

**Toshiba Carrier UK Ltd.**

**Annual Report  
For the year ended 30 November 2018**

Registered number: 03723803  
(England and Wales)



# Toshiba Carrier UK Ltd.

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# **Toshiba Carrier UK Ltd.**

## **Company information**

### **Directors**

T Jabbour  
J F Hendrickx  
A Tateishi  
D Dunn  
S McMullen  
S Shirakawa

### **Company secretary**

S Boniface

### **Registered office**

Porsham Close  
Roborough  
Plymouth  
Devon  
PL6 7DB

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
2 Glass Wharf  
Bristol  
BS2 0FR

### **Bankers**

HSBC  
PO Box 26  
4 Old Town Street  
Plymouth  
PL1 1DD

### **Company registration number**

03723803

## **Toshiba Carrier UK Ltd.**

### **Strategic Report For the year ended 30 November 2018**

The directors present their Strategic Report for the company for the year ended 30 November 2018.

#### **Review of the business**

Turnover decreased to £78,120,000 (a decrease of 2.9% against 2017 sales of £80,454,000), due to a slower market impacted by reduced business investment and commercial construction activity.

Gross profit, at £20,537,000 (2017: £18,822,000) shows an increase in gross margin to 26.3% of turnover (2017: 23.4% of turnover). This reflects some re-attainment of margins that were lost in 2016 and 2017 following the devaluation of sterling after the referendum and some changes in sales mix.

Operating profit has decreased from £2,514,000 in 2017 to £1,541,000 in 2018 reflecting in particular increased pension costs due to additional contributions being made to the defined benefit pension scheme.

On 30 November 2018 the business acquired the net assets of affiliated company CIAT Ozonair Ltd for a cash and debt free price of £739,738 which was determined to be an arms' length valuation.

Profit before taxation decreased to £1,507,000 (2017: £2,765,000), again attributable mainly to the increased pension costs.

At 30 November 2018 the company had net assets of £24,183,000 (2017: £23,399,000).

The board considers the performance to be acceptable in a competitive marketplace.

#### **Key performance indicators (KPIs)**

The company prepares monthly KPIs and compares these to forecast and planned figures to assist management in monitoring the performance of the business. Forecasts are prepared at the beginning of each month. The KPIs used include profitability ratios, working capital ratios, and orders/backlog coverage. Profitability ratios used include gross margins by customer, overheads as a % of sales, and EBIT (earnings before interest and tax) as a % of sales. Working capital ratios used include debtor days, creditor days and stock turnover.

The company's results for the year show a decrease in Return on Sales to 2.0% (2017: 3.1%), a decrease in Net Inventory Turnover of 72 days (2017: 79 days) and an increase of Days Sales Outstanding of 105 days (2017: 68 days).

## Toshiba Carrier UK Ltd.

### Strategic Report For the year ended 30 November 2018

#### Principal risks and uncertainties

The key business risks affecting the Company are considered to be increased competition, technological advances, unpredictability of market demand, continued difficult economic environment and pressure on margins due to fewer projects being available in the marketplace.

We are reliant on product ranges from Toshiba and Carrier; we continuously liaise with them to ensure technical and legislative requirements are met and to ensure we have product ranges to compete in the marketplace.

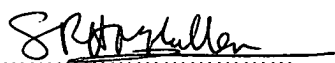
#### Future developments

The 2019 commercial environment is expected to remain competitive in the domestic and export markets with pressures on sales/profitability.

The 2019 plan is to continue to place emphasis on working capital, shortening customer lead time whilst revising terms with suppliers in order to maintain the profitability of the Company.

#### Approval

Approved by the Board and signed on its behalf by:



S McMullen  
Director

30 OCTOBER 2019

Porsham Close  
Roborough  
Plymouth  
Devon  
PL6 7DB

## **Toshiba Carrier UK Ltd.**

### **Directors' Report For the year ended 30 November 2018**

The directors present their Report and audited financial statements of the company for the year ended 30 November 2018.

#### **Future developments**

Details of future developments can be found in the Strategic Report on page 3.

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

The Company's operations expose it to a variety of financial risks including the effects of credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks.

#### ***Cash flow risk***

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. A proportion of supplies are purchased in a currency other than Sterling. In order to manage potential fluctuations in the exchange rate, the Company purchases currency on a monthly basis by utilising the group hedging facility.

#### ***Credit risk***

The Company's principal financial assets are bank balances and cash, trade and other debtors, and investments.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Appropriate credit checks are made prior to the sanctioning of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Where appropriate advance payments are requested from customers. Weekly reviews of the debtor's ledger are carried out with the finance and operations teams and action initiated to collect any overdue amounts, thus optimising the Company's liquidity position.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### ***Liquidity risk***

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company participates within an Intercompany Loan Arrangement through which it makes short and long term borrowings. Interest rates are controlled and monitored by United Technologies Holdings Ltd, a fellow group company, with associated interest charges being communicated to the Company.

## **Toshiba Carrier UK Ltd.**

### **Directors' Report For the year ended 30 November 2018**

#### **Dividends**

The profit for the financial year amounted to £1,341,000 (2017: profit £2,215,000), which has been transferred to reserves. The Directors do not recommend the payment of a dividend (2017: £nil).

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

T Jabbour  
J F Hendrickx  
A Tateishi  
D Dunn  
S McMullen  
S Shirakawa

#### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in force 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 systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its performance and the future of the business. The group encourages the involvement of employee's by means of local staff meetings.

**Toshiba Carrier UK Ltd.**

**Directors' Report  
For the year ended 30 November 2018**

**Disclosure of information to auditors**

Each of the persons who are a director at the date of approval of this report confirms that:

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

**Independent Auditors**

Pursuant to sections 485 – 488 of the Companies Act 2006, PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



S McMullen  
Director

30 OCTOBER 2019

Porsham Close  
Roborough  
Plymouth  
Devon  
PL6 7DB



**Toshiba Carrier UK Ltd.**

**Directors' responsibilities statement  
For the year ended 30 November 2018**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



S McMullen  
Director

30 OCTOBER 2019

Porsham Close  
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Plymouth  
Devon  
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Toshiba Carrier UK Ltd.

**Independent auditors' report to the members of Toshiba Carrier UK Ltd.  
for the year ended 30 November 2018**

**Report on the audit of the financial statements**

***Opinion***

In our opinion, Toshiba Carrier UK Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 30 November 2018; 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.

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**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***

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Toshiba Carrier UK Ltd.

**Independent auditors' report to the members of Toshiba Carrier UK Ltd.  
for the year ended 30 November 2018**

***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.

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.

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**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 2018 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**

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**Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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.

Toshiba Carrier UK Ltd.

**Independent auditors' report to the members of Toshiba Carrier UK Ltd.  
for the year ended 30 November 2018**

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**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

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**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***

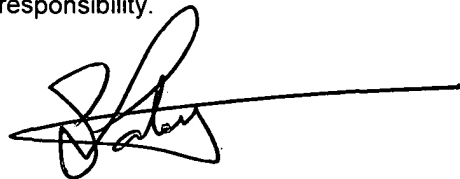
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Stephen Patey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol

30 October 2019



Toshiba Carrier UK Ltd.

**Income statement  
for the year ended 30 November 2018**

	<i>Note</i>	2018 £'000	2017 £'000
<b>Revenue</b>	<b>3</b>	<b>78,120</b>	80,454
Cost of sales		<b>(57,583)</b>	(61,632)
<b>Gross profit</b>		<b>20,537</b>	18,822
Distribution costs		<b>(2,507)</b>	(2,727)
Administrative expenses		<b>(16,672)</b>	(13,735)
Other operating income		<b>183</b>	154
<b>Operating profit</b>		<b>1,541</b>	2,514
<b>Profit before finance income/(costs)</b>		<b>1,541</b>	2,514
Exceptional Item	<b>4</b>	<b>(421)</b>	-
Other interest receivable and similar income	<b>5</b>	<b>456</b>	297
Interest payable and similar expenses	<b>6</b>	<b>(69)</b>	(46)
<b>Profit before taxation</b>	<b>7</b>	<b>1,507</b>	2,765
Tax on profit	<b>11</b>	<b>(166)</b>	(550)
<b>Profit for the financial year</b>		<b>1,341</b>	2,215

All results are derived from continuing operations.

Toshiba Carrier UK Ltd.

**Statement of comprehensive income  
for the year ended 30 November 2018**

	<i>Note</i>	<b>2018 £'000</b>	2017 £'000
<b>Profit for the financial year</b>		<b>1,341</b>	2,215
<b>Other comprehensive (expense)/income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on pension scheme	<b>21</b>	<b>(671)</b>	5,648
Income tax relating to items not reclassified:			
- movement on deferred tax relating to net pension asset	<b>18</b>	<b>114</b>	(960)
<b>Total other comprehensive (expense)/income</b>		<b>(557)</b>	4,688
<b>Total comprehensive income for the year</b>		<b>784</b>	6,903

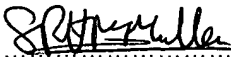
Toshiba Carrier UK Ltd.  
Registered number: 03723803

Balance sheet  
as at 30 November 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	12	943	981
Property, plant and equipment	13	1,970	1,921
Deferred tax asset	18	227	192
		<b>3,140</b>	<b>3,094</b>
<b>Current assets</b>			
Inventories	14	12,349	13,382
Trade and other receivables	15	22,819	16,345
Cash and cash equivalents		2,506	2,749
Derivative financial instruments	22	35	63
		<b>37,709</b>	<b>32,539</b>
<b>Creditors: Amounts falling due within one year</b>	<b>16</b>	<b>(29,774)</b>	<b>(25,505)</b>
<b>Net current assets</b>		<b>7,935</b>	<b>7,034</b>
<b>Total assets less current liabilities</b>		<b>11,075</b>	<b>10,128</b>
<b>Deferred tax liability</b>	<b>18</b>	<b>(2,837)</b>	<b>(2,835)</b>
<b>Provisions for liabilities</b>	<b>17</b>	<b>(709)</b>	<b>(569)</b>
<b>Pension asset</b>	<b>21</b>	<b>16,654</b>	<b>16,675</b>
<b>Net assets</b>		<b>24,183</b>	<b>23,399</b>
<b>Equity</b>			
Called up share capital	19	17,600	17,600
Retained earnings		6,583	5,799
<b>Total shareholders' funds</b>		<b>24,183</b>	<b>23,399</b>

The notes on pages 15 to 44 form part of these financial statements

The financial statements on pages 11 to 44 were approved by the board of directors on 30 October 2019  
and were signed on its behalf by:

  
S McMullen  
Director

Toshiba Carrier UK Ltd.

**Statement of changes in equity  
For the year ended 30 November 2018**

	Called up share capital (Note 18) £'000	Retained earnings/ (accumulated losses) £'000	Total Sharehold ers' funds £'000
<b>Balance at 1 December 2016</b>	17,600	(1,104)	16,496
Profit for the financial year	-	2,215	2,215
Other comprehensive (expense)/income for the year:			
- Actuarial gain on pension scheme	-	5,648	5,648
- Movement on deferred tax relating to net pension asset	-	(960)	(960)
<b>Total comprehensive income for the year</b>	-	5,799	5,799
<b>Balance at 30 November 2017</b>	17,600	5,799	23,399
Profit for the financial year	-	1,341	1,341
Other comprehensive income/(expense) for the Year			
- Actuarial loss on pension scheme	-	(671)	(671)
- Movement on deferred tax relating to net pension asset	-	114	114
<b>Total comprehensive expense for the year</b>	-	(557)	(557)
<b>Balance at 30 November 2018</b>	17,600	6,583	24,183



## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 1. Accounting policies

Toshiba Carrier UK Ltd.'s ('the company') principal activity is the distribution, installation and service of air conditioning equipment.

The company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Porsham Close, Roborough, Plymouth, Devon, PL6 7DB.

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 preparation

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure'.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts of 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 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.

These financial statements are separate financial statements. Details of the parent in whose consolidated financial statements the company is included are shown in note 25 to the financial statements.

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 and the requirement to present roll forward reconciliations in respect of share 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 16 - the requirement to present roll forward reconciliations in respect of property, plant and equipment

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

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 1. Accounting policies (continued)

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 25.

#### **Going concern**

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

The Company meets its day to day working capital requirements through a cash pooling arrangement which is centrally managed by its ultimate parent undertaking. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties that could cast significant doubt about the ability of the company to continue as a going concern have been identified. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Intangible assets acquired separately**

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

#### **De-recognition 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 de-recognition 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.

Fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 1. Accounting policies (continued)

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	40 years
Leasehold improvements	5 years or, if shorter, over the life of the lease
Fixtures, fittings, tools and equipment	5-10 years

Useful lives are reviewed, and adjusted if appropriate, at the end of every reporting period.

#### 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.

#### Inventories

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

**Notes to the financial statements  
For the year ended 30 November 2018**

**1. Accounting policies (continued)**

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from

net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

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

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

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

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

***Current tax and deferred tax for the year***

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

**Revenue**

Revenue is recognised 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.

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 1. Accounting policies (continued)

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 recognised when the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and the recovery of the consideration is considered probable. For product sales with no installation requirements, revenue is recognised 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 recognised once the customer has confirmed its acceptance procedures.

##### ***On-going service contracts***

Revenue is recognised in equal instalments 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.

##### ***Multiple element contracts***

Some contracts contain multiple elements, such as the delivery and installation of an air conditioning unit and the provision of a maintenance contract. In these contracts these activities are treated separately where appropriate, with the relevant accounting 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.

##### ***Rental income***

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

##### ***Interest income***

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income 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

**Notes to the financial statements  
For the year ended 30 November 2018**

**1. Accounting policies (continued)**

period. Re-measurement 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. Re-measurement 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
- re-measurement.

The company presents the first two components of defined benefit costs within cost of sales and administrative expenses (see note 21) in its consolidated 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 25).

**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 financial instruments).

**Leases**

***The company as lessee***

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.

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 1. Accounting policies (continued)

##### *The company as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised 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.

##### **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 other amounts 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.

**Notes to the financial statements  
For the year ended 30 November 2018**

**1. Accounting policies (continued)**

***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 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 re-measurement 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 foreign exchange gains/ (losses) within the 'administrative expenses' line item in the income statement.

***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:



## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 1. Accounting policies (continued)

- 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 difference 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.

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.

#### ***De-recognition 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***

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

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 1. Accounting policies (continued)

- 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:

- 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 re-measurement 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 22.

#### ***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.

#### ***De-recognition 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 a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 22.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is

**Notes to the financial statements  
For the year ended 30 November 2018**

**1. Accounting policies (continued)**

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).

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.

***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

**Notes to the financial statements  
For the year ended 30 November 2018**

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

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.

***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.

**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 13 for the carrying amount for the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

**Inventory provisioning**

The company supplies, installs and maintains air conditioning equipment which is subject to changing customer demands and technological change. As a result it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. Management consider the nature and condition of inventory, as well as apply assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning. See note 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 asset in the balance sheet. The assumptions reflect historical experience and current trends. See note 21 for the disclosures of the defined benefit scheme.

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 3. Revenue

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

	2018 £'000	2017 £'000
<b>Continuing operations</b>		
Sales of goods	57,320	74,281
Rendering of services	20,800	6,173
<i>Total revenue</i>	<b>78,120</b>	<b>80,454</b>

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

	2018 £'000	2017 £'000
<b>Revenue:</b>		
United Kingdom and Ireland	67,229	69,281
Rest of Europe	10,491	10,355
Rest of World	400	818
<i>Total revenue</i>	<b>78,120</b>	<b>80,454</b>

#### 4. Exceptional Items

Toshiba Carrier UK Ltd acquired the net assets of affiliated company CIAT Ozonair Ltd on the 30<sup>th</sup> November 2018 resulting in a charge to the income statement of £421,000.

#### 5. Other interest receivable and similar income

	2018 £'000	2017 £'000
Net interest relating to pension scheme (note 21)	456	297

#### 6. Interest payable and similar expenses

	2018 £'000	2017 £'000
Bank loans and overdrafts	69	46

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 7. Profit before taxation

Profit before taxation is stated after charging:

	2018 £'000	2017 £'000
Net foreign exchange losses	137	252
Depreciation of tangible fixed assets:		
- owned	163	148
Amortisation of intangible assets included in cost of sales	38	45
Operating lease charges:		
- Plant and machinery	691	729
- Other	477	438
Staff costs (see note 9)	18,320	14,396
Inventory included in cost of sales	50,041	54,648

#### 8. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's annual financial statements were £43,000 (2017: £43,000).

Fees payable to Deloitte LLP for Taxation compliance services amount to £5,000 (2017: £5,000).

#### 9. Staff costs

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

	2018 Number	2017 Number
Production and service	101	76
Selling and administration	130	172
	231	248

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	14,328	11,643
Social security costs	1,416	1,339
Other pension costs (see note 21)	2,576	1,414
	18,320	14,396

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

Toshiba Carrier UK Ltd.

**Notes to the financial statements  
For the year ended 30 November 2018**

**9. Staff Costs (continued)**

Other pension costs include stakeholder pension contributions of £197,000 (2017: £212,000). The remaining amount relates to the current/past service cost on the pension scheme as per note 21 of £2,379,000 (2017: £1,202,000).

**10. Directors' remuneration and transactions**

	<b>2018 £'000</b>	2017 £'000
<b>Directors' remuneration</b>		
Emoluments	279	413
Company contributions to money purchase pension schemes	7	3

	<b>2018 Number</b>	2017 Number
<b>The number of directors who:</b>		
Are members of a defined benefit pension scheme	1	3
Are members of a money purchase pension scheme	1	1

	<b>2018 £'000</b>	2017 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments and amounts (excluding shares) under long term incentive schemes	149	234

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

The highest paid director is not a member of the Company's defined benefit pension scheme.

Toshiba Carrier UK Ltd.

**Notes to the financial statements  
For the year ended 30 November 2018**

**11. Tax on profit**

Group relief charges totalling £2,051,000 for years 2016 and 2015 have been reversed resulting in a large prior year adjustment

**Tax expense/(income) included in profit or loss:**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
Corporation tax on profits for the year		
UK corporation tax	<b>262</b>	531
Foreign tax	-	-
Adjustments in respect of prior years		
UK corporation tax	<b>(177)</b>	(25)
Foreign tax	-	-
<b>Total current tax</b>	<b>85</b>	506
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>132</b>	43
Impact of rate change	<b>(14)</b>	(5)
Adjustments in respect of prior years	<b>(37)</b>	6
<b>Total deferred tax (see note 18)</b>	<b>81</b>	44
<b>Total tax on profit</b>	<b>166</b>	550

The charge/(credit) for the year can be reconciled to the profit in the income statement as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit before taxation</b>	<b>1,507</b>	2,765
Tax on profit at standard UK corporation tax rate of 19% (2017: 19.33%)	<b>286</b>	535
Effects of:		
Expenses not deductible for tax purposes	<b>108</b>	39
Adjustments in respect of prior years	<b>(214)</b>	(19)
Impact of rate change	<b>(14)</b>	(5)
<b>Total tax (credit)/charge for year</b>	<b>166</b>	550



## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 11. Tax on Profit Continued

The reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 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% and the rate used for closing deferred tax balances is 17%.

#### Tax credit/(charge) 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:

	2018 £'000	2017 £'000
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
- Movement on deferred tax relating to net pension asset	114	(960)

#### 12. Intangible assets

	Goodwill £'000	Software £'000	Total £'000
<b>Cost</b>			
At 1 December 2017	2,761	285	3,046
Additions	-	-	-
At 30 November 2018	2,761	285	3,046
<b>Accumulated amortisation</b>			
At 1 December 2017	(1,818)	(247)	(2,065)
Charge for the year	-	(38)	(38)
At 30 November 2018	(1,818)	(285)	(2,103)
<b>Net book value</b>			
At 30 November 2018	943	-	943
At 30 November 2017	943	38	981

Amortisation has been included in the income statement within cost of sales.

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 12. Intangible assets (continued)

Impairment review: Under FRS 101, goodwill on acquisitions is no longer amortised, but is held at its UK GAAP carrying value at the transition date and is then subject to an annual impairment review, comparing the carrying amount to the recoverable amount (higher of fair value less costs of disposal and value in use.) For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, required to be allocated to each of the acquirer's Cash-Generating Units (defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets), that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

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.

Toshiba Carrier joint venture, carrying value £196,000: The company's organic revenue is assumed to increase by 5% over the five years, this is a conservative estimate based on the continuing challenges within the company's market. Gross margin has been assumed to be 28.5% based on past results. Other operating costs are assumed to grow by 2% over the five years, on the basis that an increase in costs will be offset by the synergies received from its recent business combinations.

The long term growth rate is 2% and the calculated post tax weighted average cost of capital is 7.8%.

OMS service business acquisition, carrying value £747,000. The CGU's organic revenue is assumed to increase by 5% over the five years, this is a conservative estimate based on the continuing challenges within the company's market. Gross margin has been assumed to be 35.2% based on past results. Other operating costs are assumed to grow by 2% over the five years, on the basis that an increase in costs will be offset by the synergies received from its recent business combinations.

The long term growth rate is 2% and the calculated post tax weighted average cost of capital is 7.8%.

The results of the review indicate that there is no impairment to be recognised in the current year.

Toshiba Carrier UK Ltd.

Notes to the financial statements  
For the year ended 30 November 2018

13. Property, plant and equipment

	Freehold Land, Buildings & Leasehold Improvements £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>			
At 1 December 2017	4,993	135	5,128
Additions	212	-	212
At 30 November 2018	5,205	135	5,340
<b>Accumulated depreciation</b>			
At 1 December 2017	(3,074)	(133)	(3,207)
Charge for the year	(162)	(1)	(163)
At 30 November 2018	(3,236)	(134)	(3,370)
<b>Net book value</b>			
At 30 November 2018	1,969	1	1,970
At 30 November 2017	1,919	2	1,921

14. Inventories

	2018 £'000	2017 £'000
Work in progress	2,088	1,287
Finished goods and goods held for resale	10,261	12,095
	<b>12,349</b>	<b>13,382</b>

The cost of goods sold during 2018 is £50,041,000 (2017: £54,648,000). Inventory is stated after provision for impairment for slow moving, obsolete stock of £2,301,114 (2017: £2,962,661).

There is no significant difference between the replacement cost of work in progress and finished goods for resale and their carrying amounts.

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 15. Trade and other receivables

Amounts falling due within one year:

	2018 £'000	2017 £'000
Trade receivables	20,335	15,137
Amounts owed by group undertakings	912	883
Other receivables	1,176	29
Prepayments and accrued income	396	296
	<b>22,819</b>	<b>16,345</b>

Trade receivables are stated after provision for impairment of £501,000 (2017: £258,000).

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

#### 16. Creditors amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	3,741	3,297
Amounts owed to group undertakings	18,335	17,436
Other taxation and social security	1,705	1,232
Accruals and deferred income	5,397	3,479
Derivative financial instruments	596	61
	<b>29,774</b>	<b>25,505</b>

Included in "Amounts owed to group undertakings" is £9,805,000 (2017: £9,500,000) which bears interest at 0.9762% (2017: 0.7433%). The intercompany loan is secured via a joint and several cross guarantee with the United Technologies Corporation Climate, Controls and Security Group, which is repayable on demand. Other amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 17. Provisions for liabilities

	Product warranties £'000
At 1 December 2018	569
Increase in the year	140
At 30 November 2018	<b>709</b>

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 17. Provisions for liabilities (continued)

##### Product warranties

The provision for product warranties relates to expected warranty claims on:

- Spares – 12 months
- Finished goods – 18 months

It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within 18 months of the balance sheet date.

Uncertainties such as the number of claims and the amount of each claim in the future affect the amount to be recognised as a provision. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

#### 18. Deferred tax

The movement in deferred tax is as follows:

	<b>Deferred Taxation £'000</b>
At 1 December 2016	1,639
Charged to the income statement	38
Prior year adjustment – income statement	6
Charged to the statement of other comprehensive income	960
<hr/>	
At 30 November 2017	2,643
Charged to the income statement	118
Prior year adjustment – income statement	(37)
Credited to the statement of other comprehensive income	(114)
<hr/>	
At 30 November 2018	<b>2,610</b>

The analysis of deferred tax (assets) / liabilities is as follows:

	<b>2018 £'000</b>	<b>2017 £'000</b>
Deferred tax assets	<b>(227)</b>	(192)
Deferred tax liabilities	<b>2,837</b>	2,835
<hr/>		
Net deferred tax liability	<b>2,610</b>	2,643

A deferred tax asset is recognised, on the basis of all available evidence, that it is more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and/or from which the future reversal of underlying timing differences can be deducted.

Toshiba Carrier UK Ltd.

**Notes to the financial statements  
For the year ended 30 November 2018**

**18. Deferred tax (continued)**

Deferred tax (assets)/liabilities are provided as follows:

	Accelerated tax depreciation £'000	Revaluation of financial assets £'000	Retirement benefit obligations £'000	Tax losses £'000	Total £'000
At 1 December 2016	(181)	(21)	1,841	-	1,639
Current year movement	4	2	1,129	-	1,135
Prior year adjustment	(4)	10	-	-	6
Impact of rate change	-	(1)	(136)	-	(137)
At 30 November 2017	(181)	(10)	2,834	-	2,643
Current year movement	(9)	18	(4)	-	5
Prior year adjustment	(37)	-	-	-	(37)
Impact of rate change	1	(2)	-	-	(1)
At 30 November 2018	(226)	6	2,830	-	2,610

**19. Called up share capital**

**Ordinary shares**

	2018 £'000	2017 £'000
<b>Allotted and fully-paid</b>		
17,600,000 (2017: 17,600,000) ordinary shares of £1 each (2017: £1)	17,600	17,600

## Toshiba Carrier UK Ltd.

### Notes to the financial statements For the year ended 30 November 2018

#### 20. Financial commitments

There are no capital commitments at the end of the financial year (2017: £nil).

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:

	2018 £'000	2017 £'000
Within one year	708	792
Between two and five years	1,901	2,019
After five years	743	1,114
	<b>3,352</b>	<b>3,925</b>

The significant operating leases relate to vehicle hire and office rent which are let through specialist leasing companies. All lease agreements include fixed lease payments, there are no renewal or purchase options associated with vehicle hire and an escalation clause is included for the office rental agreements in the event of a rise in VAT.

#### *Operating lease agreements where the Company is lessor*

The Company holds surplus space in its warehouse, which is let to other group companies and third parties. The non-cancellable leases to third parties have remaining terms of 5 years. Group companies are re-charged as part of a Buildings and Industrial Systems UTC agreement and as such no formal lease agreements are in place. Future minimum rentals receivable under non-cancellable operating leases to third parties are as follows:

	2018 £'000	2017 £'000
Within one year	17	17
Between two and five years	17	34
After five years	-	-
	<b>34</b>	<b>51</b>

#### 21. Retirement benefit schemes

##### Defined contribution schemes

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

The total cost charged to income of £197,000 (2017: £212,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 30 November 2018, contributions of £nil (2017: £nil) due in respect of the current reporting year had not been paid over to the schemes.

**Notes to the financial statements  
For the year ended 30 November 2018**

**21. Retirement benefit schemes (continued)**

**Defined benefit schemes**

The company has a defined benefit scheme "Carrier (UK) Pension Scheme" for qualifying employees. The defined benefit scheme is administered by 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 Scheme, the majority of employees are entitled to post-retirement yearly instalments amounting to 1/60th of final salary for each complete year of pensionable service on attainment of a retirement age of 65. The pensionable salary is based on the yearly rate of basic earnings plus an average of bonuses and commissions. 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 company remains responsible for providing the defined benefits irrespective of whether the plan has sufficient assets to meet the obligation and can therefore affect the amount, timing and uncertainty of the entity's cash flow.

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 assets 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 an increase 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.
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 deterioration in the funding position.



**Notes to the financial statements  
For the year ended 30 November 2018**

**21. Retirement benefit schemes (continued)**

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

A full accounting valuation for FRS 101 purposes of the Carrier (UK) Pension Scheme as at 30 November 2012 was carried out by Towers Watson using the projected unit method. This valuation was updated as at 30 November 2018 by Towers Watson. A separate valuation is performed for cash funding.

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

	<b>2018</b>	2017	2016
	%	%	%
Key assumptions used:			
Discount rate(s)	<b>2.70</b>	2.92	3.71
Expected rate(s) of salary increase	<b>2.50</b>	2.25	2.25
Rate of inflation	<b>3.25</b>	3.25	3.00
Expected rate of increase of pensions in payment	<b>2.25</b>	2.25	2.00
Average longevity at age 65 for current pensioners (years)*			
Male	<b>21.2</b>	21.1	21.1
Female	<b>23.7</b>	23.7	23.6
Average longevity at age 65 for current employees (future pensioners) (years)*			
Male	<b>22.6</b>	22.8	22.7
Female	<b>25.2</b>	25.6	25.5

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

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

	<b>2018</b>	2017
	£'000	£'000
Service cost:		
Current service cost	<b>1,054</b>	1,202
Past service cost	<b>1,325</b>	-
Administration cost	<b>409</b>	475
Interest income	<b>(456)</b>	(297)
	<b>2,332</b>	1,380

Of the service cost for the year, £2,788,000 (2017: £1,677,000) has been included in the income statement as administrative expenses. The net interest income has been included within finance income (see note 5). The re-measurement of the net defined benefit asset is included in the statement of comprehensive income.

Toshiba Carrier UK Ltd.

**Notes to the financial statements  
For the year ended 30 November 2018**

**21. Retirement benefit schemes (continued)**

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:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Present value of defined benefit obligations	<b>(89,633)</b>	(92,090)
Fair value of scheme assets	<b>106,287</b>	108,765
	<b>16,654</b>	16,675

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

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Opening defined benefit obligation	<b>92,090</b>	91,555
Current service cost	<b>1,054</b>	1,202
Past service cost – scheme amendments	<b>1,325</b>	-
Interest cost	<b>2,469</b>	2,643
Re-measurement (gains)/losses:		
Actuarial gains and losses arising from changes in experience	-	(2,886)
Actuarial gains and losses arising from changes in demographic assumptions	<b>(369)</b>	-
Actuarial gains and losses arising from changes in financial assumptions	<b>(3,504)</b>	4,083
Benefits paid	<b>(3,470)</b>	(4,548)
Contributions from scheme participants	<b>38</b>	41
Closing defined benefit obligation	<b>89,633</b>	92,090

**Toshiba Carrier UK Ltd.**

**Notes to the financial statements  
For the year ended 30 November 2018**

**21. Retirement benefit schemes (continued)**

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

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Opening fair value of scheme assets	<b>108,765</b>	102,389
Interest income	<b>2,925</b>	2,940
Re-measurement (losses)/gains:		
The return on scheme assets (excluding amounts included in net interest income)	<b>(4,544)</b>	6,845
Contributions from the employer	<b>2,982</b>	1,573
Contributions from scheme participants	<b>38</b>	41
Benefits paid	<b>(3,470)</b>	(4,548)
Administration costs	<b>(409)</b>	(475)
Closing fair value of scheme assets	<b>106,287</b>	108,765

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

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Cash and cash equivalents	<b>4,039</b>	1,849
Equity instruments	<b>54,632</b>	62,105
Debt instruments	<b>37,200</b>	32,086
Property	<b>2,976</b>	2,828
Other	<b>7,440</b>	9,897
Total	<b>106,287</b>	108,765

The actual return on scheme assets was £2,925,000 (2017: £2,940,000).

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.

Toshiba Carrier UK Ltd.

**Notes to the financial statements  
For the year ended 30 November 2018**

**21. Retirement benefit schemes (continued)**

	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in obligation</b>	<b>Decrease in obligation</b>
Discount rate	0.1%	Decrease 2%	Increase 2%
Salary growth rate	0.25%	Increase 1%	Decrease 1%
Pension growth rate	0.1%	Increase 1%	Decrease 1%
Life expectancy	1 year	Increase by 3%	Decrease by 3%

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 £2,200,000 (2017: £1,748,000) to the defined benefit scheme during the next financial year.

**22. Financial instruments**

**Categories of financial instruments at fair value**

	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Financial (liabilities)/assets at fair value</b>		
Fair value through profit and loss (FVTPL) – Embedded Derivative	<b>(596)</b>	<b>63</b>
Fair value through profit and loss (FVTPL) – Derivative	<b>35</b>	<b>(61)</b>

**Changes in value of financial instruments at fair value**

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

	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Financial assets/(liabilities) at fair value</b>		
Fair value through profit and loss (FVTPL) – Embedded Derivative	<b>659</b>	<b>(121)</b>
Fair value through profit and loss (FVTPL) – Derivative	<b>97</b>	<b>(8)</b>

Toshiba Carrier UK Ltd.

## Notes to the financial statements For the year ended 30 November 2018

### 22. Financial instruments (continued)

#### *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.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

#### **Derivatives**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts in excess of £100,000.

The company entered into foreign exchange contracts during the year to purchase Euros US Dollars and Japanese Yen and sell Sterling. The principal amounts of the contracts outstanding at 30 November 2018 are €2,080,000, \$1,600,000 and ¥10,000,000. The contracts matured on 21 December 2018. The fair value of these outstanding derivative financial instruments is shown in the table above.

### 23. Contingent liabilities

The Company has provided bank guarantees through HSBC, that would trigger in the case of an 'Insolvency Event' whereby Toshiba Carrier UK Ltd. is unable to pay its debts, dated 8 April 1999 for £2,000,000 in favour of HM Customs & Excise; dated 25 March 2009 in favour of MJN Colston Ltd for £108,500 and dated 5 June 2009 in favour of Contour Global Solutions for £61,484.

### 24. Related party transactions

#### **Trading transactions**

Related parties of the Company comprise fellow subsidiaries of the United Technologies Corporation group. In notes 15 and 16, amounts due from and to fellow group entities are described as amounts due from and to group undertakings.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Toshiba Carrier UK Ltd.

**Notes to the financial statements  
For the year ended 30 November 2018**

**24. Related party transactions (continued)**

During the year, the company entered into the following trading transactions with related parties:

	<b>Sale of goods</b>		<b>Purchase of goods</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Associates</b>	<b>4,166</b>	<b>3,396</b>	<b>28,093</b>	<b>40,291</b>

Sales of goods to related parties were made at the company's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

**25. Controlling party**

The company's immediate parent undertaking is Foray 414 Ltd, a company registered in England.

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](http://www.utc.com).