income	8	15
	10,455	6,651

Trade receivables are stated after provision for impairment of £206,000 (2018: £155,000).

Detector Electronics (U.K.) Limited

Notes to the financial statements

Amounts owed by group undertakings includes a receivable balance by Kaysail Limited of £7,141,000 (2018 £456,000) at an interest rate of 1.98%, other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

For the year ended 31 December 2019

13. Creditors Amounts Falling Due Within One Year

	2019	2018
	£'000	£'000
Trade creditors	295	460
Amounts owed to group undertakings	4,987	1,262
Other creditors	78	148
Accruals and deferred income	522	322
	5,882	2,192

Amounts owed to group undertakings includes a payable balance to Parkview Treasury Services (UK) Limited of £2,730,000 (2018 receivable balance £3,527,000) at an interest rate of 0.92%, other amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Called Up Share Capital

Ordinary shares

	2019	2018
	£'000	£'000
Allotted and fully-paid		
80,000 (2018: 80,000) ordinary shares of £1 (2018: £1) each	80	80

15. Retirement Benefit Schemes

Defined contribution schemes

The company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to income of £38,000 (2018: £40,199) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 2019, contributions of £nil (2018: £nil) due in respect of the current reporting year had not been paid over to the schemes.

16. Share Based Payments

Cash-settled share-based payments

The company issues to certain employees share appreciation rights (SARs), determined by reference to the company's parent's shares, that require the company to pay the intrinsic value of the SAR to the employee at the date of exercise. The company has recorded liabilities of £nil and £nil in 2019 and

2018. The company recorded total expenses of £nil and £nil in 2019 and 2018, respectively. The total intrinsic value at 31 December 2019 and 2018 was £nil and £nil respectively.

For the year ended 31 December 2019

17.Subsequent Events

On April 3, 2020, United Technologies Corporation ("UTC") separated into three independent, publicly traded companies; UTC, Otis Worldwide Corporation and Carrier Global Corporation (the "Separation"). As a result of the Separation, the ultimate parent of the Company changed from UTC to Carrier Global Corporation. On April 3 2020, UTC became Raytheon Technologies Corporation.

18.Controlling Party

The company's immediate parent undertaking is Matlock Holdings Limited, with effect from 7th May 2019. Prior to this date the immediate parent undertaking was United Technologies Holdings Limited.

The company's ultimate parent undertaking and controlling party is United Technologies Corporation, a company incorporated in the United States of America.

United Technologies Corporation is the smallest and largest group to consolidate these financial statements.

Copies of the United Technologies group financial statements are publicly available and can be obtained from www.utc.com.