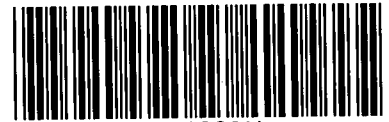


Kidde Finance Limited
Annual Report
for the year ended 31 December 2016

Registered number: 04053789

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Kidde Finance Limited

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Kidde Finance Limited

Strategic Report

The directors present their Strategic Report for the company for the year ended 31 December 2016.

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

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.

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.

Credit Risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

Interest rate cash flow risk

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

Foreign exchange risks

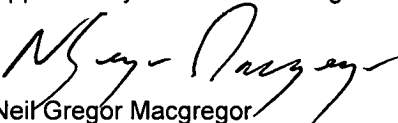
The majority of the company's transactions are denominated in sterling and the directors do not believe that there is a significant foreign exchange risk.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 15 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:



Neil Gregor Macgregor

Director

22 June 2017

Mathisen Way
Colnbrook
Slough
SL3 0HB

Kidde Finance Limited

Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2016.

Principal activities

The principal activity of the company is to act as a holding company for loans with entities within the United Technologies Corporation group.

Results and dividends

The loss for the financial year is set out in the statement of comprehensive income on page 6.

The directors have not paid any ordinary dividends in the year ended 31 December 2016 (2015: £26,278,000 paid). A preference dividend of £220,000 was accrued but not yet paid in the year ended 31 December 2016 (2015: £220,000 accrued not paid).

Going concern

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

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

Directors

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

Neil Gregor Macgregor
Robert Sloss
Chubb Management Services Limited
Robert William Sadler (resigned 8 June 2016)

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.

Future developments

These are included in the strategic report.

Financial risk management

These are included in the strategic report.

Kidde Finance Limited

Directors' 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.

Disclosure of information to auditors

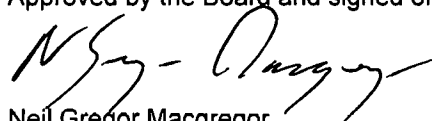
Each of the persons who is a director at the date of approval of this report confirms that:

- 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:



Neil Gregor Macgregor
Director
22 June 2017

Mathisen Way
Colnbrook
Slough
SL3 0HB

Independent auditors' report to the members of Kidde Finance Limited

Report on the financial statements

Our opinion

In our opinion, Kidde Finance Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

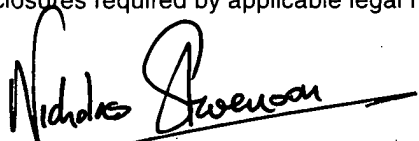
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on; or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
30 June 2017

Kidde Finance Limited

Statement of Comprehensive Income

For the year ended 31 December 2016

	<i>Note</i>	2016 £'000	2015 £'000
Administrative expenses		1	(1)
Operating profit/(loss)		1	(1)
Profit/(loss) before finance charges		1	(1)
Finance income	3	635	370
Finance costs	4	(19,069)	(5,639)
Loss before taxation	5	(18,433)	(5,270)
Tax on loss	9	—	(435)
Loss for the financial year		(18,433)	(5,705)
Other comprehensive income		—	—
Total comprehensive expense for the year		(18,433)	(5,705)

All results are derived from continuing operations.

Kidde Finance Limited

Balance Sheet

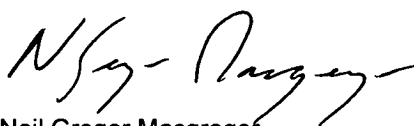
At 31 December 2016

Registered number: 04053789

	Note	2016 £'000	2015 £'000
Current assets			
Debtors			
- due within one year	11	157,755	159,263
		157,755	159,263
Creditors: Amounts falling due within one year	12	(134,860)	(117,935)
Net current assets		22,895	41,328
Total assets less current liabilities		22,895	41,328
Creditors: Amounts falling due after more than one year	13	(4,392)	(4,392)
Net assets		18,503	36,936
Equity			
Called up share capital	14	—	—
Other reserves		84,135	84,135
Retained earnings		(65,632)	(47,199)
Total shareholders' funds		18,503	36,936

The notes on pages 9 to 19 form part of these financial statements

The financial statements on pages 6 to 19 were approved by the board of directors on 22 June 2017 and were signed on its behalf by:


Neil Gregor Macgregor
Director

Kidde Finance Limited

Statement of changes in equity

For the year ended 31 December 2016

	Called up share capital	Other reserves	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance at 1 January 2015	70,413	40,000	(41,494)	68,919
Loss for the financial year	—	—	(5,705)	(5,705)
Other comprehensive income for the year	—	—	—	—
Total comprehensive expense for the year	—	—	(5,705)	(5,705)
Proceeds of capital reduction	(70,413)	70,413	—	—
Dividends paid	—	(26,278)	—	(26,278)
Balance at 31 December 2015	—	84,135	(47,199)	36,936
Loss for the financial year	—	—	(18,433)	(18,433)
Other comprehensive income for the year	—	—	—	—
Total comprehensive expense for the year	—	—	(18,433)	(18,433)
Dividends	—	—	—	—
Balance at 31 December 2016	—	84,135	(65,632)	18,503

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting Policies

Kidde Finance Limited ('the company') is a holding company for loans from entities within the United Technologies Corporation group.

The company is a private limited company, limited by shares, and is incorporated and domiciled in England. The address of its registered office is Mathisen Way, Colnbrook, Slough, SL3 0HB.

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.

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 members of a group

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

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 16.

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting Policies (continued)

Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year.

Annual Improvements to IFRSs 2012-2014 cycle	<p>The latest annual improvements clarify:</p> <ul style="list-style-type: none"> IFRS 5 - when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to the plan of sale or distribution and does not have to be accounted for as such IFRS 7 - specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition IAS 19 - that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
Disclosure Initiative - Amendments to IAS 1	<p>The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:</p> <ul style="list-style-type: none"> Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Notes - confirmation that the notes do not need to be presented in a particular order. OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line items in the statement of other comprehensive income. <p>According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.</p>

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2016, have had a material impact on the company.

Forthcoming standards

IFRS 15 Revenue from Contracts with Customers	
Nature of change	<p>The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.</p> <p>The New standard is based on the principle that revenue is recognised when control of a good and service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>
Impact	<p>The standard will not have any impact to the accounting of Kidde Finance Limited</p>
Mandatory application date/date of adoption by group	<p>Mandatory for financial years commencing on or after 1 January 2018.</p> <p>Expected date of adoption by the company: 1 January 2018</p>

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting Policies (continued)

Forthcoming standards (continued)

IFRS 16 Leases	
Nature of Change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will not have any impact to the accounting of Kidde Finance Limited
Mandatory application date/date of adoption by group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the company does not intend to adopt the standard before its effective date.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The Company's principal activity is to provide loan funding to other Group entities. Activity and future development of the Company depends on performance of the wider Group.

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.

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.

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting Policies (continued)

Taxation (continued)

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 statement of comprehensive income, 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.

Interest income

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

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).

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting Policies (continued)

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 profit or loss 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 statement of comprehensive income 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 points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

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.

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting Policies (continued)

Impairment of financial assets

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

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity

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

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting Policies (continued)

Equity instruments

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

Financial liabilities

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

During this period the directors do not believe there are any key sources of estimation uncertainty impacting the financial statements.

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

3. Finance Income

	2016	2015
	£'000	£'000
Interest receivable:		
Other loans and receivables	635	370
	<u>635</u>	<u>370</u>

4. Finance Costs

	2016	2015
	£'000	£'000
Dividend payable on non-redeemable cumulative preference shares	(220)	(220)
Interest payable to group companies	—	(878)
Exchange loss on foreign currency borrowings less deposits (net)	(18,849)	(4,541)
	<u>(19,069)</u>	<u>(5,639)</u>

5. Loss Before Taxation

Loss before taxation is stated after charging:

	2016	2015
	£'000	£'000
Net foreign exchange losses	18,849	4,541

6. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates of £2,824 (2015: £2,973) for the audit of the company's annual financial statements were borne by Chubb Group Limited in both 2016 and 2015.

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the company were £ nil (2015: £ nil).

7. Staff Costs

The company had no employees during the year (2015: none).

8. Directors' Remuneration and Transactions

None of the Directors received remuneration in respect of their services to the company during the year (2015: none).

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

9. Tax on Loss

Tax expense included in profit or loss:

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits for the year	—	—
Adjustments in respect of prior years		
UK corporation tax	—	435
Total current tax	—	435
Total tax on loss	—	435

The charge for the year can be reconciled to the statement of comprehensive income as follows:

	2016 £'000	2015 £'000
Loss before taxation	(18,433)	(5,270)
Tax on loss at standard UK corporation tax rate of 20.00% (2015: 20.25%)	(3,687)	(1,067)
Effects of:		
Expenses not deductible for tax purposes	44	44
Group relief surrendered/(received) for nil consideration	3,943	1,266
Transfer pricing adjustment	(300)	(243)
Adjustments in respect of prior years	—	435
Total tax charge for year	—	435

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 31 December 2016 is therefore 20% and the rate used for closing deferred tax balances is 17%.

10. Dividends on Equity Shares

Amounts recognised as distributions to equity holders in the year:

	2016 £'000	2015 £'000
Interim dividend for the year ended 31 December 2016: nil (2015: 37p) per ordinary share	—	26,278

Kidde Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

11. Debtors

Amounts falling due within one year:

	2016 £'000	2015 £'000
Amounts owed by group undertakings	157,755	159,263
	<u>157,755</u>	<u>159,263</u>

Included in amounts owed by group undertakings is £157,655,000 (2015: £159,163,000) which is unsecured, incurs interest at between 0.5% (2015: 0.5%) and is repayable on demand. Remaining amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Creditors: Amounts Falling due Within One Year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	134,860	117,935
	<u>134,860</u>	<u>117,935</u>

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

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

	2016 £'000	2015 £'000
Non-redeemable cumulative preference shares	4,392	4,392
	<u>4,392</u>	<u>4,392</u>

14. Called Up Share Capital

Ordinary shares

	2016 £'000	2015 £'000
Allotted, called-up and fully-paid		
70,412,731 (2015: 70,412,731) ordinary shares of £0.0000000142 (2015: £0.0000000142) each	—	—

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Notes to the financial statements

For the year ended 31 December 2016

14. Called Up Share Capital (continued)

Preference shares of £1 each

	2016	2015
	£'000	£'000
Allotted, called-up and fully-paid		
4,391,845 (2015: 4,391,845) ordinary shares of £1 (2015: £1) each	4,392	4,392

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

The preference shares entitle the holder to a cumulative dividend of 5% per annum.

15. Subsequent Events

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

16. Controlling Party

The company's immediate parent undertaking is Kidde UK, an unlimited company incorporated in England and Wales.

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