

Rosemount Aerospace Properties Limited

**Annual Report
for the year ended 31 December 2015**

Registered number: 4614379

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ROSEMOUNT AEROSPACE PROPERTIES LIMITED

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ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Strategic report for the year ended 31 December 2015

The directors present their strategic report for the company for the year ended 31 December 2015.

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

Review of business and future activities

The directors are satisfied with the results for the year. The directors expect the company to continue as a property rental company for the foreseeable future.

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

	2015 \$	2014 \$	Change %
Turnover	1,980,236	2,023,931	(2.2%)
Operating profit	1,398,143	1,480,483	(5.6%)
Profit for the financial year	1,515,451	976,591	55.2%
Total shareholders' funds	17,178,117	20,662,666	(16.9%)

The directors are satisfied with the results for the year.

The Company continues to rent out its properties to sister companies on long-term, arms-length terms. During 2014, turnover declined significantly due to the sale of one of its properties on 26 March 2013. This lower level of turnover remained flat through 2014, continued through 2015 and is expected to continue in 2016.

In 2013, following the sale by Goodrich Controls Holding Limited of its share in the joint venture (JV) with Rolls-Royce, the company evaluated the carrying value of its properties then rented to the JV and now to Rolls-Royce. In light of the expectation that the tenant would likely vacate the buildings in the next few years, the carrying value of these properties was impaired by \$3,275,439 to reflect their anticipated future net worth. No additional impairment was required in 2014 or 2015.

Key performance indicators

The company's source of turnover is its rental income in its properties, which are let to sister companies under multi-year agreements. As a result of this, other than from the sale of any property, revenue is not subject to fluctuations, although costs may be impacted should an impairment in the carrying value of any of the properties be identified.

Financial risk management

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's operations expose it to financial risks as set out below.

Liquidity risk

The company actively maintains intercompany finance that is designed to ensure the company has sufficient available funds for operations.

Foreign currency risk

The functional currency of the company is US dollars but the company buys some services denominated in sterling. As a result, the value of the business's non-dollar denominated purchases, financial assets and liabilities and cash flows can be affected significantly by movements in the exchange rate.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Strategic report for the year ended 31 December 2015

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

Approval

Approved by the Board and signed on its behalf by:



P Ross
Director

Date 29TH JUNE 2016

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

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Directors' Report for the year ended 31 December 2015

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2015. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activities

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

Results and dividends

The profit for the financial year is set out in the profit and loss account on page 8.

The directors paid a dividend of \$5,000,000 in the year ended 31 December 2015 (2014: \$500,000).

Financial risk management and future developments

Financial risk management and future developments are currently disclosed in the strategic report on pages 1-2.

Going concern

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

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

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

D Middleton (Appointed 11 November 2015)

P Ross

L Powell (Appointed 26 January 2015)

B Craig (Appointed 26 January 2015 and Resigned 11 November 2015)

R Newbould (Resigned 26 January 2015)

Directors' indemnity

The directors have the benefit of an indemnity (provided on a group wide basis via United Technologies Corporation) which is a qualifying third party indemnity provision. The indemnity was in force throughout the last financial year and also at the date of approval of the financial statements.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Directors' Report for the year ended 31 December 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

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

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Directors' Report for the year ended 31 December 2015

Independent Auditors

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

Approved by the Board and signed on its behalf by:



P Ross

Director

Date *29TH JUNE 2016*

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

Rosemount Aerospace Properties Limited

Independent auditors' report to the members of Rosemount Aerospace Properties Limited

Report on the financial statements

Our opinion

In our opinion, Rosemount Aerospace Properties Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Rosemount Aerospace Properties Limited

Independent auditors' report to the members of Rosemount Aerospace Properties Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements; and evaluating the disclosures in the financial statements:

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Wall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
30 June 2016

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Profit and Loss Account

For the year ended 31 December 2015

	Note	2015 \$	2014 \$
Turnover	3	1,980,236	2,023,931
Administrative expenses		(582,093)	(543,448)
Operating profit		1,398,143	1,480,483
Interest receivable and similar income	4	441	3,692
Interest payable and similar charges	5	-	(2)
Profit on ordinary activities before taxation	6	1,398,584	1,484,173
Tax on profit on ordinary activities	9	116,867	(507,582)
Profit for the financial year		1,515,451	976,591

All results are derived from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The company has no recognised other comprehensive income/(expense) other than its profit for the financial years ended December 2015 and 2014, and hence no separate statement of other comprehensive income has been presented.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED
Registered number: 4614379

Balance sheet
As at 31 December 2015

	Note	2015 \$	2014 \$	2013 \$
Fixed assets				
Investment properties	10	14,527,998	14,963,962	15,328,805
		14,527,998	14,963,962	15,328,805
Current assets				
Debtors	11	3,228,617	6,382,793	5,381,917
Cash and cash equivalents		-	-	185,534
Creditors: Amounts falling due within one year	12	(47,400)	(36,124)	(18,560)
Net current assets		3,181,217	6,346,669	5,548,891
Total assets less current liabilities		17,709,215	21,310,631	20,877,696
Deferred tax liability	13	(531,098)	(647,965)	(691,621)
Net assets		17,178,117	20,662,666	20,186,075
Equity				
Called up share capital	14	159	159	159
Share premium account		14,999,841	14,999,841	14,999,841
Profit and loss account		2,178,117	5,662,666	5,186,075
Total shareholders' funds		17,178,117	20,662,666	20,186,075

The notes on pages 11 to 26 form part of these financial statements

The financial statements on pages 8 to 26 were approved by the board of directors on 29th June 2016 and were signed on its behalf by:

P. Ross

P Ross
Director

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Statement of changes in equity For the year ended 31 December 2015

	Called up share capital (Note 14) \$	Share premium account \$	Profit and loss account \$	Total share- holders' funds \$
Balance at 1 January 2014 under old UK GAAP	159	14,999,841	5,462,492	20,462,492
Effect of adjustment due to change in accounting framework (see note 17)	-	-	(276,417)	(276,417)
Balance at 1 January 2014 under FRS101	159	14,999,841	5,186,075	20,186,075
Profit for the financial year	-	-	976,591	976,591
Total comprehensive income for the year	-	-	976,591	976,591
Dividends (see note 15)	-	-	(500,000)	(500,000)
Balance at 31 December 2014	159	14,999,841	5,662,666	20,662,666
Profit for the financial year	-	-	1,515,451	1,515,451
Total comprehensive income for the year	-	-	1,515,451	1,515,451
Dividends (see note 15)	-	-	(5,000,000)	(5,000,000)
Balance at 31 December 2015	159	14,999,841	2,178,117	17,178,117

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

1. Accounting policies

Rosemount Aerospace Properties Limited's ('the company') principal activity during the year was the rental of property.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Fore 1, Fore Business Park, Huskisson Way, Stratford Road, Shirley, Solihull, West Midlands B90 4SS

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

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from 'old UK GAAP' to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see note 17.

The financial statements have been prepared on a going concern basis, and also on the historical cost basis.

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

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

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

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

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

1. Accounting policies (continued)

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

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

IFRS 7 – financial instrument disclosures

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

IAS 1 – Information on management of capital

IAS 7 – statement of cash flows

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

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

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

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

The group financial statements of United Technologies Corporation are available to the public and can be obtained as set out in note 16.

Adoption of new and revised Standards

As explained above, the company has adopted FRS 101 for the first time in the current year. As part of this adoption, the following new and revised Standards and Interpretations have been adopted in the current year. The application of these specific Standards and Interpretations has not had a material effect on the company.

<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i></p> <p>(as part of the Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2013)</p>	<p>The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the company are the amendments to IAS 1 regarding when a balance sheet as at the beginning of the preceding period (third balance sheet) and the related notes are required to be presented. The amendments specify that a third balance sheet is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third balance sheet. The amendments specify that related notes are not required to accompany the third balance sheet.</p> <p>In the current year, the company has applied a number of new and revised IFRSs (see the discussion above), which has resulted in material effects on the information in the balance sheet as at 1 January 2014. In accordance with the amendments to IAS 1, the Company has presented a third balance sheet as at 1 January 2014 without the related notes.</p>
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ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

IFRS 13 <i>Fair Value Measurement</i>	<p>The company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).</p> <p>IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements, however the Company has taken advantage of the exemption provided under FRS 101 from providing these disclosures.</p> <p>IFRS 13 requires prospective application from 1 January 2014. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard.</p>
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Going concern

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

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

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

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.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

1. Accounting policies (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

Current tax and deferred tax for the year

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

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, trade discounts and rebates and estimated customer returns. Revenue is only discounted where the impact of discounting is material.

The business derives revenue from two streams and therefore uses a variety of methods for revenue recognition.

Turnover - Rental income

Turnover comprises of rental income from operating leases, excluding charges for service, is recognized on a straight line basis over the period of the relevant lease.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

Interest income

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

Foreign currency

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

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

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

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

Interest payable and similar charges

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within interest payable and similar charges.

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

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

Investment Properties

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 using the cost model. Depreciation on buildings is charged to profit and loss account.

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

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

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:

Included within Freehold Property

- | | |
|-------------|-------------------------|
| - Land | No depreciation charged |
| - Buildings | 40 years |

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

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

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

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

Financial liabilities

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

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful economic lives of investment properties

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

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements

For the year ended 31 December 2015

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

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 11 for the net carrying amount of the receivables and the associated impairment provision.

3. Turnover

An analysis of turnover by class of business is as follows:

	2015 \$	2014 \$
Operating lease rental income	1,980,236	2,023,931

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

	2015 \$	2014 \$
Revenue:		
United Kingdom	1,980,236	2,023,931

4. Interest receivable and similar income

	2015 \$	2014 \$
Interest on loans to group undertakings	441	3,962

5. Interest payable and similar charges

	2015 \$	2014 \$
Interest payable to group companies	-	2

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2015 \$	2014 \$
Net foreign exchange losses	124,662	159,866
Audit fees	18,700	17,678
Depreciation of investment properties:		
- owned	435,964	364,843

7. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's financial statements were \$18,700 (2014: \$17,678).

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the company are not required to be disclosed because small or medium-sized companies have exemption from disclosing such fees.

8. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2014: \$nil). The directors' roles within the company are deemed to be incidental to their roles as directors within the Goodrich Limited Group and therefore the company bears no cost in relation to these directors.

9. Tax on profit on ordinary activities

Tax expense included in profit or loss:

	2015 \$	2014 \$
Current tax		
UK corporation tax on profits for the year	-	551,238
Total current tax	-	551,238
Deferred tax		
Origination and reversal of timing differences	(52,070)	(43,656)
Impact of change in tax rate	(64,797)	-
Total deferred tax (see note 13)	(116,867)	(43,656)
Total tax (credit)/charge on profit on ordinary activities	(116,867)	507,582

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

9. Tax on profit on ordinary activities (continued)

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

	2015 \$	2014 \$
Profit on ordinary activities before tax	1,398,584	1,484,173
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.5%)	283,213	319,097
Effects of:		
Expenses not deductible for tax purposes	17,105	15,198
Adjustments to tax charge in respect of prior years	-	551,238
Group relief received for no payment	(358,897)	(381,225)
Impact of change in tax rate	(64,797)	-
Rate differential on temporary differences	6,509	3,274
Total tax (credit)/ charge for the year	(116,867)	507,582

The tax charge in future years may be affected by:

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.

On 2 July 2013 a reduction in the rate of UK corporation tax was substantively enacted to 21% from 1 April 2014 and to 20% from 1 April 2015. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015 and were substantively enacted on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. The closing deferred tax liability at 31 December 2015 has therefore been calculated using these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the budget on 16 March 2016. This will reduce the company's future current tax charge and deferred tax liability accordingly.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

10. Investment properties

	Total \$
Cost	
At 1 January 2014	25,943,000
At 31 December 2014	25,943,000
At 31 December 2015	25,943,000
Accumulated depreciation	
At 1 January 2014	10,614,195
Depreciation	364,843
Disposals	-
At 31 December 2014	10,979,038
Depreciation	435,964
Disposals	-
At 31 December 2015	11,415,002
Net book value	
At 31 December 2015	14,527,998
At 31 December 2014	14,963,962
At 31 December 2013	15,328,805

Included in investment properties is land with a cost of \$12,093,490 which is not depreciated (2014: \$12,093,490).

In 2015, as a result of the adoption of FRS101, the Land and Buildings have been reclassified as Investment Properties. In relation to its Investment Properties, the entity has taken the decision to apply the cost model to such assets. The book value is not materially different to the fair value of the investment properties.

The amounts recognized in the profit or loss statement concerning such properties were as follows:

	2015 \$	2014 \$
Operating lease rental income	1,980,236	2,023,931

There were no direct operating expenses (including repairs and maintenance) arising from investment property during the period.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

11. Debtors

Amounts falling due within one year:

	2015 \$	2014 \$
Trade debtors	68,800	68,800
Amounts owed by group undertakings	521,597	3,549,966
Corporation Tax	2,637,131	2,762,938
Tax Recoverable	1,089	1,089
	3,228,617	6,382,793

A loan to the ultimate parent company matures on a monthly basis and is renewable at a variable interest rate.

12. Creditors: amounts falling due within one year

	2015 \$	2014 \$
Bank loans and overdrafts	-	-
VAT	22,933	22,933
Amounts owed to group undertakings	5,767	-
Accruals and deferred income	18,700	13,191
	47,400	36,124

13. Deferred tax

The analysis of deferred tax liabilities is as follows:

	2015 \$	2014 \$
Deferred tax assets due within 12 months	-	-
Deferred tax liabilities due within 12 months	-	-
Total provision due within 12 months	-	-
Deferred tax assets due after more than 12 months	-	-
Deferred tax liabilities due after more than 12 months	(531,098)	(647,965)
Total provision due after more than 12 months	(531,098)	(647,965)
Net deferred tax liability	(531,098)	(647,965)

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

13. Deferred tax (continued)

The movement in deferred tax is as follows:

Deferred tax liabilities:

	Accelerated tax depreciation \$	Total \$
At 1 January 2014	(691,621)	(691,621)
Charged/(credited) to profit and loss	43,656	43,656
At 1 January 2015	(647,965)	(647,965)
Charge/(credit) to profit and loss	116,867	116,867
At 31 December 2015	(531,098)	(531,098)

14. Called up share capital

	2015 \$	2014 \$
Allotted, called-up and fully-paid		
101 (2014: 101) ordinary shares of £1 each	159	159

15. Dividends

Amounts recognised as distributions to equity holders in the year:

	2015 \$	2014 \$
Final dividend for the year ended 31 December 2015 of \$49,504.95 (2014: \$4,950.50) per £1 share	5,000,000	500,000
	5,000,000	500,000

In November 2015, the company paid a final dividend to its immediate parent company, Rosemount Aerospace Limited, paid out of reserves.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

16. Controlling party

The company's immediate parent undertaking is Rosemount Aerospace Limited.

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

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

Copies of the United Technologies group financial statements are publicly available and can be obtained from www.utc.com or by writing to Investor Relations, United Technologies Corporation, 10 Farm Springs Road, Farmington, CT 06032, Connecticut, USA.

17. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Reconciliation of equity

	At 1 January 2014 \$	At 31 December 2014 \$
Equity reported under previous UK GAAP	20,462,492	20,918,125
Adjustments to equity on transition to FRS 101		
Note		
A. Deferred Tax	(276,417)	(255,459)
Equity reported under FRS 101	20,186,075	20,662,666

Notes to the reconciliation of equity at 1 January 2014 and 31 December 2014

Note A.

These differences are as a result of deferred tax in respect of non-qualifying assets which previously qualified for Industrial Buildings Allowances.

The balance sheet transition adjustment reclassifies property, plant and equipment as investment properties.

ROSEMOUNT AEROSPACE PROPERTIES LIMITED

Notes to the financial statements For the year ended 31 December 2015

17. Explanation of transition to FRS 101 (continued)

Reconciliation of profit or loss for the year ended

	31 December 2014 \$
Total profit or loss for the financial year under previous UK GAAP	955,633
<hr/>	
Note	
A. Deferred Tax	20,958
Total profit or loss for the financial year under FRS101	976,591

Notes to the reconciliation of profit or loss for 2014

Note A.

These differences are as a result of deferred tax in respect of non-qualifying assets which previously qualified for Industrial Buildings Allowances.

The balance sheet transition adjustment reclassifies property, plant and equipment as investment properties.

18. Subsequent events

Following the results of the United Kingdom EU referendum, the directors have begun considering the implications which at this stage remain uncertain. As there has been no change in strategy and any impact in the short term is concluded as unlikely, there have been no additional disclosures or adjustments to the financial statements.