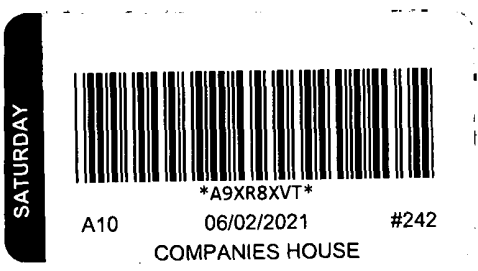


Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)
Annual Report
for the year ended 30 November 2019

Registered number: 00785105



**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Contents

	Page
Strategic Report	1
Directors' Report	3
Independent Auditors' Report to the members of Otis Elevator Holdings Limited (formerly United Technologies Holdings Limited)	6
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	122

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Strategic Report

The directors present their Strategic Report for the company for the year ended 30 November 2019.

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.

United Technologies Corporation ("UTC"), the ultimate parent company of a multinational group of which the Company was a member during the year ended November 30, 2019, separated into three independent companies via spin-off transactions on April 3, 2020: (1) Otis Worldwide Corporation ("Otis"), (2) Carrier Global Corporation ("Carrier"), and (3) Raytheon Technologies, an aerospace company comprised of the Collins Aerospace Systems and Pratt & Whitney businesses.

Following the spin, the Company is a member of the new Otis Worldwide Corporation.

A novel strain of coronavirus ("COVID-19") surfaced in Wuhan, China in December 2019, and in 2020 has since spread throughout the rest of the world, resulting in widespread travel restrictions and extended shutdowns of non-essential businesses. We currently do not expect any significant impact to our capital and financial resources, including our overall liquidity position based on our available cash and cash equivalents and related party notes receivables. We are focused on navigating these challenges presented by COVID-19 by preserving our liquidity and managing our cash flow through taking the necessary measures to meet our short-term liquidity needs.

On 6 August 2020, a written resolution was signed in a general meeting of United Technologies Holdings Limited to amend the articles of incorporation, amending the name of the Company to Otis Elevator Holdings Limited effective 7 August 2020.

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.

Principal Risks and Uncertainties

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 when applicable. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Strategic Report

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 14 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:


B. Molzahn
Director
15 Dec 2020

Chiswick Park, Building 5
566 Chiswick High Road
London
W4 5YF
England, United Kingdom

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 30 November 2019.

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 10. The profit for the year ended 30 November 2019 amounted to £73.1 million, which included a provision for impairment of investments of £171.7 million and a profit on the sale of investments of £ 191.8 million. The company paid a dividend of £550.0 million with no other dividends being paid in the year ended 30 November 2019 (2018: £ nil).

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis in preparing the 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:

P Moran	(appointed 21 May 2018) (resigned 20 December 2019)
C Idczak	(resigned 20 December 2019)
J Laurence	(resigned 20 December 2019)
L Thompson	(appointed 23 April 2018) (resigned 14 May 2019)
S Bottomley	(resigned 15 January 2018)
A Portlock	(appointed 15 January 2018) (resigned 17 April 2018)
M Ryan	(resigned 19 January 2018)
J Caulfield	(appointed 20 December 2019)
C Arango	(appointed 20 December 2019)
B Molzahn	(appointed 20 December 2019)
R Sadler	(appointed 20 September 2019)

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. Post-spin, the indemnity is provided by Otis Worldwide Corporation and also at the date of approval of the financial statements.

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Directors' Report

Future developments
Not applicable.

Financial risk management
These are included in the strategic report.

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

Directors' confirmations

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

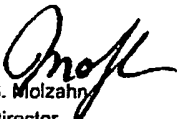
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's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

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)
Directors' Report**

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:


B. Molzahn
Director
15 Dec 2020

Chiswick Park, Building 5
566 Chiswick High Road
London
W4 5YF
England, United Kingdom

Independent auditors' report to the members of Otis Elevator Holdings Limited (formerly United Technologies Holdings Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Otis Elevator Holdings Limited's (formerly United Technologies Holdings Limited) financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 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 at 30 November 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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.

Independent auditors' report to the members of Otis Elevator Holdings Limited (formerly United Technologies Holdings Limited) (continued)

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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 Otis
Elevator Holdings Limited (formerly United Technologies
Holdings Limited) (continued)***


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.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
17 December 2020

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Statement of Comprehensive Income

For the year ended 30 November 2019

	<i>Note</i>	2019 £'000	2018 £'000
Administrative expenses		(2,539)	(111)
Provision during the year for impairment of investments	10	(171,749)	(36,055)
Operating loss	5	(174,288)	(36,166)
Profit on disposal of investments	10	191,838	—
Income from shares in group undertakings	10	55,000	22,094
Profit/(loss) before finance charges		72,550	(14,072)
Finance income	3	2,791	41
Finance costs	4	(2,246)	(4,592)
Profit/(loss) before taxation		73,095	(18,623)
Tax on profit/(loss)	9	—	—
Profit/(loss) for the financial year		73,095	(18,623)
Other comprehensive income		—	—
Total comprehensive income/(expense) for the year		73,095	(18,623)

All results are derived from continuing operations.

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Balance Sheet

At 30 November 2019

Registered number: 00785105

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	10	1,155,263	850,255
		1,155,263	850,255
Other Assets			
Debtors			
- due within one year	11	57,837	7,826
- due after one year	11	76,699	—
Total Debtors		134,536	7,826
Creditors: Amounts falling due within one year	12	(119)	(427,967)
Net assets		1,289,680	430,114
Equity			
Called up share capital	13	5,333	5,333
Share premium account		1,337,638	221,167
Other reserves		6,719	6,719
(Accumulated losses)/retained earnings		(60,010)	196,895
Total shareholders' funds		1,289,680	430,114

The notes on pages 12 to 31 form part of these financial statements.

The financial statements on pages 9 to 31 were approved by the board of directors on 15 December 2020 and were signed on its behalf by:


B. Molzahn
Director

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Statement of changes in equity

For the year ended 30 November 2019

	Called up share capital £'000	Share Premium £'000	Other reserves £'000	Retained earnings/ (accumulated losses) £'000	Total share- holders' funds £'000
Balance at 1 December 2017	5,333	98,700	6,719	215,518	326,270
Expense for the financial year	—	—	—	(18,623)	(18,623)
Total comprehensive expense for the year	—	—	—	(18,623)	(18,623)
Proceeds from shares issued	—	122,467	—	—	122,467
Total transactions with owners recognised directly in equity	—	122,467	—	—	122,467
Balance at 30 November 2018	5,333	221,167	6,719	196,895	430,114
Profit for the financial year	—	—	—	73,095	73,095
Total comprehensive income for the year	—	—	—	73,095	73,095
Dividends	—	—	—	(550,000)	(550,000)
Proceeds from shares issued	—	1,336,471	—	—	1,336,471
Reduction in Share Premium	—	(220,000)	—	220,000	—
Total transactions with owners recognised directly in equity	—	1,116,471	—	(330,000)	786,471
Balance at 30 November 2019	5,333	1,337,638	6,719	(60,010)	1,289,680

Other reserves includes £352 thousand relating to a share capital adjustment and £6.4 million which is an unrealised gain on an intergroup investment transfer.

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies

Otis Elevator Holdings Limited ('the company') holds investments in a number of companies in the UK. The subsidiary companies' activities comprise the manufacture, installation and servicing of lifts and escalators. 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, England, United Kingdom.

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

On 6 August 2020, a written resolution was signed in a general meeting of United Technologies Holdings Limited to amend the articles of incorporation, amending the name of the Company to Otis Elevator Holdings Limited effective 7 August 2020.

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 Otis Elevator Holdings 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 or Otis Worldwide Corporation after April 3, 2020, both companies 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 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

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

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

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

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 30 November 2019 have had a material impact on the company.

Going concern

Otis Elevator Holdings Limited is part of Otis Worldwide Corporation (Otis) which is the world's largest elevator and escalator manufacturing, installation and service company. In March 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus ("COVID-19"), a global pandemic and recommended a number of restrictive measures to contain the spread. Many governments in the regions where Otis generates the majority of its revenue have adopted such policies, including social distancing and restrictions on businesses deemed non-essential. Otis continues to closely monitor the impact of the COVID-19 pandemic and manage the effects on its business globally as the situation continues to evolve.

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

Being part of such a large corporation gives the Company the ability to access any necessary funding and investment during challenging times such as COVID-19. The Directors currently believe Otis Worldwide Corporation has sufficient liquidity to withstand the potential impacts of the pandemic.

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 on an annual basis, or when there is indication that impairment may have occurred.

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Notes to the financial statements

For the year ended 30 November 2019

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. 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 the 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.

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

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.

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 transactions entered into to hedge certain foreign currency risks.

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 profit or loss within finance costs.

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.

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 30 November 2018. IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. No material impact on profit for the period was experienced as a result of adopting this standard. The company has applied the IFRS 9 simplified approach to measuring

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. There is no material impact on revenue recognition from adopting this standard.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 November 2019 that have had a material impact on the company.

Financial Assets

The company classifies its financial assets in the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL); transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(a) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Notes to the financial statements

For the year ended 30 November 2019

other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'Provision during the year for impairment of investments.'

(b) Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period in which they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

The following financial assets are classified at fair value through profit or loss (FVPL):

- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

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

Where the entity has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

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.

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements

For the year ended 30 November 2019

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 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.

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

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

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

Equity instruments

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

Financial liabilities

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

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.

**Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)**

Notes to the financial statements

For the year ended 30 November 2019

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

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

Financial Instruments

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The company has applied the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

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 £1,155 million (2018: £850 million). For impairment losses recognised see note 10.

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements

For the year ended 30 November 2019

3. Finance Income

	2019	2018
	£'000	£'000
<u>Interest receivable from group companies</u>	<u>2,791</u>	<u>41</u>
	<u>2,791</u>	<u>41</u>

4. Finance Costs

	2019	2018
	£'000	£'000
Interest payable to group companies	(2,164)	(4,592)
<u>Other interest and similar expenses</u>	<u>(82)</u>	<u>—</u>
	<u>(2,246)</u>	<u>(4,592)</u>

Other interest and similar expenses relate to foreign currency exchange losses.

5. Operating Loss

Operating loss is stated after charging:

	2019	2018
	£'000	£'000
<u>Impairment of investments</u>	<u>(171,749)</u>	<u>(36,055)</u>

6. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP of £11 thousand (2018: £3 thousand) for the audit of the company's annual financial statements.

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

7. Staff Costs

The company had no employees during the year (2018: none).

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)
Notes to the financial statements

8. Directors' Remuneration and Transactions

None of the Directors received remuneration in respect of their services to the company during the year (2018: none).

9. Tax on Profit/(Loss)

Tax expense included in the statement of comprehensive income:

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

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

	2019 £'000	2018 £'000
Profit/(loss) before taxation	73,095	(18,623)
Tax on profit/(loss) at standard UK corporation tax rate of 19.0% (2018: 19.00%)	13,888	(3,538)
Effects of:		
Expenses not deductible for tax purposes	33,090	6,850
Income not subject to tax	(46,899)	(4,198)
Effects of group relief/other reliefs	(79)	—
Group relief surrendered for nil consideration	—	886
Total tax charge for year	—	—

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantially enacted by the balance sheet date, any deferred tax balances as at 30 November 2019 continue to be measured at 17%.

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements

For the year ended 30 November 2019

10. Investments

	£'000
Cost	
At 1 December 2018	1,193,860
Additions	1,260,533
Disposals	(903,431)
At 30 November 2019	1,550,762
Provisions for Impairment	
At 1 December 2018	343,405
Provision during the year	171,749
Disposals	(119,655)
At 30 November 2019	395,499
Net book value at 30 November 2019	1,155,263
Net book value at 30 November 2018	850,255

On 5 December 2018, an affiliated undertaking, Parkview Treasury Services (UK) Limited, declared a dividend of £31 million to the Company. The Company received the dividend on 20 December 2018.

On 31 January 2019, an affiliated undertaking, Otis Investments Limited, declared a dividend of £24 million to the Company. The Company received the dividend on 31 January 2019.

On 7 May 2019 the company sold or contributed the following investments to a newly-created legal entity, Matlock Holdings Ltd. On the same day, Matlock Holdings Ltd shares were then sold to Carrier UK Holdings Limited (formerly Goodrich Aftermarket Services Limited).

Sold to Matlock Holdings Ltd

Hamilton Sundstrand UK Holdings Limited
HS Marston Aerospace Limited
Pratt & Whitney Canada (UK) Limited
Page Engineering (Holdings) Limited

Contributed to Matlock Holdings Ltd

Carrier Rental Systems Limited
Foray 414 Limited
Kidde Securities Limited
Detector Electronics (UK) Limited
Carrier Refrigeration UK Limited
Sensitech (UK) Limited
Kidde Safety Europe Limited
Walter Kidde Limited

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements

For the year ended 30 November 2019

10. Investments (continued)

Contributed to Mattock Holdings Ltd (continued)

Carrier Controls Limited
Pita Limited
Carrier Transcold (UK) Limited
Parkview Treasury Services Limited
Gnitrow Limited
EMS Security Group Limited
Chubb Fire Limited

On September 27, 2019, the Company acquired a 100% interest in Otis Elevator Cyprus Ltd., Otis Felvono Korlatolt Felelossegu Tarsasag and 9G Elevator Pte. Ltd. As of November 2019, the Company recognized £171 million in impairment on these newly acquired investments.

Details of the Company's directly owned subsidiaries at 30 November 2019 are as follows:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest
9G Elevator Pte. Limited 8 Kallang Avenue, 07-01/09 Aperia Tower 1, 339509, Singapore	Installation and maintenance of lifts	Ordinary	100.0%
Britannia Lift Services (UK) Limited Chiswick Park, Building 5, 566 Chiswick High Road, London, W4 5YF	Investment holding company	Ordinary	100.0%
Otis E&M Company Limited Chiswick Park, Building 5, 566 Chiswick High Road, London, W4 5YF	Investment holding company	Ordinary	100.0%
Otis Elevator (Cyprus) Limited Zavos City Center, Aishylou 25, P.O. Box 53603, Limassol, 3317, Cyprus	Installation, maintenance & repair of lift equipment	Share Capital	100.0%
Otis Felvono Korlatolt Felelossegu Tarsasag, Váci út 37 Budapest, 1134, Hungary	Installation, maintenance & repair of lift equipment	Equity interest	100.0%
Otis International Holdings UK Limited Chiswick Park, Building 5, 566 Chiswick High Road, London, W4 5YF	Investment holding company	Ordinary	100.0%
Otis Investments Limited Chiswick Park, Building 5, 566 Chiswick High Road, London, W4 5YF	Investment holding company	Ordinary	100.0%

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements

For the year ended 30 November 2019

Carrier Holdings Limited Dormant company Capital stock 100.0%
10. Investments (continued)

The company owns the following indirectly through intermediate holdings company:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest
Hal Van Lift Holdings (Singapore) Pte. Ltd 8 Kallang Avenue, 07-01/09 Aperia Tower 1, 339509, Singapore	Non-Trading company	Ordinary	100.0%
Otis Elevator (Cambodia) Company Ltd 11th Floor, #445 Monivong Blvd Corner St. 232, Sangkat Boeng Pralat, Khan 7Makara, Phnom Penh, Cambodia	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Otis Elevator Vietnam Company Limited 7th Floor, Intan Building, 97 Nguyen Van Trois Street, Phu Nhuan Dist, Hochiminh City, Vietnam	Installation, maintenance & repair of lift equipment	Equity Interests	100.0%
Otis Elevator Company (S) Pte. Ltd 8 Kallang Avenue, 07-01/09 Aperia Tower 1, 339509, Singapore	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Otis E&M Company (Brunei) Sdn. Bhd. Unit 8, Block - D, Bangunan Haji Lajim & Anak-Anak, Kg. Kiarong, Banar Seri Begawan, BE1318, Brunei Darussalam	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Okuma Industry Co., Ltd. (fka Kumamoto Industry Co. Ltd.) Rm. 504, 5/F, No. 58, Sec. 3, Zhongshan N. Rd., Zhongshan Dist. Taipei City 104, Taiwan (Province of China)	Manufacture, installation & maintenance of lift equipment	Common	100.0%
Otis Global Services Center Private Ltd Embassy Tech Village, Block G & H (Tulip), 8th Floor, Sarjapu Outer Ring Road, Devarabeesanahalli, Bangalore, Karnataka, 560103, India	Finance and analytical services provider	Common	100.0%
Otis Mauritius Ltd c/o Intercontinental Trust Ltd, Level 3 Alexander House, 35, Cybercity, Ebene, Mauritius	Installation, maintenance & repair of lift equipment	Common	100.0%

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements

For the year ended 30 November 2019

10. Investments (continued)

The company owns the following indirectly through intermediate holdings company:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest
Otis Elevator Korea 8F Two IFC, 10, Gukjegeunung-ro, Youngdeungpo-gu, Seoul, 07326, Korea (the Republic of)	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Shanghai Sigma Elevator Engineering Co. Ltd. No. 2299 Yanan Road (W), Shimao Shangcheng, Shanghai, 1309, China	Manufacture, installation & maintenance of lift equipment	Equity	100.0%
Sigma and Express Elevator Company No. 2 Songlan St., Economic & Technical Development Zone, Dalian, 116600, China	Manufacture, installation & maintenance of lift equipment	Equity	100.0%
Sigma Elevator (HK) Limited 11th Floor, Octa Tower, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Sigma Elevator (Shenzhen) Co., Ltd. 2203-2204 Shenzhen Int'l Culture Center, Shennan Middle Road, Shenzhen PRC, China	Installation, maintenance & repair of lift equipment	Equity	100.0%
Sigma Elevator Company 8F Two IFC, 10, Gukjegeunung-ro, Youngdeungpo-gu, Seoul, 07326, Korea (the Republic of)	Manufacture, installation & maintenance of lift equipment	Common	100.0%
Sigma Elevator Service Co. Ltd. 1858/21-26, Interlink Tower, Debaratna Road, Bangna Tai, Bangna, Bangkok, 10260, Thailand	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Sigma Elevator Singapore Pte. Ltd. 8 Kallang Avenue, #07-01/09 Aperia Tower 1, 339509, Singapore	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Otis (Proprietary) Limited OTIS Building, PNP Office Park, 2 Allum Road, Kensington South, Johannesburg, 2094, South Africa	Installation, maintenance & repair of lift equipment	Ordinary	100.0%

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements

For the year ended 30 November 2019

10. Investments (continued)

The company owns the following indirectly through intermediate holdings company:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership Interest
Allied Elevator Co. (Pty.) Limited OTIS Building, PNP Office Park, 2 Allum Road, Kensington South, Johannesburg, 2094, South Africa	Installation and manufacture of lifts	Capital Stock	100.0%
Associated Lifts (Pty) Limited OTIS Building, PNP Office Park, 2 Allum Road, Kensington South, Johannesburg, 2094, South Africa	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Mauerberger Lift Services (Pty) Ltd. OTIS Building, PNP Office Park, 2 Allum Road, Kensington South Johannesburg, 2094, South Africa	Installation, maintenance & repair of lift equipment	Capital Stock	100.0%
Otis Elevator (Malawi) (Pty) Limited P.O. Box 422 Blayntre Malawi Nyambadwe, NY57, Malawi	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Otis Elevator Co. (Botswana) (Pty.) Limited Tshelto Close, Galborone, Botswana	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Otis Elevator Company (Namibia) (Pty.) 4 Nasmyth Street, Feracor Building Windhoek, Namibia	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Otis Elevators Mozambique Limitada Rua Da Imprensa, Edl Fl Lio 33 Andares Loja 5/A R/C, Mozambique	Installation, maintenance & repair of lift equipment	Ordinary	95.0%
Sigma Lifts and Escalators (Pty) Limited 190 Immelman Road, P.O. Box 14080 Wadeville. 1422. South Africa	Installation, maintenance & repair of lift equipment	Ordinary	70.0%
Swisatec Elevators (Pty) Ltd 222 Marshall Street, P.O. Bag X100 Braamfontein, 2017, South Africa	Installation, maintenance & repair of lift equipment	Ordinary	100.0%
Otis Limited Chiswick Park, Building 5, 566 Chiswick High Road, London, W4 5YF	Installation, maintenance & repair of lift equipment	Ordinary	52.0%
Axis Holdco Limited Unit G1, 65 Glasshill Street, London, SE1 OQR	Investment Holding Company	Ordinary	100.0%

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements
For the year ended 30 November 2019

10. Investments (continued)

The company owns the following indirectly through intermediate holdings company (continued):

Proportion of ownership interest	Class of share	Principal Activity	Name & Registered Address
100.0%	Ordinary	Installation, maintenance & repair of lift equipment	Axis Elevators Limited Unit G1, 65 Glasshill Street, London, SE1 OQR
100.0%	Ordinary	Installation, maintenance & repair of lift equipment	Blackson Lifts Limited Unit G1, 65 Glasshill Street, London, SE1 OQR
100.0%	Ordinary	Installation, maintenance & repair of lift equipment	Elevation Lift Services Limited Chiswick Park, Building 5, 566 Chiswick High Road, London, W4 5YF
100.0%	Ordinary	Installation, maintenance & repair of lift equipment	OTIS (ISLE OF MAN) LIMITED Jubilee Buildings, Victoria Street, Douglas, IM1 2SH, Isle of Man
100.0%	Ordinary	Installation, maintenance & repair of lift equipment	Otis Elevator Ireland Limited Unit 2 Stillorgan Industrial Park, Blackrock County Dublin, Ireland
100.0%	Ordinary	Installation, maintenance & repair of lift equipment	Liffey Lifts & Escalators Limited The Waterfalls, Bracklagh, Liscorney, Westport, Co. Mayo
100.0%	Ordinary	Installation, maintenance & repair of lift equipment	West of Ireland Lifts Limited The Waterfalls, Bracklagh, Liscorney, Westport, CO. Mayo
100.0%	Ordinary	Lift maintenance and modernization	The Express Lift Company Limited 121 Road, Waltham Abbey Brooker Essex CN9 1JH
100.0%	Ordinary	Lift maintenance and modernization	Abbey Liftcare Limited 121 Road, Waltham Abbey Brooker Essex CN9 1JH
100.0%	Ordinary	Installation, maintenance & repair of lift equipment	Triangle Lift Services Limited 8 Windmill Business Park, Windmill Road Kenn, Clevedon, BS21 6SR
100.0%	Ordinary	General Insurance Company	Sinus (Korea) Limited Chiswick Park Building 5, Ground Floor London Ground Floor, W4 5YF, United

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

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)

Notes to the financial statements

For the year ended 30 November 2019

11. Debtors

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>57,837</u>	<u>7,826</u>
	57,837	7,826
Amount falling due after one year:		
Amounts owed by group undertakings	<u>76,699</u>	<u>—</u>
	76,699	—
Total	<u>134,536</u>	<u>7,826</u>

Amounts owed by group undertakings falling due within one year are unsecured, bear interest based on LIBOR, have no fixed date of repayment and are repayable on demand.

Amounts owed by group undertakings falling due after one year are unsecured, bear interest at a fixed rate of 5.25 percent per annum, paid semi-annually in arrears, and due and payable on 31 May 2025.

12. Creditors: Amounts Falling due Within One Year

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	79	427,675
Other creditors	27	278
Accruals and deferred income	<u>13</u>	<u>14</u>
	119	427,967

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

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)
Notes to the financial statements
For the year ended 30 November 2019

13. Called Up Share Capital

Ordinary shares

	2019	2018
	£'000	£'000
Allotted, called-up and fully paid		
5,333,889 (2018: 5,333,885) ordinary shares of £1 (2018: £1) each	5,333	5,333

On 7 June 2019, the company reduced share premium by £220 million and paid a dividend distribution of £550 million to the company's sole shareholder. The dividend distribution was based on interim financial statements which showed appropriate distributable reserves.

On 7 June 2019, the company issued one non-voting ordinary share at an issue price of £77 million.

On 26 September 2019, the company issued three non-voting ordinary shares at an issue price of £1,259 million.

14. Subsequent Events

United Technologies Corporation ("UTC"), the ultimate parent company of a multinational group of which the Company was a member during the year ended November 30, 2019, separated into three independent companies via spin-off transactions on April 3, 2020: (1) Otis Worldwide Corporation ("Otis"), (2) Carrier Global Corporation ("Carrier"), and (3) Raytheon Technologies, an aerospace company comprised of the Collins Aerospace Systems and Pratt & Whitney businesses.

Following the spin, the Company is a member of the new Otis Worldwide Corporation.

On 6 August 2020, a written resolution was signed in a general meeting of United Technologies Holdings Limited to amend the articles of incorporation, amending the name of the Company to Otis Elevator Holdings Limited effective 7 August 2020.

On 24 November 2020, the Company converted £ 1 billion of share premium to distributable reserves and declared a £ 50 million dividend to Highland Holdings S.a.r.l payable on December 17, 2020.

The Company, as a global company, is impacted by public health crises such as the global pandemic associated with COVID-19. The COVID-19 pandemic has significantly increased global economic and demand uncertainty. Public and private sector policies and initiatives in the U.S. and worldwide to reduce the transmission of COVID-19, such as the imposition of social distancing, widespread travel restrictions and extended shutdowns of non-essential businesses, have impacted the Company's business and operations. The Company, and its ultimate parent company, Otis Worldwide Corporation are working to protect its employees, maintain business continuity and sustain its operations, including ensuring the safety and protection of its employees working in its offices, manufacturing and service facilities worldwide.

Otis Elevator Holdings Limited
(formerly United Technologies Holdings Limited)
Notes to the financial statements
For the year ended 30 November 2019

14. Subsequent Events (continued)

The COVID-19 pandemic may also impact Otis Worldwide Corporation's supply chains, including the ability of suppliers and vendors to provide their products and services to Otis. COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, and creating volatility and unpredictability in financial and capital markets, foreign currency exchange rates, and interest rates. The financial impact of the COVID-19 pandemic cannot be reasonably estimated at this time but may materially affect the Company's, subsidiary businesses, financial condition, results of operations and cash flows. The extent of such impact depends on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the scope, severity and duration of the COVID-19 pandemic and actions to contain its spread or treat its impact, among others.

Although the impact of COVID-19 on Otis's commercial markets is significant, Management currently believes Otis has sufficient liquidity to withstand the potential impacts of COVID-19. Management is also focused on navigating the challenges presented by COVID-19 by preserving liquidity and managing cash flow through taking the necessary measures to meet short-term liquidity needs.

15. Controlling Party

The company's immediate parent undertaking throughout 2018 was Carrier UK Holdings Limited (formerly Goodrich Aftermarket Services Limited). On 13 August 2019 the company's immediate parent undertaking became Berkeley Luxembourg S.à r.l. On 24 September 2019 the company's immediate parent undertaking became Hamilton Sundstrand International Holdings (Luxembourg) S.à r.l. On 26 September 2019 the company's immediate parent undertaking became Commonwealth Luxembourg Holdings S.à r.l. On 23 January 2020 the company's immediate parent undertaking became Highland Holdings S.à r.l.

The company's ultimate parent undertaking and controlling party throughout the year was United Technologies Corporation, a company incorporated in the United States of America. On 3 April 2020 the ultimate parent undertaking became Otis Worldwide Corporation.

United Technologies Corporation is the smallest and largest group to consolidate these financial statements as of 30 November 2019.

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