Kidde Limited
Annual Report
for the year ended 31 December 2021

Registered in England, number: 04039127

Kidde Limited

Contents

Kidde Limited

Strategic Report

The directors present their Strategic Report for the company for the year ended 31 December 2021.

Review of business and future activities.

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

On April 3, 2020, United Technologies Corporation ("UTC") separated into three independent, publicly traded companies; UTC, Otis Worldwide Corporation and Carrier Global Corporation (the "Separation"). As a result of the Separation, the ultimate parent of Kidde Limited changed from UTC to Carrier Global Corporation.

COVID-19

After more than two years dealing with the global pandemic which led to extended shutdowns and lockdowns in order to prevent the spread of COVID-19, from January 2022 there has been a significant easing of restrictions and laws used during the pandemic no longer in place. The impact of the coronavirus on the Group's business still continues to be uncertain, as it will continue to be dependent on ongoing development, however companies are returning to a pre-pandemic work environment. At an individual company level COVID-19 has not impacted the results of the business.

Russia-Ukraine war

In February 2022 Russia invaded Ukraine. In response additional financial, trade, and travel sanctions were imposed on Russia and Belarus by some members of the International Community.

The company does not trade or hold assets in Russia, Belarus or Ukraine and therefore is not directly affected. However, the economic knock-on effects of sanctions and the Black Sea blockade will inevitably have short to long term effects as we have seen the ramifications in increased energy prices, jump in inflation and interest rates. Given the global effects the conditions are likely to remain fluid and complex. Directors take a view that this is a non-adjusting post balance sheet event.

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

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 requires appropriate credit analysis on potential borrowers before any lending arrangements are entered into. The amount of exposure to any individual counterparty is subject to a limit which is reassessed periodically.

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.

Financial risk management (continued)

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 13 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:

Neil Gregor Macgregor
Director
17 November 2022

1st Floor
Ash House
Littleton Road
Ashford
Middlesex
TW15 1TZ

Kidde Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The company acts as a investment holding company for a number of Carrier Global Corporation group companies in the United Kingdom.

Results and dividends

The loss for the financial year is set out in the statement of comprehensive income on page 8.

During the year the directors declared and paid an interim dividend of £1,000,000 (2020: £nil).

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Company will continue to be able to meet its liabilities as they fall due, within 12 months of the date of approval of these financial statements. The company's business activities, together with the factors likely to affect its future development,performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the company; liquidity position; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

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

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

Directors

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

Chubb Management services Limited (resigned on 3 January 2022)
Robert Sloss (resigned on 3 January 2022)
Neil Gregor Macgregor
Christian Bruno Jean Idczak (appointed on 3 January 2022)

Directors' indemnity

The directors have the benefit of an indemnity provided on a group wide basis via Carrier Global Corporation which is a qualifying third party indemnity provision. An 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.

Section 172 and SECR reporting

The company is exempt from the requirement to include a s172 as it is neither large, nor a member of an ineligible group. Also, the requirements of Streamlined Energy and Carbon Reporting (SECR) are not applicable as the company do not breach the conditions of large unquoted companies stated in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SI 2018/1155') regulation.

Directors' Report (continued)

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 the 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.

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
17 November 2022

1st Floor
Ash House
Littleton Road
Ashford
TW15 1TZ

pwc

Independent auditors' report to the members of Kidde Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kidde Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2021; 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

Independent auditors' report to the members of Kidde Limited (continued)

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates such as impairment assessment of investments and recoverability of intercompany receivables. Audit procedures performed by the engagement team included:

- Discussions throughout the audit with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of the board of directors;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

Independent auditors' report to the members of Kidde Limited (continued)

- Challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), in particular in relation to impairment assessment of investments and recoverability of intercompany receivables; and
- Assessed transactions for the risk of inappropriate journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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
18 November 2022

Kidde Limited

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	**2021**	2020
		£'000	£'000
Administrative expenses		**(14)**	(12)
Impairment charges		**(145)**	(529)
Other income		**97**	—
Operating loss		**(62)**	(541)
Finance income	*3*	**5**	8
Profit/(loss) before taxation		**(57)**	(533)
Tax on (loss)/profit	*7*	**—**	—
Profit/(loss) for the financial year		**(57)**	(533)
Other comprehensive income		**—**	—
Total comprehensive income/(expense) for the financial year		(57)	(533)

All results are derived from continuing operations.

Kidde Limited

Balance Sheet

As at 31 December 2021

Registered number: 04039127

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	9	391	536
		391	536
Current assets			
Debtors: Amounts falling due within one year	*10*	104	1,016
Cash at bank and in hand		—	135
		104	1,151
Creditors: Amounts falling due within one year	*11*	—	(135)
Net current assets		104	1,016
Total assets less current liabilities		495	1,552
Net assets		495	1,552
Equity			
Called up share capital	*12*	87	87
Retained earnings		408	1,465
Total shareholders' funds		495	1,552

The notes on pages 11 to 20 form part of these financial statements.

The financial statements on pages 8 to 20 were approved by the board of directors on 17 November 2022 and were signed on its behalf by:

Neil Gregor Macgregor
Director

Kidde Limited

Statement of changes in equity

For the year ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Total Shareholders' funds £'000
Balance as at 1 January 2020	**87**	**1,998**	**2,085**
Loss for the financial year	—	(533)	(533)
Total comprehensive expense for the year	—	(533)	(533)
Balance as at 31 December 2020	**87**	**1,465**	**1,552**
Profit for the financial year	—	(57)	(57)
Total comprehensive income for the year	—	(57)	(57)
Dividends	—	(1,000)	(1,000)
Total transactions with owners recognised directly in equity	—	(1,000)	(1,000)
Balance as at 31 December 2021	**87**	**408**	**495**

1. Accounting Policies

Kidde Limited ('the company') is a holding company for loans with and investments in entities within the Carrier Global Corporation group.

The company is a private limited company, limited by shares, limited by shares, and is incorporated and domiciled in United Kingdom. The address of its registered office is 1st Floor, Ash House, Littleton Road, Ashford, Middlesex, TW15 1TZ.

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, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

The financial statements contain information about Kidde 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, Carrier Global Corporation, a company incorporated in the United Stated 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
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 Carrier Global Corporation. The group financial statements of Carrier Global Corporation are available to the public and can be obtained as set out in note 14.

Adoption of new and revised Standards

No new accounting standards, or amendments to accounting standards, or IFRS 1C interpretations that are effective for the year ended 31 December 2021 have had a material impact on the company.

1. Accounting Policies (continued)

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 hold investments in other entities. Activity and future development of the company depends on performance of the subsidiaries.

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 of Kidde Limited have sufficiently ensured that the cash pool entity on which this entity is reliant on has liquid funds or support from the group company.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

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

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.

1. Accounting Policies (continued)

Taxation (continued)

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.

Dividend and Interest Income

Dividend income from investments is recognised when shareholders' rights to receive payment have been established (provided that it is probable that the economic benefit 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.

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.

Financial Assets

The company classifies its financial assets in the following categories:
- Amortised cost.

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.

1. Accounting Policies (continued)

Financial Assets (continued)

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 (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

(a) Financial assets at amortised cost

The company classifies its financial assets 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 other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets.

Receivables at amortised cost

Intercompany receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset carrying amount and the present value of estimated future cash flows, discounted at the financial asset 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.

1. Accounting Policies (continued)

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.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

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

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.

Recoverability of intercompany receivable

The directors make an assessment at the end of each financial year of whether there is objective evidence that amounts due from fellow subsidiaries are impaired. When assessing impairment of amounts due from fellow subsidiaries, the directors consider factors including the credit rating of the counterparty, reviewing any significant events since the end of the financial year and the impact of any restructuring within the group. The directors make a decision on any impairment based on this assessments.

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 £536,000 (2020: £ £536,000) with an impairment loss of £nil recognised in 2021 (2020:£529,000).

3. Finance Income

	2021	2020
	£'000	£'000
Interest receivable:		
Other loans and receivables	**5**	8
	5	8

4. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers of £5,000 (2020: £2,675) for the audit of the company's annual financial statements were borne by Carrier UK Holdings Limited (2020: Chubb Group Limited).

Fees payable to PricewaterhouseCoopers for non-audit services to the company were £nil (2020:£nil).

5. Staff Costs

The company had no employees during the year (2020: none)

6. Directors' Remuneration and Transactions

None of the Directors received remuneration in respect of their services to the company during the year (2020: none). Directors remuneration is paid by Chubb Group Limited which is an intermediate parent company.

7. Tax on Profit/(Loss)

Tax income included in profit or loss:

	2021 £'000	2020 £'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 profit/(loss) in the statement of comprehensive income as follows:

	2021 £'000	2020 £'000
Profit/(Loss) before taxation	(57)	(533)
Tax on profit/(loss) before taxation at standard UK corporation tax rate of 19% (2020 - 19%)	(11)	(101)
Effects of:		
Expenses not deductible for tax purposes	(28)	100
Group relief surrendered for nil consideration	39	1
Income not subject to tax	—	—
Total tax charge for year	—	—

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8. Dividends on Equity Shares

Amounts recognised as distributions to equity holders in the year:

	2021	2020
	£'000	£'000
Interim dividend for the year ended 31 December 2021 of £1,000,000 (2020: £nil)	1,000	—
	1,000	—

9. Investments

	£000
Cost	
At 1 January 2021	5,696
Disposal	—
At 31 December 2021	5,696
Provisions for Impairment	
At 1 January 2021	5,160
Provision during the year	145
At 31 December 2021	5,305
Net book value at 31 December 2021	391
Net book value at 31 December 2020	536

The subsidiary below has been treated as a subsidiary undertaking because the Group exercises dominant influence over this investment, directing its financial and operating policies.

Details of the Company's directly owned subsidiary at 31 December 2021 are as follows :

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest %
Climate Controls & Security Argentina S.A. Pedro de Lujan 2902, Buenos Aires, CPC1294ACL, Argentina	Sale, Installation and maintenance of fire safety systems	Ordinary	98.5 %

9. Investments (continued)

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

During the year a provision for impairment of £145,000 (2020: 529,000) was made to the investment in Climate Controls & security Argentina S.A.

In evaluating the Company's investments for impairment, valuations were prepared for these entities and their underlying subsidiaries utilizing the Net Asset Value method for non-operating entities and the Discounted Cash Flow method for operating entities. The discount rates used ranged from 11% to 22% (2020: 12.4% - 14.75%) and long-term growth rate was 3.5% (2020: 3.5% to 4.0%).

Should the discount rates increase by 1%, the impairment value would increase to £161,000. Similarly, a 1% decrease in the long-term growth rate would increase impairment to £155,000, all other factors being held constant.

The company does not own any subsidiaries indirectly.

10. Debtors: Amounts Falling due Within one Year

	2021	2020
	£'000	£'000
Amounts owed by group undertakings	**104**	1,015
Other debtors	**—**	1
	104	1,016

Included in amounts owed by group undertakings is £83,000 (2020: £1,015,000) are unsecured, interest bearing at a rate of 0.05% (2020: 0.75%) and are repayable on demand. Remaining amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. Creditors: Amounts Falling due Within One Year

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	**—**	135
	—	135

Amounts owed to group undertakings are unsecured and are repayable on demand.

12. Called Up Share capital

Ordinary shares

	2021	2020
	£'000	£'000
Allotted, called-up and fully-paid		
871,915,127 (2020 - 871,915,127) ordinary shares of £0.01p (2020: £0.01p) each	**87**	87
200 (2020 - 200) subscriber shares of £0.01p (2020:£0.01p) each	**—**	—
	87	87

13. Subsequent events

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

14. Controlling party

The company's immediate parent undertaking is Carrier Investments UK Limited.

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

Carrier Global Corporation is the smallest and largest group to consolidate these financial statements.

Copies of the Carrier Global Corporation group financial statements are publicly available and can be obtained from www.carrier.com.