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Otis Limited

Annual Report
for the year ended 30 November 2017

Registered number: 147366

Otis Limited

Contents

Otis Limited

Strategic Report

The directors present their Strategic Report for the company for the year ended 30 November 2017.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review and principal activities

Otis Limited's ("the company"), registered number 147366, principal activities are the installation of lifts, and the associated maintenance and repair of lift equipment, throughout the United Kingdom.

The results of the year's trading and the financial position of the company are shown in the annexed financial statements.

The UK construction industry remains highly competitive and whilst 2017 has been a challenging year for the company there has been a continued improvement in order growth that will drive success into 2018 and beyond and provide the building blocks for continued growth in future years. Likewise, repairs and modernisation sales were both ahead of previous year, while portfolio value has shown stabilization compared to prior years decline. This leads Management to be confident in a positive outlook for 2018.

2017 has been a year of investment in the future of the company, investing in our people, cutting edge technology and continuing to grow market share whilst maintaining our focus on high quality execution.

People continue to be our main asset and we have continued to invest in our people from apprenticeship level to senior management. Our focus on 'Culture' during the year and into 2018 will ensure that our employees remain engaged and committed to helping the company achieve its full potential.

Key performance indicators
The company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy by reference to three KPI's.

Performance for the year, together with comparative data, is set out in the table below:

	2017	2016	Definition, method of calculation and analysis
Increase in sales (%)	10.0%	3.8%	Year on year sales increase expressed as a percentage. The year over year movement reflects an increase in New Equipment sales.
Return on sales (%)	(1.9)%	5.3%	Return on sales is the ratio of result on ordinary activities before taxation and interest to sales expressed as a percentage. Return on sales has decreased due to a cumulative impact of the increase in administrative expenses driven by an £8m swing in foreign exchange movement and increased employee costs.
Working capital turns	3.7	4.3	Working capital turns is the ratio of sales to stocks plus trade debtors less trade creditors and payments on account. The number of working capital turns has decreased slightly due to an increase in the trade debtor balance and the increment in payment on account for construction contracts.

Otis Limited

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks driven by the market, changes in regulations and risks associated with the financial strength of both suppliers and customers. The directors continually monitor and consider these risks and have strong policies and procedures that reduce their impact.

The directors are confident that the company will continue to maintain a satisfactory level of performance in these difficult trading conditions.

Approval

Approved by the Board and signed on its behalf by:

A Hernandez
Director

26 July 2018

Registered office
Chiswick Park
Building 5
Ground Floor
566 Chiswick High Road
London
W4 5YF

Otis Limited

Directors' Report

The directors present their Report and audited financial statements of the company for the year ended 30 November 2017.

International Financial Reporting Standards

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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 and form part of this report by cross-reference.

Going concern

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

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

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of credit risk and foreign exchange risk. The directors actively manage these risks by monitoring levels of risk and the related costs.

Foreign exchange risk

No derivatives are used other than forward exchange contracts which are entered into and used in conjunction with currency accounts in order to protect against foreign exchange movements. Foreign exchange risk arises on purchases for construction contracts and forward exchange contracts are used to mitigate these risks.

Credit risk

The company has implemented policies to carry out appropriate credit checks on potential customers before orders are taken.

Dividends

A dividend of £nil (2016: £6.122) per ordinary share amounting to £nil was proposed and paid during the year (2016: £7,500,000).

Directors

The directors, who served throughout the year except as noted, were as follows:

M Sinclair - resigned 30th June 2017
D Soley
R Sanders - resigned 30th March 2018
H Jolly
A Hernandez
R Sadler
A Korotvicka

Directors' Report (continued)

Directors indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Statement of disclosure of information to auditors

Each of the directors at the date of approval of this report confirms that so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 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.

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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the annual general meeting.

Approved by the Board and signed on its behalf by:

A Hernandez
Director

26 July 2018

Registered office
Chiswick Park
Building 5
Ground Floor
566 Chiswick High Road
London
W4 5YF

Independent auditors' report to the members of Otis Limited

Report on the audit of the financial statements

Opinion
In our opinion, Otis Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2017 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 at 30 November 2017; the income statement, 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 the 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 we 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 when:

- 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.

Independent auditors' report to the members of Otis Limited (continued)

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 30 November 2017 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 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 in respect of the financial statements set out on page 5, 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.

Independent auditors' report to the members of Otis Limited (continued)

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.

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.

Nicholas Stevenson

Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
26 July 2018

Otis Limited

Income statement
For the year ended 30 November 2017

	Note	2017 £'000	2016 £'000
Revenue	*3*	**226,685**	205,991
Cost of sales		**(201,042)**	(178,684)
Gross profit		**25,643**	27,307
Administrative expenses		**(28,944)**	(15,509)
Other operating expense		**(1,175)**	(818)
Operating (loss)/profit		**(4,476)**	10,980
Income from shares in group undertakings		**145**	-
(Loss)/profit before finance charges		**(4,331)**	10,980
Finance income	*4*	**2,943**	6,850
Finance costs	*5*	**(4,027)**	(2,020)
(Loss)/profit before taxation	*6*	**(5,415)**	15,810
Tax on (loss)/profit	10	**(66)**	(2,373)
(Loss)/profit for the financial year		**(5,481)**	13,437

All results are derived from continuing operations.

Otis Limited

Statement of comprehensive income
For the year ended 30 November 2017

	2017	2016
	£'000	£'000
(Loss)/profit for the financial year	**(5,481)**	13,437
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on pension scheme	**(13,500)**	(67,700)
Return on plan assets greater/(less) than discount rate	**35,300**	(16,800)
Income tax relating to items not reclassified:		
- movement on deferred tax relating to pension asset	**(3,706)**	14,222
	18,094	(70,278)
Total comprehensive income/(expense) for the year	**12,613**	(56,841)

Otis Limited
Registered number: 147366
Balance sheet at 30 November 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	11	189,593	190,737
Property, plant and equipment	12	6,638	5,155
Investments	13	37,806	39,106
Deferred tax asset	18	-	1,647
		234,037	236,645
Current assets			
Inventories	14	57,100	24,370
Trade and other receivables	15	192,113	218,514
Cash and cash equivalents		33,073	33,164
		282,286	276,048
Creditors: Amounts falling due within one year	16	(74,158)	(138,757)
Net current assets		208,128	137,291
Total assets less current liabilities		442,165	373,936
Creditors: Amounts falling due after more than one year	17	(78,876)	(2,777)
Provisions for liabilities	19	(2,969)	(2,349)
Deferred tax liability	18	(2,097)	-
Net asset excluding pension asset		358,223	368,810
Pension asset	22	87,000	65,100
Net assets		445,223	433,910
Equity			
Called up share capital	20	183,872	183,872
Share premium		4,198	4,198
Retained earnings		258,453	245,840
Merger reserve		(1,300)	-
Total shareholders' funds		445,223	433,910

The notes on pages 13 to 46 form part of these financial statements

The financial statements on pages 9 to 46 were approved by the board of directors on 26 July 2018 and were signed on its behalf by:

A Hernandez
Director

Otis Limited

Statement of changes in equity
For the year ended 30 November 2017

	Called up share capital (Note 20) £'000	Share premium £'000	Merger reserve £'000	Retained Earnings £'000	Total Share-holders funds £'000
Balance at 1 December 2015	**183,872**	**4,198**	**-**	**310,181**	**498,251**
Profit for the financial year	-	-	-	13,437	13,437
Other comprehensive (expense)/income for the year					
- Actuarial loss on pension scheme	-	-	-	(67,700)	(67,700)
- Return on plan assets less than discount rate	-	-	-	(16,800)	(16,800)
- Movement on deferred tax relating to pension asset and change in tax rates	-	-	-	14,222	14,222
	-	-	-	(70,278)	(70,278)
Total comprehensive expense for the year	-	-	-	(56,841)	(56,841)
Dividends	-	-	-	(7,500)	(7,500)
Balance at 30 November 2016	**183,872**	**4,198**	**-**	**245,840**	**433,910**
Loss for the financial year	-	-	-	**(5,481)**	**(5,481)**
Other comprehensive (expense)/income for the year					
- Actuarial loss on pension scheme	-	-	-	**(13,500)**	**(13,500)**
- Return on plan assets greater than discount rate	-	-	-	**35,300**	**35,300**
- Movement on deferred tax relating to pension asset and change in tax rates	-	-	-	**(3,706)**	**(3,706)**
	-	-	-	**18,094**	**18,094**
Total comprehensive income for the year	-	-	-	**12,613**	**12,613**
Merger reserve (Note 13)	-	-	**(1,300)**	**-**	**(1,300)**
Balance at 30 November 2017	**183,872**	**4,198**	**(1,300)**	**258,453**	**445,223**

Otis Limited

Notes to the financial statements
For the year ended 30 November 2017

1. Accounting policies

Otis Limited ('the company') principal activities are the installation of lifts, and the associated maintenance and repair of lift equipment, throughout the United Kingdom.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Chiswick Park, Building 5, Ground Floor, 566 Chiswick High Road, London W4 5YF.

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 financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006 except for the departure from the Companies Act explained in note 1.

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.

1. Accounting policies (continued)

The financial statements contain information about Otis Limited as an individual company and do not contain consolidated financial information as the 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 consolidated financial statements of its ultimate parent, United Technologies Corporation, a company incorporated in the United States of America.

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 3 – not to restate business combinations before the date of transition
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 wholly owned members of a group;
IAS 1 - the requirement to present roll forward reconciliations in respect of share capital and
IAS 16 - the requirement to present roll forward reconciliations in respect of property, plant and equipment

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 26.

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 Company meets its day to day working capital requirements through a cashpooling arrangement which is centrally managed by 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.

1. Accounting policies (continued)

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:

Service portfolios acquired – 10 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.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost. Depreciation on buildings is charged to income.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset, less any residual value, on a straight-line basis over its expected useful life, as follows:

Freehold buildings	Between 25 and 50 years
Leasehold land and buildings	Over the life of the lease
Plant and machinery	10 years
Motor vehicles	4 years
Fixtures & fittings	Between 5 and 10 years
Computers & software	Between 3 and 10 years

Useful lives are reviewed, and adjusted if appropriate, at the end of every reporting period. Assets under construction are depreciated from the date they come into use by the business.

1. Accounting policies (continued)

Goodwill
The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life.

As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.
It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, the effect of amortising over a useful life of 20 years would be a charge of £9.2 million (2016: £9.2 million) against operating result, and a reduction of £9.2 million (2016: £9.2 million) in the carrying value of goodwill in the balance sheet.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and 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.

Investments

Except as stated below, fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

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 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.

1. Accounting policies (continued)

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, trade discounts and rebates and estimated customer returns. Revenue is only discounted where the impact of discounting is material.

The business derives revenue from a number of streams and therefore uses a variety of methods for revenue recognition.

Sale of goods

Revenue from the sale of goods is recognized 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 with no installation requirements, revenue is recognized when the product is delivered to the customer in accordance with the agreed delivery terms. Where installation is also required, revenue on both the product and installation is recognized once the customer has confirmed its acceptance procedures.

On-going service contracts

Revenue is recognized in equal installments over the period that services are provided to the customer. Where amounts are received in advance of services being provided, the amounts are recorded as deferred income and included as part of Creditors due within one year.

Specific activity service contracts

Where service contracts require the performance of a specific activity, revenue is recognised once this specific activity has been completed to the performance required by the customer.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date. This is determined by measuring the costs incurred to date as a proportion of the expected cost of completing the contract. Variations in contract work, claims and incentive payments are included as revenue, to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade and other receivables.

1. Accounting policies (continued)

Revenue (continued)

Multiple element contracts

Some contracts contain multiple elements, such as the delivery and installation of lifts and the provision of a maintenance contract. In these contracts these activities are treated separately where appropriate, with the relevant account policy for revenue recognition, as noted previously, being applied to each individual component. Revenue is allocated between the elements on the basis of fair value of each of the elements.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

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

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

– current service cost, past-service cost and gains and losses on curtailments and settlements;

– net-interest expense or income; and

– remeasurement.

The company presents the first two components of defined benefit costs within cost of sales and administrative expenses (see note 22) in the income statement. Curtailments gains and losses are accounted for as past-service cost.

Net-interest expense or income is recognised within finance costs (see note 22).

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 profit or loss 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 derivative 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.

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in the income statement within finance costs.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

1. Accounting policies (continued)

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 timeframe 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: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.
A financial asset is classified as held for trading if:

• it has been acquired principally for the purpose of selling in the near term; or

• on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's

1. Accounting policies (continued)

Financial assets at FVTPL (continued)

documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the income statement. Fair value is determined in the manner described in note 23.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets objective evidence of impairment could include:
• significant financial difficulty of the issuer or counterparty; or
• default or delinquency in interest or principal payments; or
• it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

1. Accounting policies (continued)

Impairment of financial assets (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

1. Accounting policies (continued)

Financial liabilities at FVTPL (continued)

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 23.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 23.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

1. Accounting policies (continued)

Derivative financial instruments (continued)

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are discounted where the impact of discounting is material.

Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

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.

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 judgements, 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.

Revenue recognition – long term contracts

Revenue is recognised on long term contracts where the outcome of the contract can reliably be estimated. Revenue and costs are recognised based on the work performed at the date of the balance sheet. This is measured looking at the actual costs incurred to date as a percentage of the total estimated costs of the project. The estimated costs of a contract are based on detailed models of expected costs, which are regularly reviewed as the project progresses.

Adjustments to total expected costs are updated as required. Revenue is based on contracted amounts, and variations to the extent that they are considered reliable and the receipt can be considered probable. Management assess the likelihood that variations will be recovered considering: the contractual position, success rate of similar claims and the ability of the customer to accept the variation.

Useful economic lives of properties, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in estimated useful economic lives of the assets. The useful lives of the assets are assessed on an annual basis and are amended when necessary to reflect current estimates. See note 12 for the carrying amount for the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

Impairment of goodwill

Determining whether the company's goodwill has been impaired requires estimations of the goodwill value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the goodwill and suitable discount rates in order to calculate present values. The carrying amount of goodwill at the balance sheet date was £183,824,000 with £Nil impairment loss recognised in 2017 (2016: £Nil).

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Inventory provisioning

The company supplies, installs and maintains lifts and escalators 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 the level of inventory provisioning. See note 14 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 15 for the net carrying amount of the receivables and the associated impairment provision.

Defined Benefit Pension Scheme

The company has an obligation to pay pension benefits to certain employees. The costs of these benefits and the present value of the obligations depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 22 for the disclosures of the defined benefit scheme.

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £39,106,000 with £Nil impairment loss recognised in 2017 (2016: £Nil).

3. Revenue

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

	2017 £'000	2016 £'000
Continuing operations all in the UK		
Rendering of services	**90,154**	94,113
Revenue from construction contracts	**136,531**	111,878
	226,685	205,991

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4. Finance income

	2017 £'000	2016 £'000
Interest receivable:		
Bank deposits	**1,143**	3,049
Other loans and receivables	**-**	1
Net finance income on post retirement benefits	**1,800**	3,800
	2,943	6,850

5. Finance costs

	2017 £'000	2016 £'000
Other interest	**4,027**	2,020
	4,027	2,020

6. (Loss)/profit before taxation

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

	2017 £'000	2016 £'000
Net foreign exchange losses/(gains)	**577**	(7,236)
Depreciation of tangible fixed assets:		
- owned	**634**	468
Amortisation of intangible assets included in other operating expenses:		
- other	**1,144**	1,144
Operating lease charges	**4,285**	4,096
Staff costs (see note 8)	**77,778**	71,711

7. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's annual financial statements were £88,350 (2016: £93,005).

There were no fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services.

8. Staff costs

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

	2017 Number	2016 Number
Direct employees	**889**	895
Sales & administration	**597**	516
	1,486	1,411

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	**67,001**	62,115
Social security costs	**5,778**	5,237
Other pension costs (see note 22)	**4,999**	4,359
	77,778	71,711

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

9. *Directors' remuneration and transactions*

	2017 £'000	2016 £'000
Directors' remuneration		
Emoluments	**1,575**	1,073
Amounts receivable under long term incentive schemes	**-**	308
Compensation for loss of office	**193**	-
	1,768	1,381

9. Directors' remuneration and transactions (continued)

	2017 Number	2016 Number
The number of directors who:		
Are members of a defined benefit pension scheme	1	2
Are members of a defined contribution pension scheme	6	8

	2017 £'000	2016 £'000
Remuneration of the highest paid director:		
Emoluments	422	330
Amounts paid under long term incentive schemes	-	308

There is no accrued entitlements as at the end of the year in respect of the highest paid director who is not a member of the Company's defined benefit pension scheme (2016: £Nil). There is also no accrued lump sum.

Directors' transactions

Details of transactions with directors during the year are disclosed in note 25.

10. Tax on (loss)/profit on ordinary activities

Tax expense included in profit or loss:

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on (losses)/profits for the year	28	-
Adjustments in respect of prior years		
UK corporation tax	-	347
Total current tax	28	347
Deferred tax		
Current year	69	3,176
Adjustments in respect of prior years	(23)	59
Impact of rate change	(8)	(1,209)
Total deferred tax (see note 18)	38	2,026
Total tax on profit on ordinary activities	66	2,373

10. Tax (loss)/profit (continued)

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

	2017 £'000	2016 £'000
(Loss)/profit on ordinary activities before tax	**(5,415)**	15,810
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 19.33% (2016: 20.00%)	**(1,047)**	3,162
Effects of:		
Expenses not deductible for tax purposes	**324**	254
Re-measurement of deferred tax – changes in UK tax rates	**(8)**	(1,208)
Adjustments in respect of prior years	**(23)**	405
Effects of group relief/other reliefs	**820**	-
Income not taxable	**(28)**	-
Corporation tax paid on behalf of a liquidated subsidiary	**28**	-
ACT offset	**-**	(240)
Total tax charge for the year	**66**	2,373

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% was substantively enacted on 6 September 2016. The current tax rate used in the year ended 30 November 2017 is therefore 19.33% and the rate used for closing deferred tax balances is 17.00%.

Tax (income)/expense included in other comprehensive income

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	2017 £'000	2016 £'000
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Origination and reversal of timing differences	**3,706**	(14,222)
Impact of rate change		
Total income tax charge / (credit) recognised in other comprehensive income	**3,706**	(14,222)

11. Intangible assets

	Goodwill £'000	Service portfolio £'000	Total £'000
Cost			
At 1 December 2016	187,235	11,436	**198,671**
Additions	-	-	**-**
At 30 November 2017	187,235	11,436	**198,671**
Accumulated amortisation and impairment			
At 1 December 2016	(3,411)	(4,523)	**(7,934)**
Amortisation	-	(1,144)	**(1,144)**
At 30 November 2017	(3,411)	(5,667)	**(9,078)**
Net book value			
At 30 November 2017	183,824	5,769	**189,593**
At 30 November 2016	183,824	6,913	**190,737**

Amortisation has been included in the income statement within administrative expenses.

The company has performed an annual impairment review of the goodwill balance. This has involved calculating a recoverable amount.

The recoverable amount of the cash generating unit has been determined based on a value-in-use calculation. This calculation used post-tax cash flow projections based on financial budgets approved by management covering the next financial year and estimates for the following four financial years. Cash flows beyond this period are extrapolated using the estimated growth rates stated below.

The company's organic revenue is assumed to increase by 12% compound over five years. Gross margin has been assumed to between 13% and 16% which is in line with prior year results. Other operating costs are taken to be flat from 2018 onwards, on the basis that any increase in costs will be offset by the synergies received from its past business combinations.

The long term growth rate is 1% and the calculated post tax weighted average cost of capital is 9.3%.

12. Property, plant and equipment

	Freehold, leasehold land and buildings	Office equipment, plant and vehicles	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
At 1 December 2016	5,445	4,043	1,266	**10,754**
Additions	164	1,353	917	**2,434**
Disposals	(376)	-	-	**(376)**
At 30 November 2017	5,233	5,396	2,183	**12,812**
Accumulated depreciation				
At 1 December 2016	2,590	3,009	-	**5,599**
Depreciation	244	390	-	**634**
Disposals	(59)	-	-	**(59)**
At 30 November 2017	2,775	3,399	-	**6,174**
Net book value				
At 30 November 2017	2,458	1,997	2,183	**6,638**
At 30 November 2016	2,855	1,034	1,266	**5,155**

	2017	2016
	£'000	£'000
The net book amount of land and buildings comprises:		
Freehold Land	**200**	200
Freehold buildings	**1,408**	1,911
Short leasehold property	**850**	744
	2,458	2,855

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13. Investments

	Shares in subsidiary undertakings £'000	Shares in participating interest £'000	Total £'000
Cost			
At 1 December 2016	53,883	84	**53,967**
Additions	-	-	-
Reclassification	(1,300)	-	**(1,300)**
Disposals	-	-	-
At 30 November 2017	52,583	84	**52,667**
Provisions for impairment			
At 1 December 2016	14,777	84	**14,861**
Impairment in year	-	-	-
Disposals	-	-	-
At 30 November 2017	14,777	84	**14,861**
Net book value			
At 30 November 2017	37,806	-	**37,806**
At 30 November 2016	39,106	-	**39,106**

All subsidiaries below have been treated as a subsidiary undertaking because the Group exercises dominant influence over this investment, directing its financial and operating policies.

Details of the Company's subsidiaries at 30 November 2017 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee and are 100%.

In 2016, Elevation Lift Services Limited (ELS), a fully owned subsidiary of Otis Limited, hived up its trade and assets to Otis Limited. This has been accounted for as a transaction between entities under common control. In the year to 30 November 2017, Otis Limited reduced it's investment in Elevation Lift Services Limited by £1.3m and adjusted the merger reserve by the same amount to reflect the correct accounting treatment for the 2016 transaction. As this adjustment is not material to either the 2017 or 2016 financial statements the 2016 comparatives have not been restated to reflect this corrected accounting treatment.

13. Investments (continued)

Name	Place of incorporation and operation	Nature of business	Registered address
Otis Elevator Ireland Limited	Ireland	Manufacture, installation and service of lifts and escalators	Utc Building & Industrial Systems, 2 Stillorgan Industrial Park, Blackrock, Co Dublin, 81610
Irish Lift Services Limited	Ireland	Manufacture, installation and service of lifts and escalators	Naas Road Business Park, Muirfield Dr, Inchicore, Dublin, Ireland
Elevation Lift Services Ltd - acquired 10 November 15	Great Britain	Manufacture, installation and service of lifts and escalators	Chiswick Park Building 5 Ground Floor 566 Chiswick High Road, London, W4 5YF
Axis Holdco Limited – acquired 6 November 15	Great Britain	Manufacture, installation and service of lifts and escalators	Unit G1, 65 Glasshill Street, London, SE1 0QR
Blickglen Lifts Limited– acquired 6 November 15	Great Britain	Manufacture, installation and service of lifts and escalators	Unit G1, 65 Glasshill Street, London, SE1 0QR
Axis Elevators Limited– acquired 6 November 15	Great Britain	Manufacture, installation and service of lifts and escalators	Unit G1, 65 Glasshill Street, London, SE1 0QR
Abbey Liftcare Limited – acquired 25 May 16	Great Britain	Manufacture, installation and service of lifts and escalators	121 Brooker Road, Waltham Abbey, Essex, England, EN9 1JH
The Express Lift Company Ltd. (Previously Glebe Investment Limited) – acquired 25 May 16	Great Britain	Manufacture, installation and service of lifts and escalators	121 Brooker Road, Waltham Abbey, Essex, England, EN9 1JH
Triangle Lift Services Limited – acquired 23 May 6	Great Britain	Manufacture, installation and service of lifts and escalators	8 Windmill Business Park, Windmill Road, Kenn, Clevedon, North Somerset, BS21 6SR
Otis Isle of Man	Isle of Man	Manufacture, installation and service of lifts and escalators	Chiswick Park Building 5 Ground Floor 566 Chiswick High Road, London, W4 5YF
**West of Ireland Lifts Ltd – acquired 8 Dec 2016	Ireland	Manufacture, installation and service of lifts and escalators	The Waterfalls,Bracklagh, Liscarney, Westport, Co. Mayo.
**Liffey Lifts & Escalators Ltd – acquired 8 Dec 2016	Ireland	Manufacture, installation and service of lifts and escalators	The Waterfalls,Bracklagh, Liscarney, Westport, Co. Mayo.

** The immediate parent of West of Ireland Lifts Ltd and Liffey Lifts & Escalators Ltd, is Otis Elevator Ireland Limited.

13. *Investments (continued)*

The investments in subsidiaries are all stated at cost less provision for impairment.

Participating Interest	Place of incorporation	Principal activity	Equity holding
Al Majid Express Lift Company (Private)	Dubai	Service & installation of lifts	33.0%

All the interests in participating interest are in the ordinary share capital of the company concerned.

14. Inventories

	2017 £'000	2016 £'000
Contracts in progress	**248,130**	181,313
Finished goods and goods for resale	**1,108**	1,222
	249,238	182,535
Less progress claims	**(192,138)**	(158,165)
	57,100	24,370

The difference between the carrying value and the replacement cost of inventory is not considered to be significant.

Inventories are stated after provisions for impairment of £1,078,647 (2016: £1,012,676). £65,971 was recognised as an expense in the year.

15. Trade and other receivables

Amounts falling due within one year:

	2017 £'000	2016 £'000
Trade receivables	**33,906**	44,767
Amounts owed by group undertakings		
Group undertakings	**116,759**	158,664
Subsidiary undertakings	**3,438**	3,372
Other receivables	**1,905**	2,443
Prepayments and accrued income	**36,105**	9,268
	192,113	218,514

15. Trade and other receivables (continued)

Included within amounts owed by group undertakings is a receivable balance from Parkview Treasury Services (UK) Ltd of £39,776,592 (2016: £94,413,010).This represents surplus cash pooled with Parkview Treasury Services (UK) Ltd, in previous years this cash balance was pooled notionally with HSBC and disclosed within cash at bank and in hand on the face of the balance sheet. Also within the balance is a receivable balance from Beacon Luxembourg Sarl of £64,000,000, which also represents surplus cash deposited with Beacon Luxembourg Sarl (2016: £64,000,000).

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

The amount of provision for trade receivables was £6,265,382 (2016: £4,989,666).

16. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Payments on account in respect of construction contracts	**23,674**	14,065
Trade creditors	**7,943**	6,790
Amounts owed to group undertakings		
Parent undertakings	**1,714**	1,714
Group undertakings	**12,504**	85,541
Subsidiary undertakings	**4,753**	4,777
Corporation tax	**-**	-
Other taxation and social security	**1,867**	4,291
Accruals and deferred income	**21,703**	21,579
	74,158	138,757

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Creditors: amounts falling due after more than one year

	2017	2016
	£'000	£'000
Amounts owed to group undertakings	**76,798**	-
Deferred consideration on acquisitions	**2,078**	2,777
	78,876	2,777

The amounts owed to group undertakings falling due after more than one year represent amounts borrowed to fund the UTC UK Pension Scheme (defined benefit scheme). The loan is unsecured, bears interest at 5.25% and matures in May 2025. The loan was invested in the pension scheme under the Asset-Backed Contribution (ABC) structure. See Note 22 for further details.
In the prior year, this loan was included in the creditors falling due within one year.

18. Deferred tax liability/(asset)

Deferred tax assets are provided as follows:

	Retirement benefit obligations £'000	Total £'000
At 1 December 2016	(1,972)	(1,972)
Charged to profit and loss	18	18
Charged to other comprehensive income	3,706	3,706
At 30 November 2017	**1,752**	**1,752**

The company recognises deferred tax liabilities as follows:

	Accelerated tax depreciation £'000	Restructuring provision £'000	Derivatives £'000	Intangibles £'000	Total £'000
At 1 December 2016	(80)	(33)	411	27	325
(Credited)/Charged to profit and loss	110	14	(89)	(15)	20
At 30 November 2017	**30**	**(19)**	**322**	**12**	**345**

The provision for deferred tax consists of the following deferred tax liabilities / (assets)

	2017 £'000	2016 £'000
Deferred tax assets due within 12 months	-	-
Deferred tax liabilities due within 12 months	**345**	325
Total provision due within 12 months	**345**	325
Deferred tax assets due after more than 12 months	-	(1,972)
Deferred tax liabilities due after more than 12 months	**1,752**	-
Total provision due after more than 12 months	**1,752**	(1,972)
Total deferred tax provision / (asset)	**2,097**	(1,647)

19. Provisions for liabilities

	Public liability provision £'000	Restructuring provision £'000	Total £'000
At 1 December 2016	2,112	237	2,349
Additions to the income statement	230	1,037	1,267
Amounts utilized	(443)	(204)	(647)
At 30 November 2017	**1,899**	**1,070**	**2,969**

Public liability provision
The public liability charge for the year and the year-end balance relates to legal claims made against the company by the general public, primarily for losses suffered as a result of personal injury.

Restructuring provision
The restructuring charge for the year and the year-end balance relates to severance costs.

20. Called up share capital

Ordinary shares

	2017 £'000	2016 £'000
Allotted and fully-paid		
1,225,000 (2016: 1,225,000) ordinary shares of £1 each	**1,225**	1,225
182,647,000 (2016: 182,647,000) deferred shares of £1 each	**182,647**	182,647
	183,872	183,872

21. Financial commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	**2,950**	3,116
Between one and five years	**3,098**	4,634
After five years	**-**	-
	6,048	7,750

22. Retirement benefit schemes

The company formerly participated in the Otis Retirement Plan. On the 2 January 2009 this scheme merged with other group schemes to form the UTC UK Pension Scheme. This provides benefits to certain employees within the Otis Group.

The Otis Security Plan (the defined benefit section of the Otis Retirement Plan) was closed to new entrants with effect from September 1996 and a defined contribution section (the Otis Pensions Savings Plan) was introduced for new members. The defined contribution section of the scheme was closed on the 31 March 2012 and a new Prudential Stakeholder Pension Scheme was introduced on the 1st of April 2012, this was subsequently replaced by the Zurich Stakeholder Pension Scheme in October 2013.

Defined contribution schemes

The total cost charged to income of £1,598,548 (2016: £1,558,757) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. Contributions to this scheme are expensed as incurred and there are no amounts outstanding at the balance sheet date.

Defined benefit schemes

The UTC UK Pension Scheme (defined benefit scheme) is administered by the UTC Pension Trust Limited a separate fund that is legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

Under the Otis Section, the majority of employees are entitled to post-retirement yearly installments amounting to 1/60th of final salary for each complete month and year of pensionable service on attainment of a retirement age of 65. The pensionable salary is based on total earnings in the tax year prior to leaving service. In addition, the service period is limited to 40 years resulting in a maximum yearly entitlement (life-long annuity) of 2/3 of final salary.

The scheme typically exposes the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependents of scheme members is re-insured by an external insurance company.

Asset volatility	The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on scheme asset is below this rate, this could lead to deterioration in the Scheme's funding level, all other things being equal. Currently the scheme has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the scheme liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the scheme assets should be invested in equity securities and in real estate to leverage the expected return generated by the fund.
Change in bond yields	A decrease in the bond interest rate will increase the scheme liability but this could be expected to be partially offset by changes in the return on the scheme's debt investments.
Life expectancy	The present value of the defined benefit scheme liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the scheme's liability.

22. Retirement benefit schemes (continued)

Salary risk	The present value of the defined benefit scheme liability is calculated by reference to the future salaries of scheme participants. As such, an increase in the salary of the scheme participants will increase the scheme's liability.
Inflation risk	The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). Elements of the scheme's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation could also lead to a deterioration in the funding position.

No other post-retirement benefits are provided to these employees.

A full accounting valuation for accounting purposes of the Otis Section of the UTC (UK) Pension Scheme as at 31 December 2014 was carried out by Willis Towers Watson using the projected unit method. This valuation was updated as at 30 November 2017 by Willis Towers Watson. A separate valuation is performed for cash funding.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2017	2016
	%	%
Key assumptions used:		
Discount rate	**2.65**	2.88
Expected rate of salary increase	**2.75**	3.00
Retail price inflation	**3.25**	3.00
Consumer price inflation	**2.25**	2.00
Expected rate of increase of pensions in payment (where RPI min 0% max 5% applies)	**3.00**	3.00
Expected rate of increase of pensions in payment (where RPI min 0% max 3% applies)	**2.25**	2.15
Revaluation in deferment (where CPI min 0% max 5% applies)	**2.25**	2.25
Revaluation in deferment (where CPI min 0% max 2.5% applies)	**2.25**	2.25
Average longevity at age 65 for current pensioners (years)*		
Male	**21.1**	21.1
Female	**23.7**	23.6
Average longevity at age 65 for current employees (future pensioners) (years)*		
Male	**22.8**	22.7
Female	**25.6**	25.5

* Based on standard mortality table with modifications to reflect expected changes in mortality.

22. Retirement benefit schemes (continued)

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2017 £'000	2016 £'000
Current service cost	3,400	2,800
Interest income	(1,800)	(3,800)
Administration costs incurred during the year	1,200	1,500
	2,800	500

Of the expense (service and administration costs) for the year, £3,404,000 (2016: £3,182,000) has been included in the income statement as cost of sales and £1,196,000 (2016: £1,118,000) has been included in administrative expenses. The net interest income has been included within finance income (see note 4). The re-measurement of the net defined benefit asset is included in the statement of comprehensive income.

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2017 £'000	2016 £'000
Present value of defined benefit obligations	(515,900)	(509,100)
Fair value of scheme assets	602,900	574,200
Funded status	87,000	65,100
Restrictions on asset recognised	-	-
Net defined benefit asset	87,000	65,100

Movements in the present value of defined benefit obligations in the year were as follows:

	2017 £'000	2016 £'000
Opening defined benefit obligation	509,100	442,400
Current service cost	3,400	2,800
Interest cost	14,400	15,800
Plan participants' contributions	-	-
Re-measurement (gains)/losses:		
Actuarial gains arising from experience adjustments	-	-
Actuarial losses arising from changes in financial assumptions	13,500	57,900
Actuarial (gains)/losses arising from changes in demographic assumptions	-	9,800
Benefits paid	(24,500)	(19,600)
Closing defined benefit asset	515,900	509,100

22. Retirement benefit schemes (continued)

Movements in the fair value of scheme assets in the year were as follows:

	2017 £'000	2016 £'000
Opening fair value of scheme assets	**574,200**	506,000
Interest income	**16,200**	19,600
Re-measurement gains:		
The return on scheme assets (excluding amounts included in net interest expense)	**35,300**	(16,800)
Contributions from the employer	**2,900**	86,500
Contributions from scheme participants	**-**	-
Benefits paid	**(24,500)**	(19,600)
Administrative costs paid	**(1,200)**	(1,500)
Closing fair value of scheme assets	**602,900**	574,200

Reconciliation to the balance sheet is as follows:

	2017 £'000	2016 £'000
Opening defined benefit asset	**65,100**	63,600
Current service cost	**(3,400)**	(2,800)
Net Interest on net defined benefit asset	**1,800**	3,800
Remeasurement gains/(losses):		
Actuarial gains arising from experience adjustments	**-**	-
Actuarial losses arising from changes in financial assumptions	**(13,500)**	(67,700)
Return on plan assets greater / (less) than discount rate	**35,300**	(16,800)
Employer contributions	**2,900**	86,500
Administrations costs incurred during the year	**(1,200)**	(1,500)
Closing defined benefit asset	**87,000**	65,100

22. Retirement benefit schemes (continued)

The major categories and fair values of scheme assets at the end of the reporting year for each category are as follows:

	2017 £'000	2016 £'000
Cash, equity, securities and cash equivalents	**241,763**	155,034
Debt instruments	**163,989**	269,874
Property	**15,675**	29,858
Other	**181,473**	119,434
Total	**602,900**	574,200

The actual gain on scheme assets was £35,300,000 (2016: loss £16,800,000).

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

	Impact on defined benefit obligation		
	Change in assumption	**Increase in total liabilities**	**Decrease in total liabilities**
Discount rate	Increase by 0.1%	-	£7.6m
Salary growth rate	Increase by 1%	Increase by 2%	-
Inflation sensitivity	Increase by 0.1%	£2.3m	-
Life expectancy	Increase by 1 year	Increase by 4.5%	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Company expects to make a contribution of £3,700,000 (2016: £3,000,000) to the defined benefit scheme during the next financial year.

23. Financial instruments

Categories of financial instruments at fair value

	2017 £'000	2016 £'000
Financial (liabilities)/assets at fair value		
Fair value through profit and loss (FVTPL)	**1,895**	2,416

Changes in value of financial instruments at fair value

Profit for the year has been arrived at after charging/(crediting):

	Year ended 2017 £'000	Year ended 2016 £'000
Financial assets/(liabilities) at fair value		
Fair value through profit and loss (FVTPL)	**521**	(5,959)

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted forward rates matching maturities of the contracts.

Derivatives

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts.

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments within 90% to 100% of the exposure generated. The Company also enters into forward foreign exchange contracts to manage the risk associated with anticipated purchase transactions out to 5 years within 90% to 100% of the exposure generated.

24. Contingent liabilities

	2017	2016
	£'000	£'000
Performance guarantees	**7,433**	7,421

In the opinion of the directors no liability is expected to arise.

25. Related party transactions

Directors' transactions

None of the directors have had loans with the company at any time during this or the previous year.

Other related party transactions

The company has no disclosure to make on related party transactions as all transactions with other group companies are with wholly owned companies within the United Technologies Corporation group.

26. Controlling party

The company's immediate parent undertaking is United Technologies Finance (U.K.) 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 Corporation group financial statements are publicly available and can be obtained from www.utc.com