

Sirius (Korea) Limited
Annual Report
for the year ended 31 December 2018

Registered number: 03855125



Sirius (Korea) Limited

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Sirius (Korea) Limited

Strategic Report

The directors present their Strategic Report for the company for the year ended 31 December 2018.

Review of business and future activities

The directors are satisfied with the results for the year. The directors expect the company to continue as a holding company for the foreseeable future.

On November 26, 2018, the ultimate Parent Company, United Technologies Corporation, announced its intention to separate into three independent companies: (1) UTC, an aerospace company comprised of the Collins Aerospace Systems and Pratt & Whitney businesses, (2) Otis, and (3) Carrier.

The proposed separations are expected to be effected through spin-offs by UTC of Otis and Carrier that are intended to be tax-free for the ultimate Parent Company's shareowners for U.S. federal income tax purposes.

The ultimate Parent Company expects to complete the separation transactions by mid-year 2020.

Separation of Otis and Carrier from UTC via spin-off transactions will be subject to the satisfaction of customary conditions, including, among others, final approval by the ultimate Parent Company's Board of Directors, receipt of tax rulings in certain jurisdictions and/or a tax opinion from external counsel (as applicable), the filing with the Securities and Exchange Commission (SEC) and effectiveness of Form 10 registration statements, and satisfactory completion of financing.

Key performance indicators (KPIs)

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not appropriate in helping understand the development, performance or position of the business.

Financial risk management

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's operations expose it to financial risks as set out below.

Liquidity risk

The company actively maintains intercompany finance that is designed to ensure the company has sufficient available funds for operations.

Interest rate cash flow risk

The company has interest-bearing assets that include intercompany balances. Rates of interest vary according to market conditions prevailing at the time.

Foreign exchange risks

The majority of the company's transactions are denominated in sterling and the directors do not believe that there is a significant foreign exchange risk.

Events after the balance sheet date

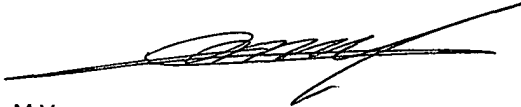
Details of significant events since the balance sheet date are contained in note 14 to the financial statements.

Sirius (Korea) Limited

Strategic Report

Approval

Approved by the Board and signed on its behalf by:



M Yao
Director
3 May 2019

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

Sirius (Korea) Limited

Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2018.

Principal activities

The company is an investment holding company. The subsidiary companies' activities comprise the manufacture, installation and servicing of lifts and escalators.

Results and dividends

The profit for the financial year is set out in the statement of comprehensive income on page 9.

The company has not paid a dividend nor are the directors proposing to pay a dividend for the year ended 31 December 2018 (2017: £nil).

Future developments

On November 26, 2018, the ultimate Parent Company, United Technologies Corporation, announced its intention to separate into three independent companies: (1) UTC, an aerospace company comprised of the Collins Aerospace Systems and Pratt & Whitney businesses, (2) Otis, and (3) Carrier.

The proposed separations are expected to be effected through spin-offs by UTC of Otis and Carrier that are intended to be tax-free for the ultimate Parent Company's shareowners for U.S. federal income tax purposes.

The ultimate Parent Company expects to complete the separation transactions by mid-year 2020.

Separation of Otis and Carrier from UTC via spin-off transactions will be subject to the satisfaction of customary conditions, including, among others, final approval by the ultimate Parent Company's Board of Directors, receipt of tax rulings in certain jurisdictions and/or a tax opinion from external counsel (as applicable), the filing with the Securities and Exchange Commission (SEC) and effectiveness of Form 10 registration statements, and satisfactory completion of financing.

Going concern

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

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

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

R Bisson	(appointed 28 November 2018)
M Yao	(appointed 1 September 2018)
R Sadler	
A Hernandez	(resigned 31 August 2018)
H Jolly	(resigned 31 August 2018)

Sirius (Korea) Limited

Directors' Report

Directors' indemnity

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

Financial risk management

These are included in the strategic report.

Statement of Directors' Responsibilities

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

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 these financial statements, the directors are required to:

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

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

Sirius (Korea) Limited

Directors' Report

Disclosure of information to auditors

Each of the persons who is 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

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made 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:



M Yao
Director
3 May 2019

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

Independent auditors' report to the members of Sirius (Korea) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sirius (Korea) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Reporting on other information

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

Independent auditors' report to the members of Sirius (Korea) Limited

Reporting on other information (continued)

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit: the information given in the Strategic Report and Directors' Report for the year ended 31 December 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 the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Independent auditors' report to the members of Sirius (Korea) Limited

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
3 May 2019

Sirius (Korea) Limited

Statement of comprehensive income

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Administrative expenses		(328)	(23)
Operating loss		(328)	(23)
Income from shares in group undertakings		34,727	52,260
Finance income	3	295	1,057
Finance costs	4	(12,242)	(12,254)
Profit before taxation		22,452	41,040
Tax on profit	8	(3,831)	(5,837)
Profit for the financial year		18,621	35,203
Other comprehensive income		—	—
Total comprehensive income for the year		18,621	35,203

All results are derived from continuing operations.

Sirius (Korea) Limited

Balance Sheet

At 31 December 2018

Registered number: 03855125

	<i>Note</i>	2018 £'000	2017 £'000
Fixed assets			
Investments	9	208,451	208,451
		208,451	208,451
Current assets			
Debtors	10	67,434	36,609
		67,434	36,609
Creditors: Amounts falling due within one year	11	(33,269)	(21,065)
Net current assets		34,165	15,544
Total assets less current liabilities		242,616	223,995
Creditors: Amounts falling due after more than one year	12	(157,960)	(157,960)
Net assets		84,656	66,035
Equity			
Called up share capital	13	99	99
Share premium		39,461	39,461
Retained earnings		45,096	26,475
Total shareholders' funds		84,656	66,035

The notes on pages 12 to 21 form part of these financial statements.

The financial statements on pages 9 to 21 were approved by the board of directors on 3 May 2019 and were signed on its behalf by:


M Yao
Director

Sirius (Korea) Limited

Statement of changes in equity

For the year ended 31 December 2018

	Called up share capital £'000	Share Premium £'000	Retained earnings £'000	Total share- holders' funds £'000
Balance as at 1 January 2017	99	39,461	(8,728)	30,832
Profit for the financial year	—	—	35,203	35,203
Total comprehensive income for the year	—	—	35,203	35,203
Balance at 31 December 2017	99	39,461	26,475	66,035
Profit for the financial year	—	—	18,621	18,621
Total comprehensive income for the year	—	—	18,621	18,621
Balance at 31 December 2018	99	39,461	45,096	84,656

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting Policies

Sirius (Korea) Limited ('the company') is an investment holding company.

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

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

Basis of accounting

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements are therefore prepared in accordance with the Companies Act 2006 as applicable to companies using FRS101.

The financial statements have been prepared on a going concern basis, and also on the historical cost basis, 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.

The financial statements contain information about Sirius (Korea) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, United Technologies Corporation, a company incorporated in the United States of America.

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

IFRS 3 – not to restate business combinations before the date of transition

IFRS 7 – financial instrument disclosures

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

IAS 1 – Information on management of capital

IAS 7 – statement of cash flows

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

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

IAS 1 - the requirement to present roll forward reconciliations in respect of share capital and

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

Where required, equivalent disclosures are given in the group financial statements of United Technologies Corporation. The group financial statements of United Technologies Corporation are available to the public and can be obtained as set out in note 15.

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting Policies (continued)

Adoption of new and revised Standards

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the company.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. No material impact on profit for the year was experienced as a result of adopting this standard.

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 company's 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.

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

Investments

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

Impairment reviews are carried out by the directors when there is indication that impairment may have occurred.

Share capital

Preference shares, which do not have a redemption entitlement, have mandatory dividend payments paid half-yearly in arrears and are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as interest expense.

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 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 statement of comprehensive income 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.

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 income statement, 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.

Dividend and interest income

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

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

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting Policies (continued)

Foreign currency

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

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

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

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

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.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and days past due.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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.

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £208,451,000 with no impairment loss recognised in 2018 or 2017.

Impairment of loans and receivables

The company makes an estimate of the recoverable value of loans and other debtors. When assessing impairment of loans and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of the receivables and historic experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. See note 10 for the net carrying amount of the receivables and associated impairment provision.

3. Finance Income

	2018 £'000	2017 £'000
Interest receivable:		
Other loans and receivables	295	1,057
	<u>295</u>	<u>1,057</u>

4. Finance Costs

	2018 £'000	2017 £'000
Interest payable	—	(12)
Dividend appropriated on 1,579,599 7.75% Redeemable Preference Shares of £100 each	(12,242)	(12,242)
	<u>(12,242)</u>	<u>(12,254)</u>

5. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements were £1,354 (2017: £1,354).

Fees payable to PricewaterhouseCoopers LLP for non-audit services to the company were £nil (2017: £nil).

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

6. Staff Costs

The company had no employees during the year (2017: none).

7. Directors' Remuneration and Transactions

None of the Directors received remuneration in respect of their services to the company during the year (2017: none).

8. Tax on Profit

Tax expense included in profit or loss:

	2018 £'000	2017 £'000
Current tax		
UK corporation tax on profits for the year	—	5
Adjustments in respect of prior years	12	—
Withholding tax paid on dividend received in the year	3,819	5,832
Total tax on profit	3,831	5,837

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

	2018 £'000	2017 £'000
Profit on ordinary activities before taxation	22,452	41,040
Tax on profit at standard UK corporation tax rate of 19.00% (2017: 19.25%)	4,266	7,900
Effects of:		
Expenses not deductible for tax purposes	2,387	2,353
Group relief surrendered for nil consideration	(55)	(188)
Withholding tax paid on dividend received in the year	3,819	5,832
Income not subject to tax	(6,598)	(10,060)
Adjustments in respect of prior years	12	—
Total tax charge for year	3,831	5,837

The reduction in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The current tax rate used in the year ended 31 December 2018 is therefore 19% and the rate used for closing deferred tax balances is 17%.

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

9. Investments

	£'000
Cost	
At 1 January 2017 and 1 January 2018	208,451
Additions	—
At 31 December 2017 and 31 December 2018	208,451
Net book value at 31 December 2017 and 31 December 2018	208,451

Details of the Company's directly owned subsidiaries at 31 December 2018 are as follows:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest %
Otis LG Elevator Korea Company Samwhan Camus Bldg 4F, 17-3, Yeoido-Dong, Yeongdeungpo-gu, Seoul, 150-874, Korea	Manufacture and sale of elevator equipment	Ordinary	100%

The directors believe that the carrying value of investments are supported by their underlying assets and no provision for impairment is required.

10. Debtors

Amounts falling due within one year:

	2018	2017
	£'000	£'000
Amounts owed by group undertakings	67,434	36,609
	67,434	36,609

The amounts owed by group undertakings is a receivable from Parkview Treasury Services (UK) Limited. This represents a loan to Parkview Treasury Services (UK) Limited which is interest bearing at 0.75% and has no maturity date.

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

11. Creditors: Amounts Falling due Within One Year

	2018	2017
	£'000	£'000
Amounts owed to group undertakings	26	52
Preference share dividend	33,230	20,987
Accruals and deferred income	13	26
	<u>33,269</u>	<u>21,065</u>

12. Creditors: Amounts Falling due After More than One Year

	2018	2017
	£'000	£'000
Other creditors	157,960	157,960
	<u>157,960</u>	<u>157,960</u>

Preference shares have no fixed terms of repayment. The preference shareholders are entitled to a fixed cumulative dividend at the annual rate of 7.75% of the issue price per preference share. For other details see note 13.

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

13. Called Up Share Capital

Ordinary shares

	2018	2017
	£'000	£'000
Allotted, called-up and fully-paid		
99,500 (2017: 99,500) ordinary shares of £1 (2017: £1) each	99	99

Preference shares

	2018	2017
	£'000	£'000
Allotted, called-up and fully-paid		
1,579,599 (2017: 1,579,599) preference shares of £100 (2017: £100) each	157,960	157,960

The preference shares are classified as liabilities in the balance sheet.

The cumulative redeemable preference shares of £100 each (the "Redeemable Preference Shares") have the following rights:

Priority to any payment of dividend on any other class of share, to be paid at a fixed cumulative preferential dividend rate of 7.75% per annum (including any imputed tax credit);

The preferential dividend shall be payable in arrears after the issue of the shares on 30 June and 30 December in each year;

On a return of capital on a winding-up or otherwise, the holders of the Redeemable Preference Shares shall be entitled, in priority to any other payments to the holder of any other class of shares, first, to a sum equal to any arrears, deficiency or accruals of the preferential dividend and secondly the repayment of the capital paid up or credited as paid up on such shares;

The holders of the Redeemable Preference Shares have the right to receive notice of, and to attend and speak at all general meetings, but not to vote at any general meeting unless in respect of the Redeemable Preference Shares, the Preferential Dividend arrears exceed £75,000,000 or a resolution is proposed to modify the rights attached to the Redeemable Preference Shares. Whenever any holder of Redeemable Preference Shares is entitled to vote at a general meeting each Redeemable Preference Share shall carry such number of votes as, when aggregated with the number of votes carried by all other Redeemable Preference Shares, shall be equal to 51% of the total number of votes (ordinary resolution) or 75% of the total number of votes (special or extraordinary resolution);

The company shall have the option of redeeming all of the Redeemable Preference Shares at any time, at nominal value together with all arrears, deficiency or accruals of the Preferential Dividends, by delivering written notice of such redemption to the then current holders of the Redeemable Preference Shares at least 20 business days prior to the date fixed by the company for such redemption.

In accordance with the presentation requirements of IAS 32, the company has evaluated the liability component of the preference share and has represented the amount in liabilities.

Sirius (Korea) Limited

Notes to the financial statements

For the year ended 31 December 2018

14. Subsequent Events

There have been no significant changes since the balance sheet date.

15. Controlling Party

The company's immediate parent undertaking is United Technologies International Corporation Asia Private Limited, a company incorporated in Singapore.

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

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

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