

**Goodrich Aerospace UK Limited**

**Annual Report  
for the year ended 31 December 2019**

Registered number: 02426119



## **Goodrich Aerospace UK Limited**

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## Goodrich Aerospace UK Limited

### Strategic Report for the year ended 31 December 2019

The directors present their Strategic Report for the company for the year ended 31 December 2019.

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

Goodrich Aerospace UK Limited is principally involved in the business of commercial aircraft wheel and brake repair and overhaul.

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

At 31 December 2019 the company was a subsidiary of United Technologies Corporation (UTC). Refer to note 25 and the post balance sheet event change of ownership to Raytheon Technologies Corporation (RTX).

#### Review of the business

The volume of units overhauled decreased by 2.5% in 2019 but due to different sales mix sales revenue increased by 11.5% to £40,052,000. Repairs from carbon heat sinks increased by 11.5% demonstrating the ongoing success of this fuel efficient technology.

The benefits of being part of United Technologies Corporation (UTC) continue to be seen with improvements being made in operating systems, quality assurance, product development and Environmental, Health and Safety (EH&S).

The Company manages all aspects of its EH&S responsibilities in accordance with UTC corporate policy. Locally appointed staff with EH&S responsibilities carry out risk assessments, site auditing and general EH&S management, including incident reporting where applicable. During the year there were no lost time incidents which underlines the company employee commitment to health and safety.

#### Key performance indicators

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

	2019	2018	Change
	£'000	£'000	%
Turnover	40,052	35,905	11.5
Operating profit	5,411	8,395	(35.5)
Profit for the financial year	4,332	7,183	(39.7)
Total shareholders' funds	10,599	6,267	69.1
Current assets as % of current liabilities	104%	102%	
Average number of employees (No.)	66	62	

#### Achieving Competitive Excellence

The business continues to deploy an operational framework which drives continuous improvement in all areas across the business to ensure that financial and growth targets are met. During 2019 the business delivered on the targets set.

## **Goodrich Aerospace UK Limited**

### **Strategic Report for the year ended 31 December 2019**

#### **Principal risks and uncertainties**

The principal non-financial risks and uncertainties facing the Company are broadly grouped as competitive and legislative. The financial risks are discussed in the financial risk management section of the Directors report.

#### **Competitive Risks**

The aerospace MRO (Maintenance, Repair and Overhaul) business is reliant on new and repeat business from aircraft operators. The majority of this business is secured for fixed periods of time, but will be subject to periodic competitive tender. As such, renewal of these contracts is uncertain and based upon financial and performance criteria. The remainder of the business is for individual purchase orders, and there is no certainty of repeat business from this income stream.

#### **Legislative Risks**

All of the business carried out is subject to standards set by the UK Civil Aviation Authority (CAA), and the US Federal Aviation Authority (FAA). Both of these bodies issue regulations which need to be complied with in order to be authorised to carry out maintenance work in the aerospace industry. Compliance imposes costs and failure to comply with the standards could materially affect the Company's ability to operate. To mitigate against these risks the business operates a robust business management system which ensures adherence to the regulatory standards through procedures, standard work and policies. This is supported by a strong audit program through self-assessment and within the UTC group audit function. In August 2019 the Company received a successful outcome following an audit from UTC Quality Assurance.

#### **COVID-19 current impact and future outlook**

Given the global impact of COVID-19 across the aviation industry and global economy, the Directors have taken a number of actions to ensure the business is well positioned.

Goodrich Aerospace UK Limited is part of Raytheon Technologies Corporation which is one of the largest aerospace and defense manufacturers in the world by revenue and market capitalisation. Being part of such a large corporation gives the company the ability to access any necessary funding and investment during challenging times such as COVID-19.

People continue to be the biggest asset of the business and as such our initial focus from Day 1 of the pandemic has been to ensure the health and safety of our people. Measures we have taken to protect the workforce include (i) remote working (ii) social distancing within the work place and (iii) provision of PPE equipment.

The financial impact of the COVID-19 pandemic is difficult to accurately predict at this time but our expectation is that there will be an impact on Sales, EBIT and Cashflow for 2020 compared to 2019. The extent of the impact depends on how long the pandemic lasts and how quickly airlines begin to ramp up operations. The Directors have taken a number of measures to ensure that the business continues to operate during this challenging period and emerge in a strong position for the future.

- (i) Customer Support – our business continues to engage with our customers to understand their plans and requirements during this period.
- (ii) Cost Management – given the drop off in volume the business has taken cost initiatives to align cost base to the revised sales volumes.

It is believed that with the continued support of Raytheon Technologies Corporation and by taking the appropriate cost reduction actions the business will be well placed to trade through this pandemic.

## **Goodrich Aerospace UK Limited**

### **Strategic Report for the year ended 31 December 2019**

#### **Section 172 (1) Statement**

This section describes how the directors have had regard to the matter set out in Section 172(1) (a) to (f) of the Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its key stakeholders.

#### **The likely consequences of any decision in the long term**

The directors of the Company have a duty of care to the key stakeholders when making decisions that affect long term sustainability of the Company. Key objectives are formulated as such to ensure that the Company continues as a going concern. The directors remain mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

#### **Having regard to the need to act fairly as between members of the Company**

The directors recognise their legal and regulatory duties, and do not take any decisions or actions, such as selectively disclosing confidential or inside information, that will provide any shareholder or group of shareholders with any unfair advantage or position compared to the shareholders as a whole.

#### **Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct**

#### **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 [www.rtx.com](http://www.rtx.com).

#### **Having regard to the interests of the Company's employees**

##### *Employee involvement*

It is the policy of the Company to create a common awareness amongst employees of the financial and economic factors affecting the performance of the Group. It is the policy of the Company to maintain and develop employee involvement. Local managers provide information on a regular basis on matters of concern to employees, using various means such as business review meetings, briefing meetings, video presentations, company newsletters and training sessions.

##### *Disabled employees*

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

##### *Employee Programmes and Benefits*

The company operates ongoing employee development programmes which reflect development needs highlighted in the annual performance reviews. The company sponsored a number of employees on the UTC Employee Scholar Programme. All office employees completed a range of mandatory on-line training modules centred on business practices designed to increase awareness and promote strong ethical compliance, training includes anti-corruption and bribery matters. The company also continued a job rotation programme for high potential employees. As part of its "wellness" and health management programmes the company provides a 'Cycle to Work' scheme and bi-monthly health initiatives. It also provided an all employee reward programme, together with a new reward and recognition programme for those employees exhibiting exemplary performance. The company operates a sports and social club available to the employees.

## **Goodrich Aerospace UK Limited**

### **Strategic Report for the year ended 31 December 2019**

#### **Section 172 (1) Statement (continued)**

##### **Having regard to need to foster the Company's business relationships with suppliers, customers and others**

###### **Customers**

The directors of the Company, on a continuing basis, promote the development and maintenance of a customer focus culture. The time invested in developing this culture can be seen in the growth of turnover generated year on year. The Company carefully manages and directs its business development team to identify and win new business opportunities via the development of customer relations and by continually improving its products.

###### **Suppliers**

The directors recognise the key role suppliers play in ensuring the company delivers a reliable service to customers. The directors seek to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired quality and service levels for our customers. The Company works with suppliers and builds robust, long-lasting supply chains. The Company pays the suppliers in line with their payment terms.

###### **Regulators**

The Company seeks a constructive and cooperative relationship with the bodies that authorise and regulate the business activities. This helps us maintain a reputation for high standards of business conduct.

All of the business carried out is subject to standards set by the Civil Aviation Authority (CAA), the European Aviation Safety Agency (EASA) and in some cases the Federal Aviation Authority (FAA). All of these bodies issue regulations which need to be complied with in order to be authorised to carry out maintenance work in the aerospace industry. Compliance imposes costs and failure to comply with the standards could materially affect the Company's ability to operate. To mitigate against these risks the business operates a robust business management system which ensures adherence to the regulatory standards through procedures, standard work and policies. This is supported by a strong audit program through self-assessment and through the UTC group audit function.

The Company manages its tax affairs responsibly and proactively to comply with tax legislation. The Company's approach is to seek to build solid and constructive working relationships with all tax authorities.

##### **The impact of the Company's operations on the community and the environment**

The Company is convinced of the importance of health, safety and the environment to the success of its business and is committed to be an industry leader in its commitment to safety and environmental responsibility.

The Company will, on a continuing basis: develop and maintain a culture which recognises the importance of health, safety and the environment to its success and exercise its responsibilities in a manner that reflects this; provide a healthy and safe place of work for all its employees; develop products and operate facilities in a manner that strives to eliminate risk to employees, customers, the environment and the community at large; and improve its performance in health, safety and environmental matters by encouraging the participation, commitment and support of all employees.

## **Goodrich Aerospace UK Limited**

### **Strategic Report for the year ended 31 December 2019**

#### **Future developments**

The company continues to remain focused on developing its future growth with carbon brake technology on platforms such as the Airbus A320neo, A350, Boeing 737 and 777x with long term growth expected from the Europe, Middle East and African markets.

On 9 June 2019, UTC entered into a merger agreement with the Raytheon Company to combine its aerospace businesses with Raytheon to form a merged company Raytheon Technologies Corporation ("RTX").

The merger was completed 3 April 2020, shortly after the completion of the separation of Otis and Carrier. As a result of this merger, the Company is now a member of RTX. Further details are contained in note 25 to the financial statements.

#### **Events after the balance sheet date**

Details of significant events since the balance sheet date are contained in note 25 to the financial statements.

#### **Approval**

Approved by the Board and signed on its behalf by:



H English  
Director  
17 September 2020

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

## **Goodrich Aerospace UK Limited**

### **Directors' Report for the year ended 31 December 2019**

The directors present their Report and audited financial statements of the company for the year ended 31 December 2019.

#### **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 page 5 and form part of this report by cross-reference.

#### **Going concern**

The company has received a letter of support from Raytheon Technologies Corporation and, therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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

#### **Financial risk management objectives and policies**

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

The Company has reviewed the requirements of IAS 21 to determine its correct functional currency. After considering both primary and secondary economic indicators the management has concluded that it is most appropriate to use Sterling as the functional currency as this most faithfully represents the economic effects of underlying transactions, events and conditions.

##### *Cash flow risk*

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures.

##### *Credit risk*

The Company's principal financial assets are bank balances and cash, trade and other debtors.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

In the normal course of business, the Company sells items on deferred terms to other parties. Any risk associated with these third parties failing to honour their obligations arising from these transactions is mitigated through rigorous credit control procedures.



## **Goodrich Aerospace UK Limited**

### **Directors' Report for the year ended 31 December 2019**

#### **Financial risk management objectives and policies (continued)**

##### *Liquidity risk*

The Company participates in the overall world-wide UTC funding strategy managed at corporate treasury level. The Company participates in a UK cash pool. The objective is to maintain a balance between continuity of funding and flexibility.

#### **Employee Involvement**

Details of employee involvement can be found in the Strategic Report on pages 3 and form part of this report by cross-reference.

#### **Environmental Matters**

Details of employee involvement can be found in the Strategic Report on pages 4 and form part of this report by cross-reference.

#### **Dividends**

There were £nil dividends proposed, declared and paid in the year (2018: £10,700,000).

#### **Directors**

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

H English  
S Doctor  
D Middleton  
J Miller (Appointed 17 January 2019)  
A Mahajan (Resigned 17 January 2019)

#### **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.

## **Goodrich Aerospace UK Limited**

### **Directors' Report for the year ended 31 December 2019**

#### **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.

**Goodrich Aerospace UK Limited**

**Directors' Report for the year ended 31 December 2019**

**Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



H English

Director  
17 September 2020

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

## **Goodrich Aerospace UK Limited**

### **Independent auditors' report to the members of Goodrich Aerospace UK Limited**

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Goodrich Aerospace UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 December 2019; the Profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

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

### *Independence*

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

### **Conclusions relating to going concern**

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

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

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

## Goodrich Aerospace UK Limited

### **Independent auditors' report to the members of Goodrich Aerospace UK 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 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 8, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Goodrich Aerospace UK Limited**

### **Independent auditors' report to the members of Goodrich Aerospace UK 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.

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### **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  
17 September 2020

**Goodrich Aerospace UK Limited**

**Profit and loss account  
For the year ended 31 December 2019**

	<i>Note</i>	<b>2019 £'000</b>	<b>2018 £'000</b>
Turnover	<b>3</b>	<b>40,052</b>	35,905
Cost of sales		<b>(34,636)</b>	<b>(27,487)</b>
<b>Gross profit</b>		<b>5,416</b>	<b>8,418</b>
Administrative expenses		<b>(5)</b>	<b>(23)</b>
<b>Operating profit</b>	<b>6</b>	<b>5,411</b>	<b>8,395</b>
Interest receivable and similar income	<b>4</b>	<b>1,374</b>	1,472
Interest payable and similar expenses	<b>5</b>	<b>(1,445)</b>	<b>(1,219)</b>
<b>Profit before taxation</b>		<b>5,340</b>	<b>8,648</b>
Tax on profit	<b>10</b>	<b>(1,008)</b>	<b>(1,465)</b>
<b>Profit for the financial year</b>		<b>4,332</b>	<b>7,183</b>

All results are derived from continuing operations.

The company has no recognised other comprehensive income other than its profit for the financial years ended 31 December 2019 and 31 December 2018, and hence no separate statement of comprehensive income has been presented.

**Goodrich Aerospace UK Limited**  
**Registered number: 02426119**

**Balance sheet**  
**As at 31 December 2019**

	<i>Note</i>	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	<b>11</b>	1,703	1,405
Right of use assets	<b>12</b>	4,573	-
		<b>6,276</b>	<b>1,405</b>
<b>Current assets</b>			
Stocks	<b>13</b>	2,667	2,159
Debtors: Amounts falling due within one year	<b>14</b>	200,151	208,340
Debtors: Amounts falling due after more than one year	<b>14</b>	-	19
Cash and cash equivalents		533	242
		<b>203,351</b>	<b>210,760</b>
Creditors: Amounts falling due within one year	<b>15</b>	(194,843)	(205,858)
<b>Net current assets</b>		<b>8,508</b>	<b>4,902</b>
<b>Total assets less current liabilities</b>		<b>14,784</b>	<b>6,307</b>
Creditors: Amounts falling due after more than one year	<b>16</b>	(4,119)	-
Provisions for liabilities	<b>18</b>	(66)	(40)
<b>Net assets</b>		<b>10,599</b>	<b>6,267</b>
<b>Equity</b>			
Called up share capital	<b>19</b>	1	1
Share premium account		635	635
Capital redemption reserve		279	279
Profit and loss account		9,684	5,352
<b>Total Shareholders' funds</b>		<b>10,599</b>	<b>6,267</b>

The notes on pages 16 to 37 form part of these financial statements.

The financial statements on pages 13 to 37 were approved by the board of directors on 17 September 2020 and were signed on its behalf by:



H English  
 Director



**Goodrich Aerospace UK Limited**

**Statement of changes in equity  
For the year ended 31 December 2019**

	Called up share capital (Note 19) £'000	Share premium account £'000	Capital Reserve £'000	Profit and loss account £'000	Total Share- holders' funds £'000
<b>Balance at 1 January 2018</b>	<b>1</b>	<b>635</b>	<b>279</b>	<b>8,869</b>	<b>9,784</b>
Profit for the financial year	-	-	-	7,183	7,183
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,183</b>	<b>7,183</b>
Dividends (note 20)	-	-	-	(10,700)	(10,700)
<b>Balance at 31 December 2018</b>	<b>1</b>	<b>635</b>	<b>279</b>	<b>5,352</b>	<b>6,267</b>
Profit for the financial year	-	-	-	4,332	4,332
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,332</b>	<b>4,332</b>
<b>Balance at 31 December 2019</b>	<b>1</b>	<b>635</b>	<b>279</b>	<b>9,684</b>	<b>10,599</b>

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. Accounting policies**

Goodrich Aerospace UK Limited ('the company') is principally involved in the business of commercial aircraft wheel and brake repair and overhaul.

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**

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 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 IFRS 16, 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.

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. Accounting policies (continued)**

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 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  
IAS 16 - the requirement to present roll forward reconciliations in respect of property, plant and equipment  
IFRS 15 - paragraphs 110b, 113a, 114, 115, 118, 119 a-c, 121-127, 129

Where required, equivalent disclosures are given in the group financial statements of United Technology Corporation.

The group financial statements of United Technologies Corporation are available to the public and can be obtained as set out in note 26.

#### **Adoption of new and revised Standards**

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has had a material impact on the company's financial statements - see note 24. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

#### **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.

The parent, Raytheon Technologies Corporation, has expressed its willingness to support the Company for at least 12 months from the signing of these financial statements. On this basis the directors consider it appropriate that these financial statements have been prepared on a going concern basis.

1. Accounting policies (continued)

Tangible assets

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost. Depreciation on buildings is charged to the profit and loss account.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset, less any residual value, on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	over the remaining life of the lease
Plant and equipment	5 - 15 years
Office machinery and fittings	5 - 15 years
Construction in progress	nil

Useful lives are reviewed, and adjusted if appropriate, at the end of every reporting period.

Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible 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.

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.

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. Accounting policies (continued)**

##### **Stocks**

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.

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.

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **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 or 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.

##### **Over time revenue recognition**

Performance obligations are satisfied over time if the customers receive the benefits as we perform work, if the customer controls the asset being worked on, or if the product being produced for the customer has no alternative use and we have a contractual right to payment. Revenue is recognised for our *maintenance, repairs and overhaul contracts on an over time basis using the cost incurred to represent work performed which corresponds with and best depicts transfer of control to the customer. Costs include labour, materials, and other direct costs.*

##### **Sales of services**

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed price long term 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 costs incurred relative to the total expected costs of fulfilling the contract.

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.

In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceeds the payment, a contract asset is recognised. If the payments exceeds the services rendered, a contract liability is recognised.

##### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account 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.

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. Accounting policies (continued)**

##### **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).

##### **Leases**

The company leases buildings and equipment. Rental contracts are typically made for fixed periods of 6 months to 10 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. A lessee may elect an accounting policy, by asset class, to include both the lease and non-lease components as a single component and account for it as a lease (thus eliminating the pricing allocation). The company has adopted this accounting policy election for equipment leases only.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. Accounting policies (continued)**

##### **Leases (continued)**

Lease payments to be made under reasonably certain extension options are also included in the measurement liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

##### **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 finance costs.

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 income statement in the period in which they are incurred.



## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. Accounting policies (continued)**

##### **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.

##### **Financial assets**

Financial assets are classified into the following specified categories: at fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI), amortised cost. 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 (FVTPL):

- 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.

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. Accounting policies (continued)**

##### **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 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.

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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.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

##### **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.

##### **Warranties**

The Company has examined the incidence of warranty claims and based on historical evidence has decided that a provision is no longer required but will continue to monitor the situation in the light of any changes in warranty experience.

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **2. Critical accounting judgements and key sources of estimation uncertainty**

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

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

#### ***Critical judgements in applying the company's accounting policies***

The 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.

#### **Useful economic lives of properties, plant and equipment**

The annual depreciation charge for property, plant and equipment is sensitive to changes in estimated useful economic lives of the assets. The useful lives of the assets are assessed on an annual basis and are amended when necessary to reflect current estimates. See note 11 for the carrying amount for the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

#### **Useful economic lives of right of use assets**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

#### **Stock provisioning**

The company maintains repairs and overhauls equipment for the aerospace industry which is 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 13 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 14 for the net carrying amount of the receivables and the associated impairment provision.

## Goodrich Aerospace UK Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Revenue recognition

Revenue recognised is based on the actual costs incurred and estimated profit on the contract. The profit on the contract is based on the stage of completion and therefore management judgement is required in the estimates of the forecast costs to complete and the percentage of completion.

#### 3. Turnover

An analysis of the Company's turnover by class of business is set out below:

	2019 £'000	2018 £'000
<b>Turnover:</b>		
Aftermarket	40,052	35,905
	<b>40,052</b>	<b>35,905</b>

All turnover is resulting from rendering of services.

An analysis of the Company's turnover by geographical market is set out below.

	2019 £'000	2018 £'000
<b>Turnover:</b>		
United Kingdom	13,988	14,236
Rest of Europe	16,007	12,711
North America	9,083	6,833
Rest of World	974	2,125
	<b>40,052</b>	<b>35,905</b>

#### 4. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from group companies	1,374	1,472
	<b>1,374</b>	<b>1,472</b>

#### 5. Interest payable and similar expenses

	2019 £'000	2018 £'000
Lease liabilities *	177	-
Interest payable to group companies	1,268	1,219
	<b>1,445</b>	<b>1,219</b>

\* The company initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. Thus, the comparatives presented are based on IAS 17 while the current year amounts are based on IFRS 16.

## Goodrich Aerospace UK Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 6. Operating profit

Operating profit is stated after (crediting) / charging:

	2019 £'000	2018 £'000
Net foreign exchange gains	(208)	(214)
Depreciation of tangible assets:		
- owned	187	202
Depreciation of right-of-use assets	325	-
Loss on disposal of tangible assets	-	16
Stock recognised as expense	26,384	25,437
Impairment of inventory (included in 'Cost of sales')	130	80
Lease expenses	498	509
Auditors' remuneration	30	29
Staff costs (see note 8)	3,437	3,239

#### 7. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's annual financial statements were £23,800 (2018: £23,800).

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services amount to nil (2018: £nil).

#### 8. Staff costs

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

	2019 Number	2018 Number
Production	59	56
Administration & Management	7	6
	66	62

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	2,865	2,754
Social security costs	303	281
Other pension costs (see note 22)	269	204
	3,437	3,239

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

**Goodrich Aerospace UK Limited**

**Notes to the financial statements  
For the year ended 31 December 2019**

**9. Directors' remuneration and transactions**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' remuneration</b>		
Emoluments	<b>163</b>	150
Company contributions to money purchase pension schemes	<b>12</b>	11
	<b>175</b>	161

One director is an executive of the company and their remuneration is disclosed.

One director is a non-executive director and also a director of a number of other group undertakings for which he carries on work. He is paid by Goodrich Actuation Systems Limited that makes no recharge to the company.

Two directors are executives of the company and also non-executive directors of a large number of fellow companies for which they carry on work. They are paid by overseas group undertakings which makes no recharge to the company.

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
<b>The number of directors who:</b>		
Members of a defined contribution pension scheme	<b>1</b>	1

The directors did not exercise any share options in the year and had no shares receivable under long-term incentive schemes (2018: none).

There was no (2018: nil) compensation paid for loss of office.

**Goodrich Aerospace UK Limited**

**Notes to the financial statements  
For the year ended 31 December 2019**

**10. Tax on profit**

**Tax expense included in profit or loss:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK Corporation tax charge on profits for the year	<b>984</b>	-
Adjustments in respect of prior years		
UK corporation tax	-	751
<b>Total current tax</b>	<b>984</b>	<b>751</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>28</b>	718
Adjustments in respect of prior years	<b>(4)</b>	(4)
<b>Total deferred tax (see note 17)</b>	<b>24</b>	<b>714</b>
<b>Total tax on profit</b>	<b>1,008</b>	<b>1,465</b>

**Factors affecting tax charge for the year**

Tax expense for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit before taxation</b>	<b>5,340</b>	<b>8,648</b>
Tax on profit before taxation at standard UK corporation tax rate of 19% (2018: 19%)	<b>1,014</b>	1,643
Effects of:		
Expenses not deductible for tax purposes	1	1
Group relief (receivable)/ surrendered for no payment	-	(923)
Adjustments in respect of prior years	<b>(4)</b>	747
Rate differential on temporary differences	<b>(3)</b>	(3)
<b>Total tax (credit)/ charge for the year</b>	<b>1,008</b>	<b>1,465</b>

**Goodrich Aerospace UK Limited**

**Notes to the financial statements  
For the year ended 31 December 2019**

**10. Tax on profit (continued)**

**Factors that may affect future tax charge**

Capital allowances are running in advance of depreciation. Whether this continues to be the case depends on the level of capital allowance claims in the future and the level of future investment in fixed assets.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period and increase the deferred tax liability by £1,000.

**11. Tangible assets**

	Leasehold improvements £'000	Plant and equipment £'000	Office machinery and fittings £'000	Construction in progress £'000	Total £'000
<b>Cost</b>					
At 1 January 2018	252	2,354	306	101	3,013
Additions	-	316	-	-	316
Disposals	(10)	(99)	-	(21)	(130)
At 31 December 2018	242	2,571	306	80	3,199
Additions	36	181	-	268	485
Disposals	-	(57)	-	-	(57)
At 31 December 2019	278	2,695	306	348	3,627
<b>Accumulated depreciation</b>					
At 1 January 2018	31	1,607	47	-	1,685
Depreciation	17	169	16	-	202
Disposals	(1)	(92)	-	-	(93)
At 31 December 2018	47	1,684	63	-	1,794
Depreciation	18	154	15	-	187
Disposals	-	(57)	-	-	(57)
At 31 December 2019	65	1,781	78	-	1,924
<b>Net book value</b>					
At 31 December 2019	213	914	228	348	1,703
At 31 December 2018	195	887	243	80	1,405



## Goodrich Aerospace UK Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 12. Leases

The company has a lease contract for Buildings used in the operations. The amounts recognised in the financial statements in relation to the lease are as follows:

##### (i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	31 December 2019 £'000	1 January* 2019 £'000
<b>Right-of-use assets</b>		
Buildings	4,573	4,898
	<b>4,573</b>	<b>4,898</b>
<b>Lease liabilities</b>		
Current	333	321
Non-current	4,119	4,577
	<b>4,452</b>	<b>4,898</b>

Additions to the right-of-use assets during the 2019 financial year were £nil\*

##### (ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2019 £'000	2018* £'000
<b>Depreciation charge of right-of-use assets</b>		
Buildings	325	-
	<b>325</b>	<b>-</b>
Interest expense (included in finance cost)	177	-
Expense relating to leases of low value assets that are not shown above as short-term leases (included in admin expenses)	5	-
	<b>2019</b>	<b>2018*</b>
	<b>£'000</b>	<b>£'000</b>
Future minimum lease payments as at 31 December 2019 are as follows:		
Not later than one year	498	498
Later than one year and not later than five years	2,489	1,991
Later than five years	2,469	3,543
<b>Total gross payments</b>	<b>5,456</b>	<b>6,032</b>
<b>Impact of finance expenses</b>	<b>(1,004)</b>	<b>-</b>
<b>Carrying amount of liability</b>	<b>4,452</b>	<b>6,032</b>

\* The company initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. Thus, the comparatives presented are based on IAS 17 while the current year amounts are based on IFRS 16. For adjustments recognised on adoption of IFRS 16, please refer to note 24.

## Goodrich Aerospace UK Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 13. Stocks

	2019 £'000	2018 £'000
Raw materials and consumables	2,046	1,556
Work in progress	621	603
	<u>2,667</u>	<u>2,159</u>

In the opinion of the Directors the difference between the purchase price or production cost of stocks and their replacement cost is not material. Stocks are held net of an obsolete and slow-moving stock provision of £130,000 (2018: £80,000).

#### 14. Debtors

##### Amounts falling due within one year:

	2019 £'000	2018 £'000
Trade receivables	2,319	1,615
Amounts owed by group undertakings	196,089	204,891
VAT repayable	356	137
Other debtors	1,323	1,498
Prepayments and accrued income	64	199
	<u>200,151</u>	<u>208,340</u>

A loan to the ultimate parent company matures on a monthly basis and is renewable at a variable interest rate. No interest rate is charged on inter-company trading balances. The directors do not believe any further provision is required for trade receivables other than the amount of £36,000 (2018: £283,000) which has been calculated according to UTC policy guidelines.

##### Amounts falling due after more than one year:

	2019 £'000	2018 £'000
Deferred tax asset (note 17)	-	19
	<u>-</u>	<u>19</u>

**Goodrich Aerospace UK Limited**

**Notes to the financial statements  
For the year ended 31 December 2019**

**15. Creditors: amounts falling due within one year**

	2019 £'000	2018 £'000
Trade creditors	422	555
Amounts owed to group undertakings	184,682	195,829
Accruals and deferred income	8,422	8,724
Corporation Tax	984	750
Lease liability (note 12)	333	-
	<u>194,843</u>	<u>205,858</u>

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

**16. Creditors: amounts falling due after more than one year**

	2019 £'000	2018 £'000
Lease liability (note 12)	4,119	-
	<u>4,119</u>	<u>-</u>

The Operating lease liability is secured, has a discounted interest rate of 3.82%, and is repayable per the contract terms.

**17. Deferred tax**

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

	2019 £'000	2018 £'000
Deferred tax assets due in less than 12 months	-	-
Deferred tax (liabilities) / assets due after more than 12 months	(5)	19
<u>Total (liability) / asset due after more than 12 months</u>	<u>(5)</u>	<u>19</u>
<u>Net deferred tax (liability) / asset</u>	<u>(5)</u>	<u>19</u>

**Goodrich Aerospace UK Limited**

**Notes to the financial statements  
For the year ended 31 December 2019**

**17. Deferred tax (continued)**

The movement in deferred tax is as follows:

Deferred tax assets:

	Accelerated tax depreciation £'000	Other timing differences £'000	Total £'000
At 1 January 2018	32	701	733
Charged to profit and loss	(13)	(701)	(714)
At 31 December 2018	19	-	19
Charged to profit and loss	(24)	-	(24)
At 31 December 2019	(5)	-	(5)

**18. Provisions for liabilities**

	Deferred tax liability £'000	Dilapidation £'000	Total £'000
At 1 January 2018	-	18	18
Charge to the profit and loss account	-	22	22
At 31 December 2018	-	40	40
Charge to the profit and loss account	5	21	26
At 31 December 2019	5	61	66

**Dilapidation**

A provision was created in 2018 to cover potential dilapidation costs at the end of a 15 year lease on Boundary Way Buildings.

**19. Called up share capital**

**Ordinary shares**

	2019 £'000	2018 £'000
<b>Allotted and fully-paid</b>		
1,100 (2018: 1,100) ordinary shares of £1 each	1	1

## Goodrich Aerospace UK Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 20. Dividends

Amounts recognised as distributions to equity holders in the year:

	2019 £'000	2018 £'000
Final dividend for the year ended 31 December 2019 of £nil (2018: 9,727.27) per £1 ordinary share	-	10,700
	-	10,700

There were no dividends paid or proposed in 2019 (2018: £9,727.27) per £1 ordinary share.

#### 21. Financial commitments

Capital commitments are as follows:

	2019 £'000	2018 £'000
Contracts for future capital expenditure not provided in the financial statements	25	116
	25	116

#### 22. 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 £269,000 (2018: £204,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. There were no unpaid contributions outstanding at the year-end (2018: £nil)

#### 23. Contingent Liabilities

As part of a multilateral guarantee, the company has entered an agreement with the bank, its parent undertaking, fellow subsidiaries and other related companies. Under this agreement, the company is party to a cross-undertaking on a limited number of specified accounts, limited to the credit balance standing within a group wide cash pooling facility.

The company participates in a cash pooling arrangement with several UK group companies. At 31 December 2019 there was a cash pool surplus of £533,000 (2018: surplus £242,000) representing the bank balances of all the group companies within the cash pool.

## Goodrich Aerospace UK Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 24. Changes in accounting policies

The company has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.82%.

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date on initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

	£'000
<b>Measurement of lease liabilities</b>	
Operating lease commitments disclosed as at 31 December 2018	6,032
Discounted using the lessee's incremental borrowing rate of 3.82% at the date of initial application	(1,134)
<b>Lease liability recognised as at 1 January 2019</b>	<b>4,898</b>
Of which are:	
Current lease liabilities	321
Non-current lease liabilities	4,577
	<b>4,898</b>

## **Goodrich Aerospace UK Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **25. Subsequent events**

United Technologies Corporation ("UTC"), the ultimate parent company of a multinational group of which the Company was a member during the year ended 31 December 2019, separated into three independent companies via spin-off transactions on 3 April 2020: (1) Otis Worldwide Corporation ("Otis"), (2) Carrier Global Corporation ("Carrier"), and (3) UTC, an aerospace company comprised of the Collins Aerospace Systems and Pratt & Whitney businesses.

On 9 June 2019, UTC entered into a merger agreement with the Raytheon Company to combine its aerospace businesses with Raytheon to form a merged company Raytheon Technologies Corporation ("RTX"). The merger was completed 3 April 2020, shortly after the completion of the separation of Otis and Carrier. As a result of this merger, the Company is now a member of RTX.

#### **COVID-19**

Goodrich Aerospace UK Limited is impacted by public health crises such as the global pandemic associated with COVID-19. The COVID-19 pandemic has significantly increased global economic and demand uncertainty. Public and private sector policies and initiatives in the U.S. and worldwide to reduce the transmission of COVID-19, such as the imposition of travel restrictions and the adoption of remote working, have impacted the Company's business, operations and the aerospace sector as a whole.

The Company, and its ultimate parent company, Raytheon Technologies Corporation (RTX) (formerly United Technologies Corporation) are working to protect its employees, maintain business continuity and sustain its operations, including ensuring the safety and protection of its employees working in our offices, manufacturing and service facilities worldwide. The COVID-19 pandemic may also impact RTX's supply chains, including the ability of suppliers and vendors to provide their products and services to RTX, including the Company's operations.

COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, and creating volatility and unpredictability in financial and capital markets, foreign currency exchange rates, and interest rates. The financial impact of the COVID-19 pandemic cannot be reasonably estimated at this time but may materially affect Goodrich Aerospace UK Limited businesses, financial condition, results of operations and cash flows. The extent of such impact depends on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the scope, severity and duration of the COVID-19 pandemic and actions to contain its spread or treat its impact, among others.

#### **26. Controlling party**

The company's immediate parent undertaking is Goodrich Holding UK Limited.

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

On 3 April 2020 the company's ultimate parent undertaking and controlling party became Raytheon 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 Corporation financial statements are publicly available and can be obtained from [www.rtx.com](http://www.rtx.com).