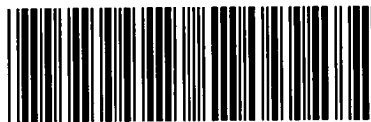


Page Aerospace Limited

**Annual Report
for the year ended 30 November 2018**

Registered number: 00615793

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Page Aerospace Limited

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Page Aerospace Limited

Strategic Report for the year ended 30 November 2018

The directors present their strategic report for the company for the year ended 30 November 2018.

The directors, in preparing this strategic report, have complied with s414C(11) of the Companies Act 2006.

Following the reduction in the company's activities in 2016, Page Aerospace Limited now acts as a service provider for its subsidiaries.

The Company is based in the UK and its registered office is Fore 1, Fore Business Park, Huskisson Way, Shirley, Solihull, West Midlands, B90 4SS.

The Company is a subsidiary of United Technologies Corporation (UTC).

Review of the business

Manufacturing ceased in December 2014 and the remainder of associated business activity ceased in April 2015. The company continues to exist in a reduced form with limited design and development activity.

Key performance indicators

The key financial and other performance indicators during the year were as follows:

	2018 £'000	2017 £'000	Change %
Operating loss	(385)	(416)	(7.5%)
(Loss)/ profit for the financial year	(723)	314	(330.3%)
Total shareholders' funds	47,276	48,012	(1.5%)

The company's directors are of the opinion that an analysis using any other KPI's is not necessary for an understanding of the development, performance and position of the company and therefore no further information has been provided.

Principal risks and uncertainties

Following the UK's decision to leave the EU following the referendum held on 23 June 2016 and the consequential uncertainty surrounding the UK economy the Directors have carried out a risk assessment. Whilst this is viewed as a low impact to the business, we have set up a team specifically to monitor developments as the post-Brexit landscape evolves and, in particular, to ensure that all potential implications relating to Brexit are considered.

Future developments

The directors expect the company to continue to exist in a reduced form with its current level of limited design and development activity.

On November 26, 2018 the ultimate parent undertaking and controlling party, United Technologies Corporation (UTC), announced its intention to separate into three independent companies: (1) UTC, an aerospace company comprised of the Collins Aerospace Systems and Pratt & Whitney businesses, (2) Otis, and (3) Carrier.

Page Aerospace Limited

Strategic Report for the year ended 30 November 2018

Future developments (continued)

The proposed separations are expected to be effected through spin-offs by UTC of Otis and Carrier that are intended to be tax-free for the Company's shareowners for U.S. federal income tax purposes.

The Company expects to complete the separation transaction by mid-year 2020.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 16 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:



N. Gregor Macgregor
Director
30th July 2019

Fore 1, Fore Business Park,
Huskisson Way,
Shirley, Solihull,
West Midlands,
B90 4SS.

Directors' Report for the year ended 30 November 2018

The directors present their Report and audited financial statements of the company for the year ended 30 November 2018.

Results and dividends

There were no dividends proposed, declared or paid in the year (2017: £nil).

Future developments

The future developments are currently disclosed in the strategic report on page 1 and form part of this report by cross-reference.

Going concern

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

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

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk, foreign currency risk and liquidity risk. The use of financial instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial instruments to manage these risks.

Credit risk

The company's principal financial assets are debtors and investments.

The company's credit risk is primarily attributable to its debtors. The amounts presented in the balance sheet are net of expected credit losses. When assessing expected credit losses, management considers factors including the credit rating of the debtor, the ageing profile and historical experience. The company applies IFRS 9 simplified approach to measure expected credit losses which uses 12 month expected credit loss, with the lifetime expected credit loss being recognised in the event of a significant increase in default risk.

Liquidity risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Directors' Report for the year ended 30 November 2018

Financial risk management objectives and policies (continued)

Foreign currency risks

The company holds monetary assets and liabilities in which the underlying currency is a currency other than the Company's functional currency. In line with Generally Accepted Accounting Principles these monetary assets and liabilities are revalued at each month end to the closing balance sheet rate. These revaluations give rise to foreign exchange gains or losses which are taken through the profit and loss account in the month in which they arise.

The company does not enter into any interest rate of currency hedging, but does follow active management policies to minimize the risks as far as possible.

Modern Slavery Act

The Company is committed to ensuring slavery and human trafficking are not taking place in its business or supply chains. To this end the Company has published a statement for the Reporting Period at [https://www.utcaerospacesystems.com/supplier-documents/..](https://www.utcaerospacesystems.com/supplier-documents/)

Directors

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

N. Gregor Macgregor
D Middleton

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Statement of directors' responsibilities in respect of the financial statements

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

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

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

Page Aerospace Limited

Directors' Report for the year ended 30 November 2018

Statement of directors' responsibilities in respect of the financial statements (continued)

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

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

Statement of disclosure of information to auditors

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 have been put in place 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:



N. Gregor Macgregor
Director
30th July 2019

Fore 1, Fore Business Park,
Huskisson Way, Stratford Road
Shirley,
Solihull,
West Midlands,
B90 4SS.

Report on the audit of the financial statements

Opinion

In our opinion, Page Aerospace Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2018 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 30 November 2018; the profit and loss account; 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 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

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Page Aerospace Limited

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2018 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 set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of Page Aerospace Limited

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 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.



Alan Walsh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

31 July 2019

Page Aerospace Limited

**Profit and Loss Account
For the year ended 30 November 2018**

	<i>Note</i>	2018 £'000	2017 £'000
<i>Administrative expenses</i>		(385)	(416)
Operating loss		(385)	(416)
Income from shares in group undertakings	3	-	799
Interest receivable and similar income	4	982	1,015
Interest payable and similar expenses	5	(811)	(870)
(Loss)/ profit before taxation	6	(214)	528
Tax on (loss)/ profit on ordinary activities	10	(509)	(137)
Tax on (loss)/ profit of overseas branch	10	-	(77)
(Loss)/ profit for the financial year		(723)	314

All results are derived from continuing operations.

Statement of comprehensive income
For the year ended 30 November 2018

	2018	2017
	£'000	£'000
(Loss) / profit for the financial year	(723)	314
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (loss)/ gain on pension scheme (note 17)	(16)	1,425
Income tax relating to items not reclassified:		
- movement on deferred tax relating to pension surplus (note 10)	3	(242)
Other comprehensive (expense) / income for the year net of tax	(13)	1,183
Total comprehensive (expense) / income for the year	(736)	1,497


Page Aerospace Limited
Registered number: 00615793

Balance Sheet
As at 30 November 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	11	730	730
		730	730
Current assets			
Debtors	12	43,318	45,076
Creditors: Amounts falling due within one year	13	(2,075)	(2,505)
Net current assets		41,243	42,571
Total assets less current liabilities		41,973	43,301
Provisions for liabilities	15	(2)	(657)
Pensions and similar obligations	17	5,305	5,368
Net assets		47,276	48,012
Equity			
Called up share capital	16	10	10
Share premium account		4,937	4,937
Profit and loss account		42,329	43,065
Total shareholders' funds		47,276	48,012

The notes on pages 13 to 32 form part of these financial statements

The financial statements on pages 9 to 32 were approved by the board of directors on 30 July 2019 and were signed on its behalf by:


N. Gregor Macgregor
Director

Statement of changes in equity
For the year ended 30 November 2018

	Called up share capital (Note 16) £'000	Share premium account £'000	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 December 2016	10	4,937	41,568	46,515
Profit for the financial year	-	-	314	314
Other comprehensive income/(expense) for the year				
- Actuarial gain on pension scheme	-	-	1,425	1,425
- Deferred tax on pension scheme	-	-	(242)	(242)
Total comprehensive income for the year	-	-	1,497	1,497
Balance at 30 November 2017	10	4,937	43,065	48,012
Loss for the financial year	-	-	(723)	(723)
Other comprehensive (expense)/ income for the year				
- Actuarial loss on pension scheme	-	-	(16)	(16)
- Deferred tax on pension scheme	-	-	3	3
Total comprehensive expense for the year	-	-	(736)	(736)
Balance at 30 November 2018	10	4,937	42,329	47,276

Page Aerospace Limited

Notes to the financial statements For the year ended 30 November 2018

1. Accounting policies

Page Aerospace Limited ('the company') is principally involved in the design, and supports the manufacture of electronic equipment for the aerospace industry.

The company is a private company, limited by shares, and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Fore 1, Fore Business Park, Huskisson Way, Shirley, Solihull, West Midlands, B90 4SS.

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

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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 under the historical cost convention.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**Notes to the financial statements
For the year ended 30 November 2018**

1. Accounting policies (continued)

The financial statements contain information about Page Aerospace Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, United Technologies Corporation, a company incorporated in the United States of America.

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

IFRS 3 - not to restate business combinations before the date of transition

IFRS 7 – financial instrument disclosures

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

IAS 1 – Information on management of capital

IAS 7 – statement of cash flows

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

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

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

IAS 16 - the requirement to present roll forward reconciliations in respect of property, plant and equipment

The group financial statements of United Technologies Corporation are available to the public and can be obtained as set out in note 17.

Adoption of new and revised Standards

The company has early adopted IFRS15 “Revenue from Contracts with Customer (which replaces IAS18 “Revenue”) and IFRS9 “Financial Instruments” (which replaces IAS39 “Financial Instruments”) for the first time for the reporting period commencing 1 December 2017. There is no material impact to the company’s opening retained earnings balance as a result of applying these standards.

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; and its exposure to interest rate cash flow 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.

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.

**Notes to the financial statements
For the year ended 30 November 2018**

1. Accounting policies (continued)

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.

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 profit and loss account 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 profit and loss account, 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.

**Notes to the financial statements
For the year ended 30 November 2018**

1. Accounting policies (continued)

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 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.

Sales of services

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on actual labour hours spent relative to the total expected labour hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Pension costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Re-measurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past-service cost and gains and losses on curtailments and settlements;
- net-interest expense or income; and
- re-measurement.

The company presents the first two components of defined benefit costs within administrative expenses (see note 6) in its consolidated profit and loss account. Curtailments gains and losses are accounted for as past-service cost.

Interest expense or income is recognised within finance costs and interest receivable (see note 4 and 5).

**Notes to the financial statements
For the year ended 30 November 2018**

1. Accounting policies (continued)

Interest receivable and similar income

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

Foreign currency

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

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

Exchange differences are recognised in profit or loss in the period in which they arise except for:

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

Interest payable and similar charges

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 and loss account within interest payable and similar charges.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

All other borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. 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.

**Notes to the financial statements
For the year ended 30 November 2018**

1. Accounting policies (continued)

Financial Assets

Financial assets are classified into the following specified categories: at fair value through profit or loss (FVTPL); and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss or at fair value through other comprehensive Income

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.
- Debt securities where contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets

Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

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

Financial assets at fair value through profit and loss

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

- debt investments that do not qualify for measurement at either amortised cost
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

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.

**Notes to the financial statements
For the year ended 30 November 2018**

1. Accounting policies (continued)

Trade and other receivables

Trade and other receivables are amounts due from customers for 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 noncurrent 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.

When assessing expected credit losses, management considers factors including the credit rating of the debtor, the ageing profile and historical experience. The company applies IFRS 9 simplified approach to measure expected credit losses which uses 12 month expected credit loss, with the lifetime expected credit loss being recognised in the event of a significant increase in default risk.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are discounted where the impact of discounting is material.

Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

**Notes to the financial statements
For the year ended 30 November 2018**

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 following are the 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 and that have the most significant effect on the amounts recognised in financial statements.

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.

Defined Benefit Pension Scheme

The company has an obligation to pay pension benefits to certain employees. The costs of these benefits and the present value of the obligations depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 17 for the disclosures of the defined benefit scheme.

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 requires 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 £730,000 with no impairment loss recognised (2017: £nil).

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Notes to the financial statements For the year ended 30 November 2018

3. Income from shares in group undertakings

	2018 £'000	2017 £'000
Dividends receivable from group companies	-	799

4. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from group companies	33	35
Pension interest income – return on assets	949	980
	<u>982</u>	<u>1,015</u>

5. Interest payable and similar expenses

	2018 £'000	2017 £'000
Pension interest expense – defined benefit obligation	811	870
	<u>811</u>	<u>870</u>

6. (Loss) / profit before taxation

(Loss) / profit before taxation is stated after (crediting)/ charging:

	2018 £'000	2017 £'000
Net foreign exchange gains	(9)	(4)
Audit costs	17	17
Staff costs (see note 8)	528	743
Impairment of trade receivables	6	24

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Notes to the financial statements For the year ended 30 November 2018

7. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's annual financial statements were £17,100 (2017: £17,100).

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the company were £nil (2017: £nil).

8. Staff costs

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

	2018 Number	2017 Number
Production	2	2
Sales and distribution	-	1
Admin	-	2
	<hr/> 2	<hr/> 5

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	220	468
Social security costs	29	73
Other pension costs (see note 17)	279	202
	<hr/> 528	<hr/> 743

'Other pension costs' includes only those items included within operating costs.

9. Directors' remuneration and transactions

All of the directors of the company are also directors of other group undertakings and their remuneration, for the year was paid by other undertakings. The directors did not receive any emoluments in respect of their services to the company (2017: £nil).

The directors did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

Notes to the financial statements
For the year ended 30 November 2018

10. Tax on (loss)/ profit

Tax expense included in profit or loss:

	2018 £'000	2017 £'000
Current tax		
Current tax on profit for the year	92	231
Adjustments in respect of prior years	142	(121)
Foreign tax relief/ other relief	(92)	(231)
Foreign tax paid	260	307
Total current tax	402	186
Deferred tax		
Current year	134	22
Effect of changes in tax rate	(14)	(3)
Adjustment in respect of prior years	(13)	9
Total deferred tax	107	28
Total tax on (loss)/ profit	509	214

Tax expense for the year is higher than (2017: higher) the standard rate of corporation tax in the UK for the year ended 30 November 2018 of 19% (2017: 19.33%). The differences are explained below:

	2018 £'000	2017 £'000
(Loss) / profit before taxation	(214)	528
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.33%)	(41)	102
Effects of:		
Expenses not deductible for tax purposes	-	1
Income not subject to tax	-	(155)
Tax rate changes	(14)	(3)
Effects of overseas tax	(92)	(231)
Overseas income brought in	271	231
Adjustments to tax charge in respect of prior years	129	(112)
Foreign tax suffered	260	307
Group relief/ other reliefs	-	77
Transfer pricing adjustments	(4)	(3)
Total tax charge for the year	509	214

**Notes to the financial statements
For the year ended 30 November 2018**

10. Tax on (loss)/ profit (continued)

The tax charge in future periods may be affected by:

The tax rate for the current year is higher than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Tax (income)/ expense included in other comprehensive income

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised in other comprehensive income:

	2018	2017
	£'000	£'000
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Deferred tax current year (credit)/ charge	(3)	242
Total income tax recognised in other comprehensive income	(3)	242

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Notes to the financial statements For the year ended 30 November 2018

11. Investments

	£'000
Cost	
At 1 December 2016	730
At 30 November 2017	730
At 30 November 2018	730
Provisions for impairment	
At 1 December 2016	-
At 30 November 2017	-
At 30 November 2018	-
Net book value at 30 November 2018 and 30 November 2017	730

Details of the Company's subsidiaries at 30 November 2018 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

Name & Registered Address	Principal Activity	Proportion of ownership interest %	Proportion of voting power held %
<i>Airsigna GmbH & Co KG Bertramstrasse 8, Lippstadt, 59557, Germany</i>	Design and production of aircraft lighting systems	100	100
<i>Nord-Micro Verwaltungs GmbH Victor-Slotosch-Strasse 20, Frankfurt am Main, Frankfurt, D-60388, Germany</i>	Holding company	100	100

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

**Notes to the financial statements
For the year ended 30 November 2018**

12. Debtors

Amounts falling due within one year:

	2018	2017
	£'000	£'000
Trade receivables	-	5
Amounts owed by group undertakings	42,848	44,812
VAT	2	4
Other receivables	460	150
Deferred tax asset (note 14)	-	103
Prepayments and accrued income	8	2
	43,318	45,076

Loans to other group companies mature on a monthly basis and are renewable at a variable interest rate. No interest is charged on inter-company trading balances. The balance of amounts owed by group undertakings is unsecured, interest free and repayable on demand.

Trade receivables are fully provisioned for impairment of £59,000 (2017: £53,000).

13. Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	35	-
Amounts owed to group undertakings	1,909	2,213
Accruals and deferred income	131	292
	2,075	2,505

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

14. Taxation, including deferred taxation

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

	2018	2017
	£'000	£'000
Deferred tax assets due after more than 12 months	51	103
Deferred tax liabilities due after more than 12 months	(53)	-
Total provision due after more than 12 months	(2)	103
Net deferred tax (liability)/ asset	(2)	103

Notes to the financial statements
For the year ended 30 November 2018

14. Taxation, including deferred taxation (continued)

The movement in deferred tax is as follows:

	2018 £'000	2017 £'000
At 1 December	103	373
Charged to profit and loss account	(120)	(19)
Charged to other comprehensive income	3	(242)
Adjustment in respect of prior years	12	(9)
At 30 November	(2)	103

15. Provisions for liabilities

	Restructuring £'000	Deferred Tax £'000	Total £'000
At 1 December 2016	713	-	713
Unused amounts reversed to the profit and loss account	(1)	-	(1)
Amounts utilised	(55)	-	(55)
At 30 November 2017	657	-	657
Amounts utilised	(657)	-	(657)
Additions to profit and loss account	-	2	2
At 30 November 2018	-	2	2

Restructuring

The provisions, represent restructuring provisions created when the company moved its principal activities to other group sites by the end of 2014.

16. Called up share capital

	2018 £'000	2017 £'000
Allotted and fully-paid		
10,001 (2017: 10,001) ordinary shares of £1 each	10	10

**Notes to the financial statements
For the year ended 30 November 2018**

17. Retirement benefit schemes

Defined benefit schemes

The company has a defined benefit scheme "UTC (UK) Pension Scheme" for qualifying employees. The defined benefit scheme is administered by a separate fund that is legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

Under the Page Section, the majority of employees are entitled to post-retirement yearly instalments amounting to the total of: 1/240th of final salary for pensionable service prior to November 30th 1960; 1/120th of final salary for pensionable service after November 30th 1960 and prior to November 30th 1977; and 1/60th of final salary for pensionable service after November 30th 1977, on attainment of a retirement age of 65. The pensionable salary is based on the yearly rate of basic salary, excluding bonuses and commissions.

The scheme typically exposes the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependents of scheme members is re-insured by an external insurance company.

Asset volatility	The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on scheme asset is below this rate, this could lead to deterioration in the Scheme's funding level, all other things being equal. Currently the scheme has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the scheme liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the scheme assets should be invested in equity securities and in real estate to leverage the expected return generated by the fund.
Change in bond yields	A decrease in the bond interest rate will increase the scheme liability but this could be expected to be partially offset by an increase in the return on the scheme's debt investments.
Life expectancy	The present value of the defined benefit scheme liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the scheme's liability.
Salary risk	The present value of the defined benefit scheme liability is calculated by reference to the future salaries of scheme participants. As such, an increase in the salary of the scheme participants will increase the scheme's liability.
Inflation risk	The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). Elements of the scheme's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation could also lead to deterioration in the funding position.

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Notes to the financial statements For the year ended 30 November 2018

17. Retirement benefit schemes (continued)

No other post-retirement benefits are provided to these employees.

A full accounting valuation for FRS 101 purposes of the Page Section of the UTC (UK) Pension Scheme as at 31 December 2015 was carried out by Willis Towers Watson using the projected unit method. This valuation was updated as at 30 November 2018 by Willis Towers Watson. The next full accounting valuation of the Plan is due as at 31 December 2018. A separate valuation is performed for cash funding.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2018 %	2017 %
Key assumptions used:		
Discount rate(s)	2.93	2.62
Expected rate(s) of salary increase	3.00	3.00
Rate of inflation	3.25	3.25
Expected rate of increase of pensions in payment	3.00	3.00
Average longevity at age 65 for current pensioners (years)*		
Male	21.2	21.1
Female	23.7	23.7
Average longevity at age 65 for current employees (future pensioners) (years)*		
Male	22.6	22.8
Female	25.2	25.6

* Based on standard mortality table with modifications to reflect expected changes in mortality.

Amounts recognised in profit and loss in respect of these defined benefit schemes are as follows:

	2018 £'000	2017 £'000
Service cost:		
Current service cost	112	126
Administration cost	77	76
Past service cost: plan amendments	90	-
Interest income	(138)	(110)
	<hr/> 141	<hr/> 92

**Notes to the financial statements
For the year ended 30 November 2018**

17. Retirement benefit schemes (continued)

Of the expense for the year, £279,000 (2017: £202,000) has been included in the profit and loss account as administrative expenses. The net interest expense has been included within interest payable and receivable (see notes 4 and 5). The re-measurement of the net defined benefit liability is included in the statement of comprehensive income.

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2018 £'000	2017 £'000
Present value of defined benefit obligations	(30,049)	(31,810)
Fair value of scheme assets	35,354	37,178
Net surplus	5,305	5,368

Movements in the present value of defined benefit obligations in the year were as follows:

	2018 £'000	2017 £'000
Opening defined benefit obligation	31,810	30,910
Current service cost	112	126
Interest cost	811	870
Plan participants' contributions	3	31
Re-measurement (gains)/ losses:		
Actuarial gains and losses arising from changes in demographic assumptions	(34)	-
Actuarial gains and losses arising from changes in financial assumptions	(1,272)	895
Actuarial gains and losses arising from changes in methodology*	475	-
Benefits paid	(1,946)	(1,022)
Plan service cost – plan amendments	90	-
Closing defined benefit obligation	30,049	31,810

* The liability experience item arising over the year is due to a change in methodology for rolling forward the liabilities applied by the actuary.

**Notes to the financial statements
For the year ended 30 November 2018**

17. Retirement benefit schemes (continued)

Movements in the fair value of scheme assets in the year were as follows:

	2018	2017
	£'000	£'000
Opening fair value of scheme assets	37,178	34,861
Interest income	949	980
Return on plan assets less than discount rate	(847)	2,320
Contributions from the employer	94	84
Plan participants' contributions	3	31
Benefits paid	(1,946)	(1,022)
Administrative costs paid	(77)	(76)
Closing fair value of scheme assets	35,354	37,178

The major categories and fair values of scheme assets at the end of the reporting year for each category are as follows:

	2018	2017
	£'000	£'000
Cash and cash equivalents	919	409
Equity instruments	7,813	14,499
Debt instruments	15,839	10,112
Property	1,061	967
Other	9,722	11,191
Total	35,354	37,178

The actual return on scheme assets was £949,000 (2017: £980,000).

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**Notes to the financial statements
For the year ended 30 November 2018**

17. Retirement benefit schemes (continued)

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.1%	Decrease 1%	Increase 1%
Salary growth rate	1%	Increase 1%	Decrease 1%
Pension growth rate	0.1%	Increase 1%	Decrease 1%
Life expectancy	1 year	Increase by 4%	Decrease by 4%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Company expects to make a contribution of £86,000 (2017: £128,000) to the defined benefit scheme during the next financial year.

18. Financial commitments

At the balance sheet date, the company had no outstanding commitments for future minimum lease payments under non-cancellable operating leases.

19. Subsequent events

On 10 June 2019, United Technologies Corporation announced its intention to merge with Raytheon. This is expected to be complete by mid-year 2020.

20. Controlling party

The company's immediate parent undertaking is Page Engineering (Holdings) Limited.

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

United Technologies Corporation is the smallest and largest group to consolidate these financial statements.

Copies of the United Technologies group financial statements are publicly available and can be obtained from <https://www.utc.com/en/investors/financial-information/annual-reports-and-proxy-statements>.