

Registered number: 4614379

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## ROSEMOUNT AEROSPACE PROPERTIES LTD

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2011

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**COMPANY INFORMATION**

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**DIRECTORS**

S Bottomley  
R Fulton  
S Geib (resigned 27 July 2012)  
R Newbould

**COMPANY SECRETARIES**

S Geib (resigned 27 July 2012)  
V Lichtenberger (resigned 27 July 2012)

**COMPANY NUMBER**

4614379

**REGISTERED OFFICE**

Stratford Road  
Solihull  
B90 4LA

**AUDITORS**

Ernst & Young LLP  
G1  
5 George Square  
Glasgow  
G2 1DY

**BANKERS**

Bank of America  
5 Canada Square  
London  
E14 5AQ

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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## ROSEMOUNT AEROSPACE PROPERTIES LTD

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### DIRECTORS' REPORT for the year ended 31 December 2011

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The Directors present their report and the financial statements for the year ended 31 December 2011

#### PRINCIPAL ACTIVITIES

The company's principal activity during the period was the rental of property

#### BUSINESS REVIEW

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

	2011 \$'000	2010 \$'000	Change %
Turnover	3,937	3,937	0%
Operating profit before interest and tax	3,088	6,282	(50.8%)
Profit after tax	2,958	5,413	(45.4%)
Shareholders' funds	24,640	21,682	13.6%
Current assets as % of current liabilities	0.1%	0.1%	0%

The Directors are satisfied with the results for the year

Goodrich Corporation was acquired by United Technologies Corporation (UTC) on 26th July 2012. The Directors welcome the change in ownership and the company intends to continue with its activities and has no plans for substantially developing the business activities.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to \$2,957,830 (2010 - \$5,413,016)

There were no ordinary dividends proposed, declared or paid in the year (2010 - \$Nil)

#### DIRECTORS

The Directors who served during the year were

S Bottomley  
R Fulton  
S Gerb (resigned 27 July 2012)  
R Newbould

#### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are grouped as financial risks, foreign currency risks and liquidity risks

##### Financial Risks

The company's policy does not permit trading in any financial instruments. The company's principal financial instruments comprise of cash and short term deposits and/or borrowings, the main purpose of which is to provide finance for its normal trading operations and to reduce the impact of currency exchange rate movements on trading results.

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## ROSEMOUNT AEROSPACE PROPERTIES LTD

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### DIRECTORS' REPORT for the year ended 31 December 2011 [CONTINUED]

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#### Foreign Currency Risks

The company has significant levels of intercompany payables denominated in currencies other than the US Dollar. As a result, the value of the company's non-dollar denominated revenues, payments, financial assets and liabilities and cash flows can be significantly affected by movement in exchange rates in general and in the US Dollar in particular.

The company manages its exposure to currency movements by working with the Group's Treasury department to review the impact of exchange rate fluctuations.

#### Liquidity Risks

The company aims to mitigate liquidity risk by managing cash generation by its operations, as such the company participates in the overall world-wide group 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.

#### QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted an indemnity to all of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

#### PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

#### AUDITORS

The auditors, Ernst & Young LLP, are deemed to be reappointed in accordance with section 487(2) of the Companies Act 2006 by virtue of an elective resolution passed by the members on 27 February 2007.

#### FUNCTIONAL CURRENCY

The functional currency of the company is US dollars and the accounts have been prepared accordingly.

This report was approved by the board and signed on its behalf



R Newbould  
Director

Date 21/09/12

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## **ROSEMOUNT AEROSPACE PROPERTIES LTD**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT for the year ended 31 December 2011**

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The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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. They 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.

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## **ROSEMOUNT AEROSPACE PROPERTIES LTD**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROSEMOUNT AEROSPACE PROPERTIES LTD**

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We have audited the financial statements of Rosemount Aerospace Properties Ltd for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Loss and the related notes 1 to 18, set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Statement of Directors' responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROSEMOUNT AEROSPACE  
PROPERTIES LTD [CONTINUED]**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

*Ernst & Young LLP*

James Andrew Bishop (Senior statutory auditor)  
for and on behalf of  
**Ernst & Young LLP, Statutory Auditor**

G1  
5 George Square  
Glasgow  
G2 1DY  
Date



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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2011**

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	Note	2011 \$	2010 \$
<b>TURNOVER</b>	2	<b>3,937,176</b>	<b>3,937,176</b>
Administrative expenses		<u>(849,465)</u>	<u>2,345,136</u>
<b>OPERATING PROFIT</b>	3	<b>3,087,711</b>	<b>6,282,312</b>
Interest payable and similar charges	5	<u>(190,267)</u>	<u>(285,240)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,897,444</b>	<b>5,997,072</b>
Tax on profit on ordinary activities	7	<u>60,386</u>	<u>(584,056)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	<u><b>2,957,830</b></u>	<u><b>5,413,016</b></u>

All amounts relate to continuing operations

The notes on pages 9 to 15 form part of these financial statements

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 December 2011**

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	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>2,957,830</b>	<b>5,413,016</b>
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>2,957,830</b>	<b>5,413,016</b>
	<hr/>	<hr/>

The notes on pages 9 to 15 form part of these financial statements

**ROSEMOUNT AEROSPACE PROPERTIES LTD**  
Registered number: 4614379

**BALANCE SHEET**  
as at 31 December 2011

	Note	\$	2011 \$	\$	2010 \$
<b>FIXED ASSETS</b>					
Tangible assets	8		41,853,321		42,688,457
<b>CURRENT ASSETS</b>					
Debtors	9	16,366		16,025	
<b>CREDITORS</b> amounts falling due within one year	10	(15,628,254)		(19,343,556)	
<b>NET CURRENT LIABILITIES</b>			(15,611,888)		(19,327,531)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			26,241,433		23,360,926
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	11		(1,601,520)		(1,678,843)
<b>NET ASSETS</b>			24,639,913		21,682,083
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		159		159
Share premium account	13		14,999,841		14,999,841
Profit and loss account	13		9,639,913		6,682,083
<b>SHAREHOLDERS' FUNDS</b>	14		24,639,913		21,682,083

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



**R Newbould**  
Director

Date 21/09/12

The notes on pages 9 to 15 form part of these financial statements

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## ROSEMOUNT AEROSPACE PROPERTIES LTD

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

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#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The financial statements have been prepared under the going concern concept because the company will continue to receive financial support from a parent undertaking, Goodrich Luxembourg S A R L , which has agreed to provide adequate funds for the company to meet its liabilities as they fall due

##### 1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

##### 1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	40 years
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##### 1.4 TAXATION

Corporation tax payable is provided on taxable profits at the current rate

##### 1.5 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### 1.6 RENTAL INCOME

Rental income from operating leases, excluding charges for service, is recognised on a straight-line basis over the period of the lease

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

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**1. ACCOUNTING POLICIES (continued)**

**1.7 FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

**2. TURNOVER**

An analysis of turnover by class of business is as follows

	2011 \$	2010 \$
Operating lease rental income	3,937,176	3,937,176

All turnover arose within the United Kingdom

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2011 \$	2010 \$
Depreciation of tangible fixed assets		
- owned by the company	835,136	767,347
Difference on foreign exchange	348	(140,323)
Reversal of impairment charge	-	(3,193,794)
Impairment loss on tangible fixed assets	-	205,517

**4. STAFF COSTS**

The company has no employees other than the Directors, who did not receive any remuneration (2010 - \$NIL)

**5. INTEREST PAYABLE**

	2011 \$	2010 \$
Intercompany bank interest payable	38,865	69,781
Bank charges	2,424	3,144
On loans from group undertakings	148,978	212,315
	190,267	285,240

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

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**6. AUDITOR'S REMUNERATION**

	2011 \$	2010 \$
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>3,224</u>	<u>3,100</u>

**7. TAXATION**

	2011 \$	2010 \$
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	1,014,833	997,896
Adjustments in respect of prior periods	(997,896)	(647,950)
<b>TOTAL CURRENT TAX</b>	<u>16,937</u>	<u>349,946</u>
<b>DEFERRED TAX</b>		
Deferred tax charge for the year	47,036	285,708
Effect of decreased tax rate on opening liability	(124,359)	(51,598)
<b>TOTAL DEFERRED TAX</b> (see note 11)	<u>(77,323)</u>	<u>234,110</u>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>(60,386)</u>	<u>584,056</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2010 - *lower than*) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 \$	2010 \$
Profit on ordinary activities before tax	<u>2,897,444</u>	<u>5,997,072</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	767,823	1,679,180
<b>EFFECTS OF</b>		
Income not taxable	(13,513)	(384,996)
Expenses not deductible for tax purposes	310,381	-
Accelerated capital allowances	(49,858)	(285,708)
Change in tax rate	-	(10,580)
Adjustments to tax charge in respect of prior periods	(997,896)	(647,950)
<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)	<u>16,937</u>	<u>349,946</u>

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**7. TAXATION (continued)**

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

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

Deferred tax has been calculated at the rate expected to apply at the time at which timing differences are forecast to reverse, based on tax rates which have been substantively enacted at the balance sheet date. The Government announced on 23 March 2011 that it intended to introduce legislation to reduce the mainstream rate of UK corporation tax to 26% with effect from 1 April 2011 with further reductions to 23% over three years, beginning in April 2012. The first of these changes to 26% and the second to 25% from 1 April 2012 were enacted on 19 July 2011. The Government subsequently announced on 21 March 2012 that it intended to introduce legislation to reduce the mainstream rate of corporation tax to 22% by April 2014. Neither these changes nor the previously announced changes to 24% and 23% had been substantively enacted by 31 December 2011 and so the calculation of deferred tax balances does not reflect the potential impact of these proposed rate reductions.

Based on the deferred tax liability at 31 December 2011, the reduction in the value of the liability arising as a result of these changes would be in the range \$66,555 at the reduced rate of 24% and \$199,664 at the reduced rate of 22%.

**8. TANGIBLE FIXED ASSETS**

	Freehold property \$
<b>COST</b>	
At 1 January 2011 and 31 December 2011	56,959,000
<b>DEPRECIATION</b>	
At 1 January 2011	14,270,543
Charge for the year	835,136
At 31 December 2011	15,105,679
<b>NET BOOK VALUE</b>	
At 31 December 2011	41,853,321
At 31 December 2010	42,688,457

Included in land and buildings is land with a cost of \$18,296,690 which is not depreciated.

The company has no assets held under finance leases or hire purchase contracts.

During the year all fixed assets were held for the purpose of leasing to other related undertakings.

**ROSEMOUNT AEROSPACE PROPERTIES LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

**9. DEBTORS**

	2011	2010
	\$	\$
Amounts owed by group undertakings	16,366	16,025
	<u>16,366</u>	<u>16,025</u>

**10. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	\$	\$
Bank loans and overdrafts	3,298,183	7,060,548
Amounts owed to group undertakings	11,285,797	11,262,055
Corporation tax	1,014,833	997,896
VAT	4,144	4,583
Accruals and deferred income	25,297	18,474
	<u>15,628,254</u>	<u>19,343,556</u>

**11. DEFERRED TAXATION**

	2011	2010
	\$	\$
At 1 January	1,678,843	1,444,733
Charge for year	47,036	285,708
Effect of decreased tax rate on opening liability	(124,359)	(51,598)
	<u>1,601,520</u>	<u>1,678,843</u>

The provision for deferred taxation is made up as follows

	2011	2010
	\$	\$
Accelerated capital allowances	<u>1,601,520</u>	<u>1,678,843</u>

**12. SHARE CAPITAL**

	2011	2010
	\$	\$
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
101 Ordinary Shares shares of £1 each	<u>159</u>	<u>159</u>



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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

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**13 RESERVES**

	Share premium account \$	Profit and loss account \$
At 1 January 2011	14,999,841	6,682,083
Profit for the year		2,957,830
At 31 December 2011	<u>14,999,841</u>	<u>9,639,913</u>

**14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2011 \$	2010 \$
Opening shareholders' funds	21,682,083	16,269,067
Profit for the year	2,957,830	5,413,016
Closing shareholders' funds	<u>24,639,913</u>	<u>21,682,083</u>

**15. CONTINGENT LIABILITIES**

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

The company participates in a cash pooling arrangement with a group of UK Goodrich companies. At 31 December 2011 there was a cash pool surplus of £7,489,062 (2010 - surplus £11,929,608) representing the bank balances of all the group companies.

**16 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions of Financial Reporting Standard 8, not to disclose transactions with other group entities, as it is a wholly owned subsidiary undertaking of a company that is to prepare consolidated financial statements.

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## **ROSEMOUNT AEROSPACE PROPERTIES LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011**

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#### **17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is Rosemount Aerospace Limited, a company registered in England and Wales

The company's ultimate parent undertaking during the year ended 31st December 2011 was Goodrich Corporation which is incorporated in the United States of America. On the 26th July 2012 United Technologies, a company incorporated in the United States of America, acquired 100% of the share capital of Goodrich Corporation. The only group of which the company is a member and for which group financial statements are prepared is that previously headed by Goodrich Corporation. Copies of the 2011 Annual Report of Goodrich Corporation can be obtained from 2730 West Tyvola Road, Charlotte, North Carolina, 28217, USA.

#### **18. POST BALANCE SHEET EVENTS**

On the 26th July 2012, United Technologies Corporation, a company incorporated in the United States of America, acquired 100% of the share capital of Goodrich Corporation, the ultimate parent company of Rosemount Aerospace Properties Ltd, for a consideration of approximately \$18.5 billion.