

CARRIER HOLDINGS LIMITED
(Registered Number: 1832785)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 NOVEMBER 2005

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CARRIER HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2005

The directors submit their report together with the audited financial statements of the Company for the year ended 30 November 2005.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE PROSPECTS

On the 31 March 1999, as a result of United Technologies Inc. entering into a world-wide alliance with Toshiba, Carrier Holdings Limited signed an agreement for selected assets and the trade of Carrier Holdings Limited to be sold to a new joint venture company, Toshiba Carrier UK Limited.

As a result of this agreement, the trade previously carried out by Carrier Holdings Ltd has ceased. The debtors and creditors were not part of the asset sale and the collection and payment of these forms the basis of the ongoing business of Carrier Holdings Limited. The remaining business of the company is in the maintaining of leasehold property that was once used within the trade, but now sub-let for the remaining life of the leases.

RESULTS AND DIVIDEND

The loss on ordinary activities after taxation for the year amounted to £660,000 (2004: £589,000), which has been transferred from reserves. The directors do not recommend the payment of a dividend (2004: £nil).

DIRECTORS' AND THEIR INTERESTS

The directors who served during the whole year were:

D Appel
H Hussain

The directors hold share options in the ultimate holding company, United Technologies Corporation, a company registered in the United States of America. During the year no directors exercised options in United Technologies Corporation. The directors have no interest in the share capital of any group companies registered in the United Kingdom.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has taken out insurance for its directors and officers against liabilities in relation to their duties for the Company as permitted under Section 310 (3) of the Companies Act 1985.

CARRIER HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2005 (CONTINUED)

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

AUDITORS

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

By Order of the Board

H Hussain
Secretary



12 October 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARRIER HOLDINGS LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

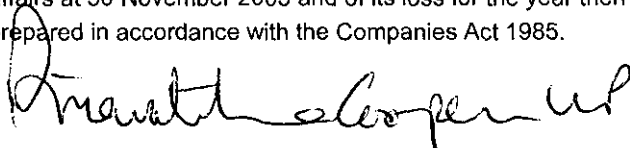
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the *significant estimates and judgements made by the directors in the preparation of the financial statements*, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we *considered necessary in order to provide us with sufficient evidence to give reasonable assurance* that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 November 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Plymouth

27 November 2006

CARRIER HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2005**

	Note	<u>2005</u> £'000	<u>2004</u> £'000
Cost of sales		<u>49</u>	<u>(37)</u>
Gross profit/(loss)		49	(37)
Net administration expenses		<u>(138)</u>	<u>(65)</u>
OPERATING LOSS	3	(89)	(102)
Interest payable	4	<u>(571)</u>	<u>(487)</u>
LOSS BEFORE TAXATION		(660)	(589)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
RETAINED LOSS FOR THE YEAR	13	<u>(660)</u>	<u>(589)</u>

The results for the year are attributable to the discontinuing operations of the Company (note 2).

The retained loss represents the total of all recognised gains and losses relating to the financial year.

There is no difference between the results calculated on an historical cost basis and those presented above.

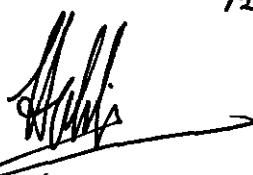
The notes on pages 6 to 11 form an integral part of these financial statements.

CARRIER HOLDINGS LIMITED

BALANCE SHEET AS AT 30 NOVEMBER 2005

		<u>2005</u>	<u>2004</u>
	Note	£'000	£'000
CURRENT ASSETS			
Debtors	8	70	31
Bank and cash in hand		-	1
		<u>70</u>	<u>32</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(12,133)</u>	<u>(11,434)</u>
NET CURRENT LIABILITIES		(12,063)	(11,402)
PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>(110)</u>	<u>(111)</u>
		<u>(12,173)</u>	<u>(11,513)</u>
CAPITAL AND RESERVES			
Called up share capital	12	10,878	10,878
Profit and loss account	13	<u>(23,051)</u>	<u>(22,391)</u>
EQUITY SHAREHOLDERS' DEFICIT	14	<u>(12,173)</u>	<u>(11,513)</u>

The financial statements on pages 4 to 11 were approved by the Board and signed
on *12 October* 2006 on it's behalf by:


H Hussain
Director

The notes on pages 6 to 10 form an integral part of these financial statements.

CARRIER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2005

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the going concern basis under the historic cost convention and in accordance with applicable accounting standards. A letter of support has been provided by the immediate parent undertaking, United Technologies Holdings Limited.

The directors have considered the accounting policies and estimation techniques detailed below and consider that, in accordance with FRS 18 'Accounting Policies', they are the most appropriate for the company.

The Company has taken advantage of the dispensation under FRS1 (Revised 1996) paragraph 5 not to publish a cash flow statement.

Leases

Assets obtained under finance leases and hire purchase agreements are capitalised in the balance sheet and depreciated on a straight line basis over their estimated useful lives or the lease period, whichever is the shorter. The interest element of the finance leases is charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account as incurred or received.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax is measured on a non discounted basis

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the exchange rate ruling on the date of the transaction. All exchange differences are taken to the profit and loss account.

CARRIER HOLDINGS LIMITED

2 DISCONTINUING OPERATIONS

As detailed in the Directors' Report the company has transferred its trading business to Toshiba Carrier UK Limited.

3 OPERATING LOSS

Operating loss is stated after charging:

	<u>2005</u> £'000	<u>2004</u> £'000
Auditors fees	3	3
Operating lease rentals – land and buildings	259	268
	<hr/>	<hr/>

4 INTEREST PAYABLE

	<u>2005</u> £'000	<u>2004</u> £'000
To group undertakings on intercompany loans	571	487
	<hr/>	<hr/>

5 DIRECTOR'S REMUNERATION

No directors received remuneration during the year (2004: nil).

6 EMPLOYEES

The staff transferred to Toshiba Carrier UK Ltd on the 31 March 1999. At 30 November 2005 there were no staff employed by the Company.

CARRIER HOLDINGS LIMITED

7 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Factors affecting tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	<u>2005</u> £'000	<u>2004</u> £'000
Loss on ordinary activities before tax	<u>(660)</u>	<u>(589)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	<u>(198)</u>	<u>(177)</u>
Utilisation of tax losses	198	138
Non-trade income	<u>-</u>	<u>39</u>
	<u>-</u>	<u>-</u>

A deferred tax asset of £38,454 has not been recognised on tax losses arising. This could be utilised against future taxable profits generated in Carrier Holdings Limited. However, it is currently deemed that there is insufficient evidence that any assets would be recoverable

(b) Factors that may affect future tax charges

The directors consider that there are no factors which may materially affect future tax charges.

8 DEBTORS

	<u>2005</u> £'000	<u>2004</u> £'000
Amounts owed by group undertakings	40	7
Prepayments and accrued income	23	24
Other debtors	<u>7</u>	<u>-</u>
	<u>70</u>	<u>31</u>

CARRIER HOLDINGS LIMITED

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2005</u> £'000	<u>2004</u> £'000
Bank loans and overdrafts	2,072	1,769
Trade creditors	11	3
Amounts owed to group undertakings	<u>10,050</u>	<u>9,662</u>
	<u>12,133</u>	<u>11,434</u>

Bank loans, overdrafts and other borrowings are all repayable on demand.

Included in "Amounts owed to group undertakings" is an interest bearing loan of £10,000,000 (2004: £8,600,000) with United Technologies Holdings Limited. The loan is technically repayable on demand. Interest is charged at 0.5% above UK base rate.

10 PROVISION FOR LIABILITIES AND CHARGES

	Onerous lease rentals £'000
At 1 December 2004	111
Released during the year	(1)
At 30 November 2005	<u>110</u>

Two sub-lease agreements have been signed in respect of the Woking property previously occupied by Carrier Holdings Limited. The provision represents the *shortfall of rents receivable compared to rents payable in relation to the property over the lengths of the leases.*

11 LEASE COMMITMENTS

The Company had annual commitments under land and buildings operating leases due to expire as follows:

	<u>2005</u> £'000	<u>2004</u> £'000
Two - five years	269	-
Over five years	-	259
	<u>269</u>	<u>259</u>

CARRIER HOLDINGS LIMITED

12 CALLED UP SHARE CAPITAL

	<u>2005</u> £'000	<u>2004</u> £'000
10,878,000 (2004: 10,878,000) Ordinary shares of £1 each		
Authorised, issued and fully paid	<u>10,878</u>	<u>10,878</u>

13 RESERVES

	<u>2005</u> £'000	<u>2004</u> £'000
Opening reserves	(22,391)	(21,802)
Retained loss for the year	(660)	(589)
Closing reserves	<u>(23,051)</u>	<u>(22,391)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>2005</u> £'000	<u>2004</u> £'000
Loss for the financial year	(660)	(589)
Opening shareholders' deficit	<u>(11,513)</u>	<u>(10,924)</u>
Closing shareholders' deficit	<u>(12,173)</u>	<u>(11,513)</u>

15 GOING CONCERN

The directors have prepared the financial statements on the going concern basis. They have received confirmation from the Company's immediate parent undertaking that it will continue to provide financial support to the Company, so as to enable the Company to meet its obligations as and when they fall due, for the foreseeable future.

CARRIER HOLDINGS LIMITED

16 RELATED PARTY TRANSACTIONS

Related parties of the company comprise fellow subsidiaries of the United Technologies Corporation group. Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures".

The intercompany creditor balance (see note 9) includes £nil (2004: £1,015,000) in relation to Toshiba Carrier UK Limited which is not a 90% owned subsidiary of the group. The profit and loss account and intercompany debtor balance (see note 8) both include £40,000 (2004: £nil) in relation to the recovery of VAT through Toshiba Carrier UK Limited (previously written off).

17 PARENT UNDERTAKING

The immediate parent undertaking is United Technologies Holdings Limited, a company registered in England.

The largest and smallest groups for which group accounts are prepared, and of which the Company is a member, are respectively United Technologies Corporation, which is incorporated in the United States of America and is the ultimate parent undertaking of the Company, and United Technologies Holdings plc, registered in England.

Copies of the United Technologies Corporation group accounts can be obtained from 1 Financial Plaza, Hartford, Connecticut, 06101, USA. Copies of the United Technologies Holdings plc accounts can be obtained from The OTIS Building, 187 Twyford Abbey Road, London, NW10 7DG.