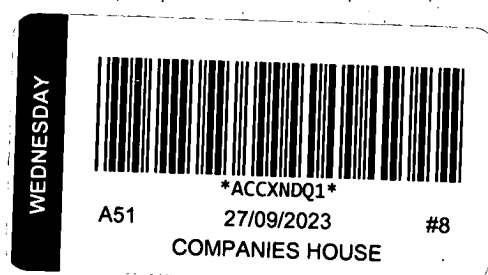


Goodrich Actuation Systems Limited

Annual Report
for the year ended 31 December 2022

Registered number: 04482320



Goodrich Actuation Systems Limited

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Goodrich Actuation Systems Limited

Strategic Report for the year ended 31 December 2022

The directors present their Strategic Report for the Company for the year ended 31 December 2022.

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

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

At 31 December 2022 the company was a subsidiary of RTX Corporation (RTX).

Goodrich Actuation Systems Limited is principally involved in the design, manufacture and supply of advanced technology systems, products, and services to the world's aerospace industry. It is reinvesting for the future in key technologies with demonstrable customer benefits.

On 20 July 2023, RTX entered into a definitive agreement with Safran SA to sell the Actuation Systems portfolio, which includes the Company, within the Collins Aerospace segment for approximately \$1.8 billion in cash. The closing of the transaction is subject to regulatory approvals and other customary closing conditions, and may complete within the going concern period. Until the potential sale closes, Actuation Systems, including the Company, will remain part of Collins Aerospace and continue to operate independently in the ordinary course of business.

Review of the business and key performance indicators

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

	2022 £'000	2021 £'000	Change %
Turnover	442,264	392,036	12.8
Operating profit/ (loss)	422	(2,009)	121
Loss for the financial year	(4,960)	(5,757)	13.8
Total shareholders' (deficit)/funds	(37,903)	18,099	(309.4)
Current assets as % of current liabilities	68.4%	71.2%	
Average number of employees	1,261	1,144	

After more than two years dealing with the global pandemic which led to extended shutdowns and lockdowns in order to prevent the spread of COVID-19, from January 2022 there has been a significant easing of restrictions and laws used during the pandemic no longer in place. This is reflected in the higher Turnover in 2022 and return to an Operating profit. This recovery has been across all sectors that the Company operates in, but mainly impacted by stronger Commercial Aftermarket sales and Military OEM sales.

The Company's earnings growth strategy contemplates recovery of the commercial OEM and aftermarket sales, including growth from new product development and product improvements, structural cost reductions and operational improvements.

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.

Goodrich Actuation Systems Limited

Strategic Report for the year ended 31 December 2022

Competitive Risks

The Company has many contracts, several significant, and through a continued commitment to excellence, seeks to achieve and exceed customer expectations to mitigate and reduce the risk of non-renewal and contract termination.

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.

Legislative Risks

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 within the RTX group audit function.

COVID-19 current impact and future outlook

During the month of January 2020, the emergence of the new virus called Covid-19 was announced, with an epidemic that quickly spread to many countries around the world, defined by the World Health Organization as a "pandemic situation".

In Europe, the UK was one of the countries most affected. This has led to strong pressure on the country's health system and the consequent enactment by the Government authorities of a series of measures aimed at containing the risk of further expansion of the virus among the British population.

From the very first signs of an emergency, the Company promptly implemented mitigation measures aimed primarily at preserving production continuity while ensuring full protection of workers' health and safety.

From January 2022 there has been a significant easing of restrictions and laws used during the pandemic are no longer in place.

The Directors believe that the current events do not change the Company's solid medium-long term prospects and the use of the going concern assumption is considered appropriate by management.

Russian invasion of Ukraine

In response to the Russian military's invasion of Ukraine on 24 February 2022, the UK government has imposed broad economic sanctions and export controls targeting key industries, entities and individuals in Russia. These UK government measures, among other items, restrict transactions involving various Russian banks and financial institutions and impose enhanced export controls limiting transfers of various goods, software and technologies to Russia, including broadened export controls specifically targeting Russia's aerospace sector.

As of 31 December 2022, the Company recorded a net pre-tax charge of £7.42m related to the impact of the sanctions imposed upon Russia in response to the Russia-Ukraine conflict. These primarily consisted of charges related to increased estimates for credit losses on accounts receivables and contract assets, inventory reserves and recognition of supplier obligations. Management has determined that these items are directly attributable to the sanctions, incremental to similar costs (or income) incurred for reasons other than the sanctions and not expected to recur. Therefore, these are not indicative of the Company's ongoing operational performance.

Goodrich Actuation Systems Limited

Strategic Report for the year ended 31 December 2022

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. 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.

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 RTX 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 Actuation Systems Limited

Strategic Report for the year ended 31 December 2022

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 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 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 RTX 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 Actuation Systems Limited

Strategic Report for the year ended 31 December 2022

Section 172 (1) Statement (continued)

Streamlined Energy and Carbon Reporting ('SECR')

This Report summarises the energy usage, associated emissions, energy efficiency actions and energy performance for the Company under the government policy Streamlined Energy and Carbon Reporting ('SECR'), as implemented by the 2018 Regulations. It also summarises the methodologies utilised for all calculations related to the elements reported under Energy and Carbon.

The following figures demonstrate year on year changes in consumption and resulting emissions for the company.

Utility and Scope

Scope 1 consumption and emissions relate to direct combustion of natural gas and fuels.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

The total consumption (kWh) figures for energy supplies are as follows:

	2022 Consumption (kWh)	2021 Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	16,971,570	17,253,275
Natural Gas (Scope 1)	8,513,820	10,819,867
Total	25,485,390	28,073,142

The total emission (tCO₂e) figures for energy supplies are as follows. Conversion factors utilised in these calculations are detailed below:

	2022 Consumption (tCO₂e)	2021 Consumption (tCO ₂ e)
Grid-Supplied Electricity (Scope 2)	3,282	3,663
Natural Gas (Scope 1)	1,554	1,982
Total	4,836	5,645

Intensity Metric

An intensity metric of tCO₂e per £m revenue has been applied for the annual total emissions. The methodology of the intensity metric calculations are detailed below, and results of this analysis is as follows:

	2022 Intensity Metric	2021 Intensity Metric
tCO ₂ e/£m revenue	10.93	14.40

Goodrich Actuation Systems Limited

Strategic Report for the year ended 31 December 2022

Streamlined Energy and Carbon Reporting ('SECR') (Continued)

Reporting Methodology

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2020 UK Government environmental reporting guidance. To maintain continuity with the greenhouse gas (GHG) reporting undertaken before the implementation of SECR, only UK consumption and emissions are included within the emissions reporting. The intensity metric therefore is also calculated utilising the UK revenue figure.

Intensity metrics have been calculated utilising the reported 2022 UK revenue figure, and tCO₂e for both individual sources and total emissions were then divided by this figure to determine the tCO₂e per metric.

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 2022, the business experienced stable performance with a year over year revenue increase of 12.8% (2021: decline of 1.6%).

Future developments

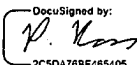
The Company's key strategy is to invest and develop new opportunities across all market segments, and to recover the Commercial Aftermarket. There is continued focus on cost reduction in order to remain competitive.

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:

DocuSigned by:

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P Ross

Director

25 September 2023

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

Goodrich Actuation Systems Limited

Directors' Report for the year ended 31 December 2022

The directors present their Report and audited financial statements of the Company for the year ended 31 December 2022.

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 6 and form part of this report by cross-reference.

Research and development

During 2022 the Company's undertaking to develop actuation systems for new programs continued according to plan.

Going concern

The Company has received a letter of support from RTX 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.

The Directors have taken into consideration that RTX entered into a definitive agreement with Safran SA on 20 July 2023 to sell the Actuation Systems portfolio, which includes the Company, within the Collins Aerospace segment. The closing of the transaction is subject to regulatory approvals and other customary closing conditions. Until the sale closes, Actuation Systems, including the Company, will remain part of Collins Aerospace and continue to operate independently in the ordinary course of business. Given the potential transaction, the Directors of the Company do not have the ability to influence the potential acquirer's financing arrangements or have access to the future plans for the Company in order to assess going concern should the sale complete. However, based on the information available to the Directors at the date of approval of these financial statements, the Directors expect the new owners to put into place suitable financing arrangements to enable the Company to continue as a going concern.

Consequently, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements but based on what is described in the preceding paragraphs, they have also concluded this situation represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern should the assumptions referred to above prove incorrect.

Further details regarding the adoption of the going concern basis can be found in the accounting policies set out in note 1 to 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 Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring these risks and taking appropriate action.

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 has a policy that requires appropriate credit checks on potential customers before sales are made. The financial strength of existing customers is also monitored on a regular basis, and credit terms are adjusted as needed.

Goodrich Actuation Systems Limited

Directors' Report for the year ended 31 December 2022

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

Liquidity risk

The Company participates in the overall world-wide RTX 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.

The Company has reviewed the requirements of IAS 21 to determine its correct functional currency. After considering both primary and secondary economic indicators, 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.

Dividends

There were no dividends proposed, declared, and paid in the year (2021: £nil).

Directors

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

P Ross
D Middleton (Resigned 10 January 2022)
E Dryden (Resigned 15 February 2022)
C Bailey
R St. Louis Vincent (Appointed 10 January 2022)
J Carvalho (Appointed 15 February 2022)

Employee Involvement

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

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, employee surveys and the Company newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. All employees receive an annual bonus related to the overall profitability of the Company.

Environmental Matters

Details of environmental matters can be found in the Strategic Report on pages 5 and 6 and form part of this report by cross-reference.

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 Actuation Systems Limited

Directors' Report for the year ended 31 December 2022

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 laws and regulations.

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

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

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

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

Directors' confirmations

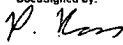
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

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:

DocuSigned by:

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P Ross
Director
25 September 2023

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

Goodrich Actuation Systems Limited

Independent auditors' report to the members of Goodrich Actuation Systems Limited

Report on the audit of the financial statements

Opinion

In our opinion, Goodrich Actuation Systems Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2022; the Profit and Loss Account, Statement of Comprehensive Income and 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Subsequent to the balance sheet date, the Company's ultimate parent company publicly announced its intention to sell the Actuation Systems portfolio, which includes the Company, within the Collins Aerospace segment to Safran SA. Given the potential transaction, the Directors of the Company do not have the ability to influence the potential acquirer's financing arrangements or have access to the future plans for the Company in order to assess going concern should the sale complete. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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

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

Reporting on other information

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

Goodrich Actuation Systems Limited

Independent auditors' report to the members of Goodrich Actuation Systems Limited

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Goodrich Actuation Systems Limited

Independent auditors' report to the members of Goodrich Actuation Systems Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Generally Accepted Accounting Practices, tax compliance legislation and the UK Bribery Act, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to (1) posting inappropriate journal entries to manipulate financial results; (2) management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries throughout the audit with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), in particular in relation to stock provisioning, recoverability of internally generated intangible assets and pension assumptions.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Alan Walsh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
25 September 2023

Goodrich Actuation Systems Limited**Profit and loss account
For the year ended 31 December 2022**

	<i>Note</i>	2022 £'000	2021 £'000
Turnover	3	442,264	392,036
Cost of sales		(389,111)	(345,294)
Gross profit		53,153	46,742
Administrative expenses		(52,731)	(49,231)
Other operating income		-	480
Operating profit/(loss)	4	422	(2,009)
Interest receivable and similar income	8	10,664	7,945
Interest payable and similar expenses	9	(17,354)	(13,901)
Loss before taxation		(6,268)	(7,965)
Tax on loss	10	1,308	2,208
Loss for the financial year		(4,960)	(5,757)

All results are derived from continuing operations.

Goodrich Actuation Systems Limited**Statement of comprehensive income
For the year ended 31 December 2022**

	2022 £'000	2021 £'000
Loss for the financial year	(4,960)	(5,757)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (loss)/gain on pension scheme	(48,056)	45,040
Movement relating to hedge reserve	(20,838)	(7,125)
Income tax relating to items not reclassified:		
- movement on deferred tax relating to pension surplus	12,014	(9,168)
- deferred tax adjustment on hedge reserve	5,210	1,583
Other comprehensive (expense)/income for the year net of tax	(51,670)	30,330
Total comprehensive (expense)/income for the year	(56,630)	24,573

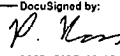
Goodrich Actuation Systems Limited
Registered number: 04482320

Balance sheet
As at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	11	87,854	91,424
Tangible assets	12	34,779	37,335
Right of use assets	13	1,761	975
		124,394	129,734
Current assets			
Stocks	14	87,473	78,353
Debtors	15	151,895	139,603
Creditors: amounts falling due within one year	16	(349,670)	(305,910)
Net current liabilities		(110,302)	(87,954)
Total assets less current liabilities		14,092	41,780
Creditors: amounts falling due after more than one year	17	(76,526)	(84,299)
Provisions for liabilities	18	(13,992)	(24,319)
Pension and similar obligations	22	38,523	84,937
Net (liabilities)/assets		(37,903)	18,099
Equity			
Called up share capital	20	1	1
Share premium account		187,563	187,563
Hedge reserve		(24,650)	(3,812)
Profit and loss account		(200,817)	(165,653)
Total Shareholders' (deficit)/funds		(37,903)	18,099

The notes on pages 17 to 51 form part of these financial statements

The financial statements on pages 13 to 51 were approved by the board of directors on 25 September 2023 and were signed on its behalf by:

DocuSigned by:

 2C5DA76BF465405
 P Ross
 Director

Goodrich Actuation Systems Limited

Statement of changes in equity For the year ended at 31 December 2022

	Called up share capital (Note 20) £'000	Share premium account £'000	Hedge Reserve £'000	Profit and loss account £'000	Total Shareholders' funds / (deficit) £'000
Balance at 1 January 2021	1	187,563	3,313	(197,915)	(7,038)
Loss for the financial year	-	-	-	(5,757)	(5,757)
Other comprehensive (expense)/income for the year					
- Deferred tax adjustment on hedge reserve	-	-	-	(1,583)	1,583
- Hedge reserve movement	-	-	(7,125)	-	(7,125)
- Actuarial gain on pension scheme	-	-	-	45,040	45,040
- Deferred tax on pension scheme	-	-	-	(9,168)	(9,168)
Total comprehensive income for the year	-	-	(7,125)	31,698	24,573
Share based payments (note 23)	-	-	-	564	564
Balance at 31 December 2021	1	187,563	(3,812)	(165,653)	18,099
Loss for the financial year	-	-	-	(4,960)	(4,960)
Other comprehensive (expense)/income for the year					
- Deferred tax adjustment on hedge reserve	-	-	-	5,210	5,210
- Hedge reserve movement	-	-	(20,838)	-	(20,838)
- Actuarial loss on pension scheme	-	-	-	(48,056)	(48,056)
- Deferred tax on pension scheme	-	-	-	12,014	12,014
Total comprehensive expense for the year	-	-	(20,838)	(35,792)	(56,630)
Share based payments (note 23)	-	-	-	628	628
Balance at 31 December 2022	1	187,563	(24,650)	(200,817)	(37,903)

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies

Goodrich Actuation Systems Limited ('the Company') is principally involved in the design, manufacture and supply of advanced technology systems, products and services to the world's 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, Stratford Road, Shirley, Solihull, West Midlands, B90 4SS, United Kingdom.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and all the years presented, unless otherwise stated.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

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

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 Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Basis of accounting (continued)

As permitted by FRS 101, the Company has taken advantage 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

IAS 36 - paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e)

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

Adoption of new and revised Standards

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 have had a material impact on the company.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies, and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk. The Company meets its day to day working capital requirements through a loan arrangement which is centrally managed by another group undertaking.

At 31 December 2022, the Company had net current liabilities of £110,302,000 (2021: £87,954,000). The Company is dependent upon the continued support of its parent group, RTX Corporation ("RTX"), which has expressed its willingness to support the Company for at least 12 months from the signing of these financial statements, if it remains under the ownership of RTX. The Directors are confident that this support will allow the Company to continue trading and meet its liabilities for this period if the Company remains part of the RTX group.

The Directors have taken into consideration that RTX entered into a definitive agreement with Safran SA on 20 July 2023 to sell the Actuation Systems portfolio, which includes the Company, within the Collins Aerospace segment. The closing of the transaction is subject to regulatory approvals and other customary closing conditions. Until the sale closes, Actuation Systems, including the Company, will remain part of Collins Aerospace and continue to operate independently in the ordinary course of business. Given the potential transaction, the Directors of the Company do not have the ability to influence the potential acquirer's financing arrangements or have access to the future plans for the Company in order to assess going concern should the sale complete. However, based on the information available to the Directors at the date of approval of these financial statements, the Directors expect the new owners to put into place suitable financing arrangements to enable the Company to continue as a going concern.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Going concern (continued)

Consequently, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements but based on what is described in the preceding paragraphs, they have also concluded this situation represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern should the assumptions referred to above prove incorrect.

Intangible assets acquired separately

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

Intangible assets – Goodwill

Goodwill arises on a business combination and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. 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.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the profit and loss in the period in which it is incurred. Amortisation is recognised over the expected life of the contract on a straight line basis. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

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 income.

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, other than freehold land, 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:

Land and building improvements	3% - 7% per year
Plant and equipment	4% - 33% per year
Construction in progress	no depreciation charge until transferred to appropriate class of asset upon completion

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

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-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.

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.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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

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

Current tax and deferred tax for the year

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these. The company's activities are described in detail below. The company bases its estimate of the return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

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.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

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.

Some contracts include multiple deliverables, such as the sale of equipment and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of equipment, revenue for the equipment is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

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.

If the contract includes an hourly fee, revenue is recognised in the amount to which the company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

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. Remeasurement 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. Remeasurement 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
- remeasurement.

The Company presents the first two components of defined benefit costs within administrative expenses in its profit and loss account. Curtailments gains, and losses are accounted for as past service cost.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Pension costs (continued)

Interest expense or income is recognised within finance costs and interest receivable (see note 8 and 9).

As in previous years, the liability and asset figures, as well as benefit payments and administration expenses have been allocated to each employer within the Goodrich Section of the (UK) Pension Scheme by the percentage of liability as at the most recent funding valuation of the Goodrich Section.

Foreign currency

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

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

Exchange differences are recognised in the profit or loss account 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 vehicles. Rental contracts are typically made for fixed periods of 6 months to 5 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.

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.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Leases (continued)

Assets and liabilities arising from a lease are initially measure 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.

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.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in the income statement 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 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.

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) and 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 company 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.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Financial assets (continued)

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, or
- 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.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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

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.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Derivative financial instruments (continued)

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited as 'other income' to the profit and loss account as the related expenditure is incurred.

Share-based payments

Where the Company's parent Company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Where the Company grants to its employees' rights to equity instruments of its parent, the Company accounts for such arrangements as cash-settled share-based payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

Share-based payments (continued)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

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.

Defined Benefit Pension Scheme

The Company participates in a group defined benefit scheme for qualifying employees (the UTC (UK) Pension Scheme). Under the scheme, the employees are entitled to retirement benefits varying between 1% and 67% per cent of final salary on attainment of a retirement age of 65.

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 22 for the disclosures of the defined benefit scheme.

Defined Benefit Pension Assets

Included within the pension scheme assets at year end are two asset backed contribution arrangements. The assets are valued using an actuarial approach with discounted cash flows. The data inputs and assumptions are judgemental which can impact the estimated value of the assets. These include the discount rate and probability of cash flows being received based on a stochastic analysis. The valuations are performed by independent advisors.

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 tangible assets

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 12 for the carrying amount for the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

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

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.

Recoverability of internally-generated intangible asset

During the year, management reconsidered the recoverability of its Development costs which is included in its balance sheet at £21,362,000 (2021: £24,764,000). An impairment of £nil (2021: £nil) was recognised in the year. The projects continue to progress in a satisfactory manner, and customer reaction has reconfirmed management's long-term estimates of anticipated revenues from the projects.

A detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Impairment of indefinite lived intangible assets

Determining whether the company's goodwill balance is impaired requires estimations of the revenues included within the forecasts to assess the asset's value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise and suitable discount rates in order to calculate present values. The carrying amount of goodwill at the balance sheet date was £66,281,000 (2021: £66,281,000) with no impairment loss recognised in 2022 (2021: £nil).

Stock provisioning

The Company designs, manufactures and supplies advanced technology systems, products and services to the world's 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 applying assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning. See note 14 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 15 for the net carrying amount of the receivables and the associated impairment provision.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

3. Turnover

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

	2022 £'000	2021 £'000
Sales of goods	403,179	358,399
Rendering of services	39,085	33,637
	442,264	392,036

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

	2022 £'000	2021 £'000
Turnover:		
United Kingdom	80,246	57,672
Rest of Europe	179,788	146,572
North America	166,298	169,677
Rest of World	15,932	18,115
	442,264	392,036

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

4. Operating profit/(loss)

Operating profit/(loss) is stated after (crediting)/charging:

	2022 £'000	2021 £'000
Net foreign exchange gains	(1,414)	(61)
Depreciation of tangible fixed assets:		
- owned	7,627	6,713
Depreciation of right of use assets	521	511
Amortisation of intangible assets included in operating expenses:		
- internally generated	3,581	3,591
Loss on disposal of fixed assets	80	584
Research and development	14,573	10,882
Inventory recognised as expense	273,375	246,019
Impairment of trade receivables	448	(30)
Auditors' Remuneration (note 5)	189	189
Staff costs (note 6)	91,378	79,291

5. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's annual financial statements were £146,000 (2021: £134,000).

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services amount to £43,000 (2021: £55,000).

Goodrich Actuation Systems Limited**Notes to the financial statements
For the year ended 31 December 2022****6. Staff costs**

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

	2022	2021
	Number	Number
Engineering	147	148
Manufacturing	915	817
Administration	199	179
	1,261	1,144

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	75,752	66,357
Social security costs	8,768	6,703
Share based payments	628	564
Other pension costs (note 22)	6,230	5,667
	91,378	79,291

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

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

7. Directors' remuneration and transactions

The directors are executives of the company and their remuneration is disclosed.

	2022 £'000	2021 £'000
Directors' remuneration		
Emoluments	991	1,223
Stock option	252	129
Company contributions to money purchase pension schemes	29	48
	1,272	1,400

	2022 Number	2021 Number
The number of directors who are:		
Members of a defined contribution pension scheme	2	4

	2022 £'000	2021 £'000
Remuneration of the highest paid director:		
Emoluments and amounts (excluding shares) under long term incentive schemes	458	435
Company contributions to money purchase pension schemes	13	12

The highest paid director exercised share options in the year of £nil (2021: £49,000).

The highest paid director did not receive any shares in the year (2021: nil).

The highest paid director accrued retirement benefits in respect of defined contribution pension schemes.

Two directors are non-executives of the Company and they are paid by other group undertakings which makes no charge to the Company.

There was no (2021: nil) compensation paid for loss of office.

8. Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from group companies	47	29
Pension interest income - return on assets (see note 22)	10,617	7,916
	10,664	7,945

Goodrich Actuation Systems Limited**Notes to the financial statements
For the year ended 31 December 2022****9. Interest payable and similar expenses**

	2022 £'000	2021 £'000
Interest payable to group companies	8,367	6,526
Pension interest expense – defined benefit obligation (note 22)	8,987	7,375
	17,354	13,901

10. Tax on loss**Tax expense included in profit or loss:**

	2022 £'000	2021 £'000
Current tax		
Adjustment in respect of prior years	(24)	-
Total current tax	(24)	-
Deferred tax		
Origination and reversal of timing differences	608	783
Adjustment in respect of prior years	(1,892)	(627)
Impact of change in tax rate	-	(2,364)
Total deferred tax (note 19)	(1,284)	(2,208)
Total tax on loss	(1,308)	(2,208)

Factors affecting tax charge for the year

Tax expense for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Loss before taxation	(6,268)	(7,965)
Tax on loss at standard UK corporation tax rate of 19% (2021: 19%)	(1,191)	(1,513)
Effects of:		
Expenses not deductible for tax purposes	371	294
Income not taxable	(237)	(229)
Adjustments in respect of prior years	(1,916)	(627)
Group relief surrendered for no payment	1,519	2,231
Impact of change in tax rate	-	(2,364)
Rate differential on temporary differences	146	-
Total tax credit for the year	(1,308)	(2,208)

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

10. Tax on loss (continued)

Factors that may affect future tax charge

Depreciation is running in advance of claims for capital allowances. 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.

The tax rate for the current year is the same as the prior year.

In the March 2021 Budget, the Government announced that from April 2023 the corporation tax rate would increase from 19% to 25%. The change had been substantively enacted by the balance sheet date and hence the impact of any resulting changes to the valuation of any deferred tax assets or liabilities is reflected within the financial statements.

Tax expense/ (income) included in other comprehensive income

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	2022 £'000	2021 £'000
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Hedge reserve	(5,210)	(1,583)
Pension scheme	(12,014)	9,168
Total (income) / expense tax recognised in other comprehensive income	(17,224)	7,585

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

11. Intangible assets

	Development costs £'000	Software £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2021	69,826	-	136,187	206,013
Additions	33	30	-	63
Transfer from tangible assets	-	1,802	-	1,802
At 31 December 2021	69,859	1,832	136,187	207,878
Additions	11	-	-	11
At 31 December 2022	69,870	1,832	136,187	207,889
Accumulated amortisation				
At 1 January 2021	41,703	-	69,906	111,609
Amortisation	3,392	199	-	3,591
Transfer from tangible assets	-	1,254	-	1,254
At 31 December 2021	45,095	1,453	69,906	116,454
Amortisation	3,413	168	-	3,581
At 31 December 2022	48,508	1,621	69,906	120,035
Net book value				
At 31 December 2022	21,362	211	66,281	87,854
At 31 December 2021	24,764	379	66,281	91,424

Development costs have been capitalised in accordance with the measurement and recognition bases of IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss. The costs primarily relate to the development across a number of aerospace new product introduction programs. Production has commenced on these programs, and the related costs are being amortised over the period to the end of each program on a straight line basis.

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the profit and loss account. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410)', which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, the effect of amortising over a useful life of 20 years would be a charge of £3,314,000 (2021: £3,314,000) against operating profit, and a reduction of £3,314,000 (2021: £3,314,000) in the carrying value of goodwill in the balance each year.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

12. Tangible assets

	Land and Building Improvements £'000	Plant and equipment £'000	Construction in progress £'000	Total £'000
Cost				
At 1 January 2021	8,610	97,021	9,562	115,193
Additions	49	226	7,844	8,119
Transfer between classes	31	6,468	(6,499)	-
Transfer to intangibles	-	(1,802)	-	(1,802)
Disposals	-	(4,118)	-	(4,118)
At 31 December 2021	8,690	97,795	10,907	117,392
Additions	1,210	516	3,605	5,331
Transfer between classes	3,314	3,519	(6,833)	-
Disposals	-	(843)	-	(843)
At 31 December 2022	13,214	100,987	7,679	121,880
Accumulated depreciation				
At 1 January 2021	3,478	74,649	-	78,127
Depreciation	419	6,294	-	6,713
Transfer to intangibles	-	(1,254)	-	(1,254)
Disposals	-	(3,529)	-	(3,529)
At 31 December 2021	3,897	76,160	-	80,057
Depreciation	902	6,725	-	7,627
Disposals	-	(583)	-	(583)
At 31 December 2022	4,799	82,302	-	87,101
Net book value				
At 31 December 2022	8,415	18,685	7,679	34,779
At 31 December 2021	4,793	21,635	10,907	37,335

At the year end there were assets with a net book value of £236,000 (2021: £541,000) funded through grant claims.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

13. Right of use assets

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

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Right-of-use assets		
Vehicles	1,761	975
	1,761	975
Lease liabilities		
Current	650	460
Non-current	1,111	515
	1,761	975

Additions to the right-of-use assets during the 2022 financial year were £1,538,000 (2021: £440,000)

(ii) Amounts recognised in the profit and loss account

The profit and loss account shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Depreciation charge on right-of-use assets		
Vehicles	521	511
	521	511
Interest expense	31	20
	2022 £'000	2021 £'000
Future minimum lease payments are as follows:		
Not later than one year	650	460
Later than one year and not later than five years	1,111	515
Total gross payments	1,761	975
Impact of finance expenses	-	-
Carrying amount of liability	1,761	975

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

14. Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	46,883	54,580
Work in progress	23,200	19,809
Finished goods and goods for resale	17,390	3,964
	87,473	78,353

In the opinion of the Directors the difference between the purchase price or production cost of stocks and their replacement cost is not material. There is a provision of £36,134,000 (2021: £28,239,000) over stock held.

15. Debtors

Amounts falling due within one year:

	2022 £'000	2021 £'000
Trade receivables	69,277	86,847
Amounts owed by group undertakings	45,650	31,811
Corporation tax	2,102	547
VAT repayable	3,167	3,426
Prepayments and accrued income	2,594	2,140
	122,790	124,771

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

Trade receivables are stated after provision for impairment of £1,516,000 (2021: £1,153,000).

Amounts falling due after more than one year:

	2022 £'000	2021 £'000
Deferred tax asset (note 19)	29,105	14,832
	29,105	14,832

	2022 £'000	2021 £'000
Amounts falling due within one year	122,790	124,771
Amounts falling due after more than one year	29,105	14,832
Total Debtors	151,895	139,603

Goodrich Actuation Systems Limited**Notes to the financial statements
For the year ended 31 December 2022****16. Creditors: amounts falling due within one year**

	2022	2021
	£'000	£'000
Trade creditors	74,486	74,177
Amounts owed to group undertakings	198,470	188,662
Derivative financial instruments held with group undertakings	27,420	6,341
Accruals and deferred income	48,644	36,270
Lease liability (note 13)	650	460
	349,670	305,910

Loans from other group companies mature on a monthly basis and are renewable at a variable interest rate and repayable on demand. There is no security provided on these loans. No interest rate is charged on inter-company trading balances.

17. Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	75,361	75,437
Deferred government grants	54	107
Accruals and deferred income	-	8,240
Lease liability (note 13)	1,111	515
	76,526	84,299

Long term loans owed to the group have an interest bearing fixed loan rate of 7.40% and are due to be settled in May 2026 with the option to extend to May 2036.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

18. Provisions for liabilities

	Environ- mental £'000	Product Warranties £'000	Onerous Contracts £'000	Deferred Tax Liability £'000	Total £'000
At 1 January 2021	710	11,183	2,528	3,873	18,294
Transfer of deferred tax asset	-	-	-	(6,914)	(6,914)
Additions/ (releases) to the profit and loss account	-	4,875	1,383	445	6,703
Additions to other comprehensive income	-	-	-	9,168	9,168
Amounts utilised	(130)	(2,802)	-	-	(2,932)
At 31 December 2021	580	13,256	3,911	6,572	24,319
Transfer to deferred tax asset	-	-	-	9,396	9,396
Additions/ (releases) to the profit and loss account	-	3,800	(3,911)	(1,617)	(1,728)
Releases to other comprehensive income	-	-	-	(12,014)	(12,014)
Amounts utilised	(41)	(5,940)	-	-	(5,981)
At 31 December 2022	539	11,116	-	2,337	13,992

Environmental

It is anticipated that the majority of the environmental provision will be utilised after more than one year.

Product warranties

The provision for product warranties relates to expected warranty claims on products sold in the last three years. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

Onerous Contracts

The onerous contract provision was reassessed following the Russian invasion of Ukraine and the subsequent impact on the Company. As noted in the Strategic report the Company made provisions relating to the impact of the invasion of Ukraine, which meant that the onerous contract provision was no longer required.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

19. Deferred tax

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

	2022 £'000	2021 £'000
Deferred tax assets due after more than 12 months	29,105	14,832
Deferred tax liabilities due after more than 12 months	(2,337)	(6,572)
Net deferred tax asset	26,768	8,260

The movement in deferred tax is as follows:

Deferred tax (liabilities)/assets:

	Accelerated tax depreciation £'000	Deferred development costs £'000	Tax losses £'000	Other timing differences £'000	Retirement benefit obligation £'000	Total £'000
At 1 January 2021	(816)	(3,057)	10,535	61	6,914	13,637
(Charged)/ credited to profit and loss	(517)	360	3,327	(674)	(288)	2,208
(Charged)/ credited to other comprehensive income	-	-	-	1,583	(9,168)	(7,585)
At 31 December 2021	(1,333)	(2,697)	13,862	970	(2,542)	8,260
(Charged)/ credited to profit and loss	1,667	360	-	(333)	(410)	1,284
(Charged)/ credited to other comprehensive income	-	-	-	5,210	12,014	17,224
At 31 December 2022	334	(2,337)	13,862	5,847	9,062	26,768

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

20. Called up share capital

Ordinary shares

	2022 £'000	2021 £'000
Allotted and fully-paid		
1,000 (2021: 1,000) ordinary shares of £1 each	1	1

21. Financial commitments

Capital commitments are as follows:

	2022 £'000	2021 £'000
Contracts for future capital expenditure not provided in the financial statements	11,126	2,743
	11,126	2,743

22. Pensions and similar obligations

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 £5,185,000 (2021: £4,573,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2022, contributions of £nil (2021: £nil) were due in respect of the current reporting year had not been paid over to the 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 Goodrich Section of the "UTC (UK) Pension Scheme", the majority of employees are entitled to post-retirement yearly instalments amounting to 1.25% of final pensionable pay for each complete month and year of pensionable employment plus any flat pension to which they are entitled on attainment of a normal retirement age of 65 (although some benefits may be taken at an earlier age). The pensionable salary is based on annual rate of a member's basic pay.

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

22. Pensions and similar obligations (continued)

Defined benefit schemes (continued)

The scheme typically exposes the Company to actuarial risks such as: investment risk, interest rate risk and longevity 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 assets 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.
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.

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

A full accounting valuation of the Goodrich Section of the UTC (UK) Pension Scheme as at 31 December 2020 was carried out by Willis Towers Watson, an Independent firm of actuaries, using the projected unit method. This valuation was updated as at 31 December 2022 by Willis Towers Watson.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 31 December 2020 and updated to 31 December 2022 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method and by rolling forward the results of the 2022 valuation using approximate actuarial techniques, allowing for cashflows, inflation, and interest over the period, and changes in the assumptions. No allowances were made for individual membership movements from 31 December 2020 being different than expected.

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Notes to the financial statements For the year ended 31 December 2022

22. Pensions and similar obligations (continued)

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

	2022 %	2021 %
Key assumptions used:		
Discount rate(s)	4.93	1.92
Rate of inflation	3.45	3.25
Expected rate of increase of pensions in payment	3.30	3.30
Average longevity at age 65 for current pensioners (years)*		
Male	21.7	21.9
Female	23.8	24.0
Average longevity at age 65 for current members age 45 (future pensioners) (years)*		
Male	23.2	23.2
Female	25.4	25.4

* 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:

	2022 £'000	2021 £'000
Service cost:		
Administration cost	1,045	1,094
Net interest income	(1,630)	(541)
	(585)	553

Of the expense for the year, £1,045,000 (2021: £1,094,000) has been included in the profit and loss account as administrative expenses. The net interest income has been included within interest payable and receivable (notes 8 and 9). The re-measurement of the net defined benefit liability and return on plan assets less the discount rate are included in the statement of comprehensive income.

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Notes to the financial statements For the year ended 31 December 2022

22. Pensions and similar obligations (continued)

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:

	2022 £'000	2021 £'000
Present value of defined benefit obligations	(290,783)	(478,356)
Fair value of scheme assets	329,306	563,293
Net surplus	38,523	84,937

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

	2022 £'000	2021 £'000
Opening defined benefit obligation	478,356	537,299
Interest cost	8,987	7,375
Re-measurement (gains)/losses:		
Actuarial gains arising from changes in demographic assumptions	(3,842)	(25)
Actuarial gains and losses arising from changes in financial assumptions	(202,098)	(30,105)
Actuarial gains arising from experience adjustments	30,003	(7,698)
Benefits paid from plan assets	(20,623)	(28,490)
Closing defined benefit obligation	290,783	478,356

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

	2022 £'000	2021 £'000
Opening fair value of scheme assets	563,293	575,677
Interest income	10,617	7,916
Return on plan assets	(223,993)	7,212
Contributions from the employer	1,057	2,072
Benefits paid	(20,623)	(28,490)
Administrative costs paid	(1,045)	(1,094)
Closing fair value of scheme assets	329,306	563,293

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

22. Pensions and similar obligations (continued)

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

	2022 %	2021 %
	Quoted	Quoted
Cash and cash equivalents	1.4	1.4
Equity instruments	1.9	5.2
Debt instruments	74.0	44.8
Property	2.4	1.9
Other	9.1	15.3
Total	88.8	68.6

	2022 %	2021 %
	Unquoted	Unquoted
Cash and cash equivalents	(18.6)	4.5
Equity instruments	7.8	11.5
Debt instruments	0.6	0.3
Other	21.4	15.1
Total	11.2	31.4

	2022 £'000	2021 £'000
Quoted	292,424	386,419
Unquoted	36,882	176,874
Fair value of plan assets	329,306	563,293

The actual loss on scheme assets was £213,376,000 (2021: £15,128,000 gain).

Goodrich Actuation Systems Limited

Notes to the financial statements For the year ended 31 December 2022

22. Pensions and similar obligations (continued)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, pension growth rate 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.

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.1%	Decrease 1.5%	Increase 1.5%
Pension growth rate	0.1%	Increase 1.2%	Decrease 1.2%
Life expectancy	1 year	Increase by 3%	Decrease by 3%

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 Goodrich Section of the UTC (UK) Pension Scheme expects to make a contribution of £1,786,000 (2021: £1,959,000) to the defined benefit scheme during the next financial year.

The UTC UK Pension Scheme ("the Scheme") was closed to all future service benefit accruals with effect from 31 March 2020.

23. Share based payments

The Company issues to certain employees share appreciation rights (SARs), determined by reference to the Company's parent's shares, that require the Company to pay the intrinsic value of the SAR to the employee at the date of exercise. The Company recorded total expenses of £108,000 and £108,000 in 2022 and 2021, respectively. The total intrinsic value at 31 December 2022 and 2021 was £104,000 and £81,000 respectively.

The Company issues to certain employees performance share units (PSUs), determined by reference to the Company's parent's shares, that require the Company to pay the intrinsic value of the SAR to the employee at the date of exercise. The Company recorded total expenses of £520,000 and £456,000 in 2022 and 2021, respectively. The total intrinsic value at 31 December 2022 and 2021 was £422,000 and £513,000 respectively.

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Notes to the financial statements For the year ended 31 December 2022

24. Related parties

As 100% of the company's voting rights are controlled within the RTX Corporation group (RTX), the company is not required pursuant to FRS 101 paragraph 8(k) to disclose transactions with other group subsidiaries, joint venture or associated companies.

The company has not transacted with any other related parties during the year (2021: nil).

25. Subsequent events

On 20 July 2023, RTX entered into a definitive agreement with Safran SA to sell the Actuation Systems portfolio, which includes the Company, within the Collins Aerospace segment for approximately \$1.8 billion in cash. The closing of the transaction is subject to regulatory approvals and other customary closing conditions, and may complete within the going concern period. Until the potential sale closes, Actuation Systems, including the Company, will remain part of Collins Aerospace and continue to operate independently in the ordinary course of business.

26. Controlling party

The Company's immediate parent undertaking is Goodrich Controls Holding Limited.

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

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

The registered office of RTX Corporation is located at 1000 Wilson Blvd., Arlington, Virginia 22209, United States of America. Copies of their financial statements are publicly available and can be obtained from www.rtx.com.