

Detector Electronics (U.K.) Limited

**Annual Report
for the year ended 31 December 2021**

Registered number: 01617797

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Detector Electronics (U.K.) Limited

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Detector Electronics (U.K.) Limited

Strategic Report

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

Review of the business

Revenue for the year ended 31 December 2021 amounted to £10,354,000 (2020: £12,464,000). Profit before taxation for the year was £1,007,000 (2020: Profit £1,515,000) and net assets at the year end amounted to £2,341,000 (2020: £3,297,000).

The Directors consider that in the extended challenging economic context of 2021, both the level of the business and the year-end financial position were satisfactory.

We continued our diversification in 2021 and continue to pursue market segments in addition to our core POG and turbines segments.

We now have well established teams bringing key action plans to bear in several other market areas. Some of our core customers are key players in the Energy Transition and we will follow them into this new area.

Major projects saw a small increase in 2021 compared to 2020 but our base business and key accounts did not have such a positive year and hence the revenue and profit were impacted. The ongoing supply chain impacts also meant that our revenue lagged our orders received, so we have an increased backlog.

Geopolitical issues and sanctions continue to cause the business additional burden of compliance and restriction. Brexit has been cause for concern however the company has a mitigation plans to handle additional workload, logistics issues and supply chain.

The company's financial position at the end of the year is set out in the balance sheet on page 10 of the financial statements.

Key performance indicators

The company's key financial indicators for the year are as follows:

	2021	2020	Change
	£'000	£'000	%
Revenue	10,354	12,464	(16.9)%
Gross profit	2,870	3,956	(27.5)%
Operating Profit	1,000	1,508	(33.7)%
Operating Profit as a % of sales	9.7 %	12.1 %	(2.4)%
Net current assets	2,066	2,991	(30.9)%

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to some risks. More than half the business is sales to the oil and gas industries and demand is influenced by capital investment and ongoing maintenance budgets of the major customers.

The company is monitoring the oil price and the situation with regards to sanctions in end destinations such as Russia and China and part-owned end users by Russian and Chinese corporations across the region. We work hard to understand the potential impact on future revenue streams in the oil industry.

Detector Electronics (U.K.) Limited

Strategic Report (Continued)

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including foreign exchange risk, credit risk, liquidity risk and price risk.

Foreign exchange risk

The company manages foreign exchange risk through arrangements with the Carrier group whereby foreign currency that is not required is offered to the group at the spot rate and similarly required foreign currency can be obtained from the group at the spot rate.

Credit risk

The company manages its credit risk in line with its credit control policy, including credit checks, trade references and credit limit reviews.

Liquidity risk

The company ensures the availability of funding through managing cash flow and access to intercompany funding where required.

Price risk

The company's price risk arises from competition in the market. The company minimises this risk by operating in a number of markets with a defined pricing strategy and structure.

Future developments


The Directors of Detector Electronics (U.K.) Limited expect the general level of activity to remain consistent with 2021 in the forthcoming year.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 22 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:

DocuSigned by:


999994BC04414CB
D Riddle
Director
3 October 2022

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

Detector Electronics (U.K.) Limited

Directors' Report

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

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 1 to 2 and form part of this report by cross-reference.

Going concern

The current economic conditions continue to create uncertainty particularly around revenue and operating profit levels. Profit before taxation for the year was £1,007,000 (2020: Profit £1,515,000) and net assets at the year end amounted to £2,341,000 (2020: £3,297,000). The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and committed financing arrangements.

Whilst the company partly meets its day-to-day working capital requirements and financing arrangements through UK group cash pooling arrangements, which are centrally managed by group companies (Parkview Treasury Services (UK) Limited and Kaysail Limited), there is a finite risk of a cash pooling mechanism failure and the facility can be terminated by the Pool Leader with 1 day's notice. Accordingly, the company has received a letter of support from Carrier Corporation, its ultimate parent undertaking.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Dividends

The directors do not recommend a final dividend which, together with the interim dividend of £2 million paid on 27th September 2021, makes a total of £2 million for the year (2020 £4million).

Directors

The Directors, who served throughout the year, and up to the date of signing the financial statements were as follows:

D Riddle
S Day

Directors' indemnities

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.

Detector Electronics (U.K.) Limited

Directors' Report

Section 172 and SECR Reporting

The company is exempt from the requirement to include a s172 as it is neither a large, nor a member of an ineligible group. Also, the requirements of Streamlined Energy and Carbon Reporting (SECR) are not applicable as the company does 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.

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.

Detector Electronics (U.K.) Limited

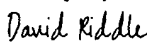
Directors' Report (continued)

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

D Riddle
Director
3 October 2022

DocuSigned by:

9969943C04414CB

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

Detector Electronics (U.K.) Limited

Independent auditors' report to the members of Detector Electronics (U.K.) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Detector Electronics (U.K.) 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 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: Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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.

Detector Electronics (U.K.) Limited

Independent auditors' report to the members of Detector Electronics (U.K.) Limited

Reporting on other information (continued)

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

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

Based on 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 the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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.

Detector Electronics (U.K.) Limited

Independent auditors' report to the members of Detector Electronics (U.K.) Limited

Responsibilities for the financial statements and the audit (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislations and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 journals and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates
- We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

Detector Electronics (U.K.) Limited

Independent auditors' report to the members of Detector Electronics (U.K.) Limited

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept 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.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
3 October 2022

Detector Electronics (U.K.) Limited**Statement of comprehensive income****For the year ended 31 December 2021****Registered number: 01617797**

	<i>Note</i>	2021 £'000	2020 £'000
Revenue	3	10,354	12,464
Cost of sales		(7,484)	(8,508)
Gross profit		2,870	3,956
Distribution costs		(1,498)	(1,426)
<i>Administrative expenses</i>		(372)	(1,022)
Operating profit		1,000	1,508
Profit before finance charges		1,000	1,508
Finance income	4	8	8
Finance costs	5	(1)	(1)
Profit before taxation	6	1,007	1,515
Tax on profit	10	37	—
Profit for the financial year		1,044	1,515
Total comprehensive income for the year		1,044	1,515

All results are derived from continuing operations.

Detector Electronics (U.K.) Limited**Balance sheet****As at 31 December 2021****Registered number: 01617797**

	<i>Note</i>	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	12	238	300
Right of use assets	13	—	26
Deferred tax asset	14	37	—
		275	326
Current assets			
Inventories	15	1,027	1,124
Debtors	16	3,755	4,017
Cash at bank and in hand		72	213
		4,854	5,354
Creditors: Amounts falling due within one year	17	(2,788)	(2,363)
Net current assets		2,066	2,991
Total assets less current liabilities		2,341	3,317
Creditors: Amounts falling due after more than one year	18	—	(20)
Net assets		2,341	3,297
Equity			
Called up share capital	19	80	80
Retained earnings		2,261	3,217
Total Shareholders' funds		2,341	3,297

The notes on pages 13 to 29 form part of these financial statements.

The financial statements on pages 10 to 29 were approved by the board of Directors on 3 October 2022 and were signed on its behalf by:

DocuSigned by:

 9969948C04114CB
 D Riddle
 Director

Detector Electronics (U.K.) 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 at 1 January 2020	80	5,702	5,782
Profit for the financial year	—	1,515	1,515
Total comprehensive income for the year	—	1,515	1,515
Dividends Paid	—	(4,000)	(4,000)
Balance at 31 December 2020	80	3,217	3,297
Profit for the financial year	—	1,044	1,044
Total comprehensive income for the year	—	1,044	1,044
Dividends Paid	—	(2,000)	(2,000)
Balance at 31 December 2021	80	2,261	2,341

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies

Detector Electronics (U.K.) Limited ('the company') provides the sale and service of high speed fire and gas detection systems.

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

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 FRS 101.

The financial statements have been prepared on a going concern basis, and also on the historical cost basis, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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

IFRS 7 – financial instrument disclosures

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

IAS 1 – Information on management of capital

IAS 7 – statement of cash flows

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

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

Where required, equivalent disclosures are given in the group financial statements of United Technologies Corporation. The group financial statements of United Technologies Corporation are available to the public and can be obtained as set out in note 24.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Adoption of new and revised Standards

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

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

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

Whilst the company partly meets its day-to-day working capital requirements and financing arrangements through UK group cash pooling arrangements, which are centrally managed by group companies (Parkview Treasury Services (UK) Limited and Kaysail Limited), there is a finite risk of a cash pooling mechanism failure and the facility can be terminated by the Pool Leader with 1 day's notice.

Accordingly, the company has received a letter of support from Carrier Corporation, its ultimate parent undertaking.

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

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The useful economic lives of intangible assets acquired separately are:

Software - 8 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

1.Accounting Policies (continued)

Impairment of intangible assets

At each balance sheet date, the company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

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 income statement 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.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

1.Accounting Policies (continued)

Taxation (Continued)

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 income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these. The company's activities are described in detail below. The company bases its estimate of the return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods

Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and the recovery of the consideration is considered probable. For product sales, revenue is recognised when the performance obligations are satisfied in accordance with the customer contract.

A receivable is recognised when the performance obligations are satisfied in accordance with the customer contract. This is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Interest income

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

Pension costs

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

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

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

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

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

Leases

The company as lessee

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

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.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

1.Accounting Policies (continued)

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories:

- 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. Management determines the classification of its financial assets at initial recognition.

Effective interest method

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

Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

Impairment of financial assets

Assets carried at amortised cost

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired.

Trade and other receivables

- Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.
- Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

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

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

1.Accounting Policies (continued)

Financial liabilities

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

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Company's obligation.

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 judgments, 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.

Inventory provisioning

The company supplies, installs and maintains fire and security equipment which are subject to changing customer demands and technological change. As a result it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. Management consider the nature and condition of inventory, as well as apply assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning. See note 15 for the net carrying value of inventory and associated provision.

Impairment of Trade Receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the age profile of the receivable and historic experience. See note 16 for the net carrying amount of the receivables and the associated impairment provision.

Detector Electronics (U.K.) Limited**Notes to the financial statements****For the year ended 31 December 2021****3. Revenue**

An analysis of the Company's revenue is as follows:

	2021	2020
	£'000	£'000
Continuing operations		
Sales of goods	10,354	12,464
Total revenue	10,354	12,464

An analysis of the Company's revenue by geographical market is set out below:

	2021	2020
	£'000	£'000
Revenue:		
United Kingdom	2,927	2,940
European Union	6,062	7,818
United States of America	—	218
Rest of World	1,365	1,488
	10,354	12,464

4. Finance Income

	2021	2020
	£'000	£'000
Interest receivable:		
Bank deposits	8	8
	8	8

5. Finance Costs

	2021	2020
	£'000	£'000
Bank loans and overdrafts	(1)	—
Finance leases and hire purchase contracts	—	(1)
	(1)	(1)

Detector Electronics (U.K.) Limited**Notes to the financial statements****For the year ended 31 December 2021****6. Profit Before Taxation**

Profit before taxation is stated after (crediting)/charging:

	2021	2020
	£'000	£'000
Net foreign exchange losses/(gains)	136	(171)
Amortisation of intangible assets	62	62
Depreciation of right of use assets	4	1
(Profit)/loss on disposal of Right of use asset	(5)	—
Operating lease charges:		
- plant and machinery	60	73
- building rent	127	127
Audit fees	27	27
Inventory recognised as expense	7,553	8,616
Impairment of inventory		
Movement in inventory provision	16	(31)
Reversal of Impairment/ Impairment of trade receivables	(15)	229
Staff costs (see note 7)	1,094	1,321

7. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statement were £27,000 (2020: £27,000).

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

8. Staff Costs

The average monthly number of employees (including executive Directors) was:

	2021	2020
	Number.	Number
Selling & Distribution	18	21
	18	21

Their aggregate remuneration comprised:

	2021	2020
	£'000	£'000
Wages and salaries	955	1,166
Social security costs	98	115
Other pension costs (see note 19)	41	40
	1,094	1,321

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

9. Directors' Remuneration and Transactions

	2021 £'000	2020 £'000
Directors' remuneration		
Emoluments	196	226
Company contributions to money purchase pension schemes	11	11
	<u>207</u>	<u>237</u>

	2021 Number	2020 Number
The number of Directors who:		
Are members of a pension scheme	2	2

Aggregate amounts paid to the Kidde UK pension scheme arrangement amounts to £11,130 (2020: £10,746).

	2021 £'000	2020 £'000
Remuneration of the highest paid Director:		
Emoluments and amounts (excluding shares) under long term incentive schemes	114	145
Company contributions to money purchase pension schemes	8	8

The highest paid Director did not exercise share options in the year and had shares receivable under long-term incentive schemes.

Detector Electronics (U.K.) Limited**Notes to the financial statements****For the year ended 31 December 2021****10. Tax on Profit****Tax expense included in profit or loss:**

	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on profits for the year	—	—
Adjustments in respect of prior years		
UK corporation tax	—	—
Foreign tax	—	—
Total current tax	—	—
Deferred tax		
Current year	(28)	—
Impact of rate change	(9)	—
Total deferred tax (see note 14)	(37)	—
Total tax on Profit/(loss)	(37)	—

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

	2021	2020
	£'000	£'000
Profit before taxation	1,007	1,515
Tax on profit at standard UK corporation tax rate of 19.00% (2020: 19.00%)	191	288
Effects of:		
Expenses not deductible for tax purposes	1	—
Re-measurement of deferred tax - changes in UK tax rates	(9)	—
Group relief received for nil consideration	(130)	(361)
Amounts not recognised	(90)	73
Total tax charge for the year	(37)	—

Finance Act 2020 legislated that the main rate of UK corporation tax will remain at 19% from 1 April 2020. However, after the third reading of the Finance Bill 2021 on 24 May 2021, it was substantially enacted that the tax rate would be increased to 25% for companies with profit in excess of £250,000 with effect 01 April 2023. As substantive enactment is before the balance sheet date, deferred tax balances as of 31 December 2021 have been measured at a rate of 25%.

Detector Electronics (U.K.) Limited**Notes to the financial statements****For the year ended 31 December 2021****11.Dividends on Equity Share**

Amounts recognised as distributions to equity holders in the year:

	2021	2020
	£'000	£'000
Interim dividend for the year ended 31 December 2021 of £25 (2020 £50) per ordinary share	2,000	4,000
	2,000	4,000

12.Intangible Assets

	Software £'000	Total £'000
Cost		
At 1 January 2021	496	496
At 31 December 2021	496	496
Accumulated amortisation		
At 1 January 2021	196	196
Amortisation	62	62
At 31 December 2021	258	258
Net book value		
At 31 December 2021	238	238
At 31 December 2020	300	300

Detector Electronics (U.K.) Limited**Notes to the financial statements****For the year ended 31 December 2021****13. Leases**

The company has a lease contract for a vehicle used in the operations. The amounts recognised in the financial statements in relation to the lease are detailed below.

Right of use assets

	Equipment on lease or hire	Total
	£'000	£'000
Cost		
At 1 January 2021	27	27
Disposals	(27)	(27)
At 31 December 2021	—	—
Accumulated depreciation		
At 1 January 2021	1	1
Depreciation	4	4
Disposals	(5)	(5)
At 31 December 2021	—	—
Net book value		
At 31 December 2021	—	—
At 31 December 2020	26	26

Lease liabilities

	Minimum lease payments	
	2021	2020
	£'000	£'000
Amounts payable under finance leases:		
Not later than one year	—	7
Later than one year and not later than five years	—	21
Later than five years	—	—
Total gross payments	—	28
Less: future finance charges	—	(1)
Carrying value of liability	—	27

Analysed as:

Amounts due for settlement within 12 months	—	7
Amounts due for settlement after 12 months	—	20
	—	27

Detector Electronics (U.K.) Limited**Notes to the financial statements****For the year ended 31 December 2021****13. Leases (continued)****Right of use asset (continued)****Amounts recognised in the income statement**

	2021 £'000	2020 £'000
Depreciation	4	1
Interest expense included in finance cost (see note 5)	—	(1)

14. Deferred Tax

The analysis of deferred tax assets (liabilities) is as follows:

	2021 £'000	2020 £'000
Deferred tax assets due after more than 12 months	37	—
Deferred tax liabilities due after more than 12 months	—	—
Total provision due after more than 12 months	37	—
Net deferred tax asset	37	—

The movement in deferred tax is as follows:

Deferred tax assets:

	Other temporary differences £'000	Total £'000
At 1 January 2020	—	—
Charged/(credited) to profit and loss	—	—
At 1 January 2021	—	—
Charge/(credit) to profit and loss	28	28
Effect of change in tax rate		
- profit and loss	9	9
At 31 December 2021	37	37

Detector Electronics (U.K.) Limited**Notes to the financial statements****For the year ended 31 December 2021****15. Inventories**

	2021 £'000	2020 £'000
Work in progress	72	9
Finished goods and goods for resale	955	1,115
	<u>1,027</u>	<u>1,124</u>

Inventories are stated after provisions for impairment of £75,000 (2020: £59,000).

16. Debtors**Amounts falling due within one year:**

	2021 £'000	2020 £'000
Trade receivables	2,733	2,724
Amounts owed by group undertakings	1,014	1,102
Other receivables	—	182
Prepayments and accrued income	8	9
	<u>3,755</u>	<u>4,017</u>

Trade receivables are stated after provision for impairment of £374,000 (2020: £725,000).

Amounts owed by group undertakings includes a receivable balance by Kaysail Limited of £800,000 (2020 £694,000) at an Interest rate of 0.01% and a receivable balance by Parkview Treasury Services (UK) Limited of £164,000 (2020 £361,000) at an interest rate of 0.66%. Other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Creditors Amounts Falling Due Within One Year

	2021 £'000	2020 £'000
Trade creditors	412	99
Amounts owed to group undertakings	1,624	1,671
Other creditors	124	7
Accruals and deferred income	628	586
	<u>2,788</u>	<u>2,363</u>

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

Detector Electronics (U.K.) Limited**Notes to the financial statements****For the year ended 31 December 2021****18. Creditors Amounts Falling Due After More Than One Year**

	2021	2020
	£'000	£'000
Finance Lease	—	20
	—	20

19. Called Up Share Capital**Ordinary shares**

	2021	2020
	£'000	£'000
Allotted and fully-paid		
80,000 (2020: 80,000) ordinary shares of £1 (2020: £1) each	80	80

20. Retirement Benefit Schemes**Defined contribution schemes**

The company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to income of £41,368 (2020: £40,000) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 2021, contributions of £nil (2020: £nil) due in respect of the current reporting year had not been paid over to the schemes.

21. Share Based Payments**Cash-settled share-based payments**

The company issues to certain employees share appreciation rights (SARs), determined by reference to the company's parent's shares, that require the company to pay the intrinsic value of the SAR to the employee at the date of exercise. The company has recorded liabilities of £nil and £nil in 2021 and 2020. The company recorded total expenses of £nil and £nil in 2021 and 2020, respectively. The total intrinsic value at 31 December 2021 and 2020 was £nil and £nil respectively.

22. Post Balance Sheet Events

There are no subsequent events to report as at the signing date of the financial statements.

Detector Electronics (U.K.) Limited

Notes to the financial statements

For the year ended 31 December 2021

23. Related Party Transactions

Exemption has been taken.

24. Controlling Party

The company's immediate parent undertaking is *Matlock Holdings 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.

The registered address for *Carrier Global Corporation* is 13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418, USA

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