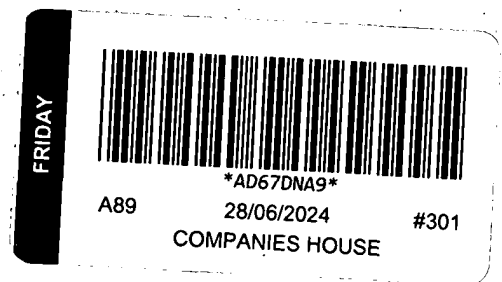


Claverham Limited

**Annual Report
for the year ended 30 November 2023**

Registered number: 03384710



Claverham Limited

Contents	Page(s)
Strategic report for the year ended 30 November 2023	1-3
Directors' report for the year ended 30 November 2023	4-6
Independent auditors' report to the members of Claverham Limited	7-9
Income statement for the year ended 30 November 2023	10
Balance sheet as at 30 November 2023	11
Statement of changes in equity for the year ended 30 November 2023	12
Notes to the financial statements for the year ended 30 November 2023	13-27

Claverham Limited

Strategic Report for the year ended 30 November 2023

The directors present their Strategic Report for the company for the year ended 30 November 2023.

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

At 30 November 2023, the Company was a subsidiary of RTX Corporation.

On 20 July 2023, RTX Corporation 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.

Principal activities

The principal activity of the company is to support the design of specialist actuation systems, mechanisms and equipment for other RTX Corporation companies.

Review of the business

The company acts as an engineering hub providing limited design and development activity for other RTX Corporation companies.

The company generated a profit of £1,345,000 for the financial year (2022: loss of £491,000).

Management consider the most important measure of the company's performance to be operating profit. In the year ended 30 November 2023, there is an operating profit of £96,000 (2022: £751,000 loss).

The year ended 30 November 2023 was the first full year that the company acted as a remote-based engineering service for the group, having transitioned during the year ended 30 November 2022. Cost control and increased billing rates has improved profitability within the year. In 2022, there was a one-off lease impairment charge of £382,000.

Key performance indicators

	2023	2022	Change %
	£'000	£'000	
Revenue	2,402	2,178	10.3
Operating profit/(loss)	96	(751)	112.8
Profit/(loss) for the financial year	1,345	(491)	373.9
Total shareholders' funds	31,904	30,559	4.4

Claverham Limited

Strategic Report for the year ended 30 November 2023

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below.

1. Competition

The company operates in an extremely competitive environment regarding technical innovation and product pricing. The company seeks to avoid selling on a cost-plus basis and commoditising of products, emphasising the engineering added value of its service offering as a means of overcoming this challenge.

2. Employees

The company's performance depends to a significant degree on the highly trained and experienced staff. The resignation of key individuals and the inability to recruit people with appropriate experience and skills from the local community could adversely impact the company's results. The company operates in a region which has a concentrated aerospace industry and offers competitive pay levels.

3. Disaster recovery

The key operational risk to the overall business is an incident that disrupts or terminates the operational functions. A comprehensive disaster recovery plan is in place to ensure continuity of IT capability as well as plans to minimise impact on output to customers.

4. Economic uncertainty

As the state of the global economy continues to be in flux, the company is well positioned to withstand the current economic environment. Its products are diversified across a number of markets and enjoys the support that RTX Corporation provides. The company operates in market sectors that are by nature long term.

5. Working capital

Working capital is an indicator of the company's operational efficiency. There are key performance indicators and business actions led by the Directors of the company, which focus on maintaining a healthy working capital level. The current assets of the company continue to exceed the current liabilities which provide assurance that current liabilities can be paid for after conversion of customer receivables. If working capital is negative, it may impact the ability to operate effectively.

Russian invasion of Ukraine

In February 2022, Russia invaded Ukraine. In response to this event, additional financial, trade, and travel sanctions were imposed on Russia and Belarus by some members of the International Community. The company does not trade or hold assets in Russia, Belarus or Ukraine and therefore is not directly affected. However, the economic knock-on effects of sanctions and the Black Sea blockade will inevitably have short to long term effects as we have seen the ramifications in increased energy prices, jump in inflation and interest rates. Given the global effects, the conditions are likely to remain fluid and complex. At an individual company level the conflict has not impacted the results of the business.

Claverham Limited

Strategic Report for the year ended 30 November 2023

Future developments

The directors expect to see continued growth and development of the company under RTX Corporation due to benefits derived from economies of scale.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 19 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:

DocuSigned by:

545C3501822F48E
C Bailey
Director
26 June 2024

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

Claverham Limited

Directors' Report for the year ended 30 November 2023

The Directors present their Report and audited financial statements of the company for the year ended 30 November 2023.

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

Going concern

The Directors have taken into consideration that RTX Corporation 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

The company's operations expose it to a variety of financial risks that include the effects of changes in prices risk, credit risk, liquidity risk and interest rate 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.

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.

Liquidity risk

The company works with the ultimate parent Company's treasury function to minimise exposure to liquidity risk.

Interest rate risk

The company has minimal risk from interest rate exposure due to the nature of the deposits and borrowings within the UK cash pooling accounts. As monies are borrowed from the UK cash pool within RTX Corporation, the company pays interest at the Bank of England's base rate, plus 0.5%. At this time, the company has no third party interest bearing loans.

Claverham Limited

Directors' Report for the year ended 30 November 2023

Dividends

There were no interim dividends proposed, declared and paid in the year (2022: £10,000,000).

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

J Holland
K Blair
C Bailey

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.

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.

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.

Political donations

The company made no political donations in the year (2022: nil).

Statement of directors' responsibilities in respect of the financial statements

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

Claverham Limited

Directors' Report for the year ended 30 November 2023

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

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
- he/she has taken all the steps that he 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.

Independent 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 auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

DocuSigned by:

545C3501622F48E

C Bailey
Director
26 June 2024

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

Claverham Limited

Independent auditors' report to the members of Claverham Limited

Report on the audit of the financial statements

Opinion

In our opinion, Claverham Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, 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: Balance sheet as at 30 November 2023; Income statement and Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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. During the year, 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.

Claverham Limited

Independent auditors' report to the members of Claverham 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 30 November 2023 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.

Claverham Limited

Independent auditors' report to the members of Claverham 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 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 Companies Act 2006 and tax compliance legislation. 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:

- Identification and testing of journal entries that meet our defined risk criteria;
- 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;
- Challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), in particular in relation to the recoverability of intercompany receivables; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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
26 June 2024

Claverham Limited**Income statement
For the year ended 30 November 2023**

	Note	2023 £'000	2022 £'000
Revenue	3	2,402	2,178
Cost of sales		(1,568)	(2,219)
Gross profit/(loss)		834	(41)
Administrative expenses		(738)	(727)
Other operating income	7	-	17
Operating profit/(loss)	8	96	(751)
Interest receivable and similar income	9	1,081	260
Profit/ (loss) before taxation		1,177	(491)
Tax on profit/(loss)	10	168	-
Profit/(loss) for the financial year		1,345	(491)

All results are derived from continuing operations.

The company has no other comprehensive income other than its profit/(loss) for the financial years ended 30 November 2023 and 2022, and hence no separate statement of comprehensive income has been presented.


Claverham Limited
Registered number: 03384710

Balance sheet
At 30 November 2023

	<i>Note</i>	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	11	-	-
Right of use assets	12	-	-
		-	-
Current assets			
Debtors	13	32,642	31,552
Creditors: Amounts falling due within one year	14	(738)	(993)
Net current assets		31,904	30,559
Total assets less current liabilities		31,904	30,559
Net assets		31,904	30,559
Equity			
Called up share capital	16	-	-
Share premium account		20,003	20,003
Retained earnings		11,901	10,556
Total Shareholders' funds		31,904	30,559

The notes on pages 13 to 27 form part of these financial statements

The financial statements on pages 10 to 27 were approved by the board of directors on 26 June 2024 and were signed on its behalf by:

DocuSigned by:

545C3501622F48E
C Bailey
 Director

Claverham Limited**Statement of changes in equity
For the year ended 30 November 2023**

	Called up share capital (Note 17) £'000	Share premium account £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 December 2021	-	20,003	21,047	41,050
Loss for the financial year	-	-	(491)	(491)
Total comprehensive expense for the year	-	-	(491)	(491)
Dividends Paid	-	-	(10,000)	(10,000)
Balance at 30 November 2022	-	20,003	10,556	30,559
Profit for the financial year	-	-	1,345	1,345
Total comprehensive income for the year	-	-	1,345	1,345
Balance at 30 November 2023	-	20,003	11,901	31,904

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

1. Accounting policies

Claverham Limited ('the company') is a private company, limited by shares, and is incorporated and domiciled in England, United Kingdom. The address of the registered office is Fore 1 Fore Business Park, Huskisson Way, Shirley, Solihull, England, B90 4SS.

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

Basis of accounting

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

These financial statements were 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 under the historical cost convention.

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

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

- IFRS 3 – not to restate business combinations before the date of transition
- IFRS 7 – financial instrument disclosures
- IFRS 13 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities
- IAS 1 – information on management of capital
- IAS 7 – statement of cash flows
- IAS 8 – disclosures in respect of new standards and interpretations that have been issued but are not yet effective
- IAS 24 – disclosure of key management compensation and for related party disclosures entered into between two or more members of a group
- IAS 1 – the requirement to present roll forward reconciliations in respect of share capital
- IAS 16 – the requirement to present roll forward reconciliations in respect of property, plant and equipment
- IFRS 15 – paragraphs 110b, 113a, 114, 115, 118, 119 a-c, 121-127, 129
- IAS 36 - impairment of assets - paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e)

Where required, equivalent disclosures are given in the group financial statements of RTX Corporation. The group financial statements of RTX Corporation are available to the public and can be obtained as set out in note 20.

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 30 November 2023 have had a material impact on the company.

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

1. Accounting policies (continued)

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.

The Directors have taken into consideration that RTX Corporation 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.

Tangible assets

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

Depreciation is provided on all tangible 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:

Plant and machinery	5-12 years
---------------------	------------

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

Impairment of tangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

1. Accounting policies (continued)

Impairment of tangible assets (continued)

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.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

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

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

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

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

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

1. Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the 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.

Sales of services

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

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

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.

Pension costs

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

Foreign currency

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

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

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

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

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

1. Accounting policies (continued)

Leases

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

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone 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.

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.

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

1. Accounting policies (continued)

Leases (continued)

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

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

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

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

Interest payable and similar charges

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

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

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

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.

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

1. Accounting policies (continued)

Financial assets (continued)

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.

Financial assets at fair value through profit and loss

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

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

Impairment of financial assets

Assets carried at amortised cost

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired.

Trade and other receivables

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

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

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

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The group has concluded that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates.

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

1. Accounting policies (continued)

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.

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 directors do not believe there are any 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.

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.

Recoverability of intercompany receivable

Management reviews the recoverability of intercompany receivables at the balance sheet date. The evaluation requires the use of estimation based on a credit assessment of the probability of default of the counterparty. The carrying amount of loans to other group companies at the balance sheet date was £32,369,000 (2022: £31,048,000) with no provision considered necessary in 2023 or 2022.

Claverham Limited**Notes to the financial statements
For the year ended 30 November 2023****3. Revenue**

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

	2023	2022
	£'000	£'000
Rendering of services	2,402	2,178
	2,402	2,178

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

	2023	2022
	£'000	£'000
Revenue:		
United Kingdom	2,324	2,134
Continental Europe	78	44
	2,402	2,178

4. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's annual financial statements were £31,000 (2022: £33,000).

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services were £nil during the year (2022: £nil).

5. Staff costs

The average monthly number of employees was:

	2023	2022
	Number	Number
Engineering	12	12
Sales and administration	6	6
	18	18

Their aggregate remuneration comprised:

	2023	2022
	£'000	£'000
Wages and salaries	911	846
Social security costs	127	156
Other pension costs (see note 16)	103	106
	1,141	1,108

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

6. Directors' remuneration

The company paid no emoluments to the directors during the year (2022: £nil).

The directors are non-executive directors and also directors of a number of other group undertakings for which they carry out work. They are paid by Goodrich Actuation Systems Limited that makes no recharge to the company. Since services to this company are of a non-executive nature and the remuneration is deemed to be wholly attributable to the services to another group undertaking, no remuneration in respect of the directors have been disclosed.

There was no (2022: nil) compensation paid for loss of office.

7. Other operating income

	2023 £'000	2022 £'000
Rental income	-	17
	-	17

The company rented out part of the ground floor of their building to other group undertakings in the year and charged the group on a monthly basis. From December 2021, the company ceased to rent one of their buildings to other group undertakings.

8. Operating profit/(loss)

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

	2023 £'000	2022 £'000
Net foreign exchange (gains)/losses	(14)	116
Depreciation of tangible assets:		
- owned	-	42
Audit fees payable to company's auditors (see note 4)	31	33
Staff costs (see note 5)	1,141	1,108

9. Interest receivable and similar income

	2023 £'000	2022 £'000
Interest receivable from group companies	1,081	260

Claverham Limited**Notes to the financial statements
For the year ended 30 November 2023****10. Tax on profit/(loss)**

Tax charge included in the income statement:

	2023	2022
	£'000	£'000
Current tax		
- Adjustments in respect of prior years	38	-
Total current tax	38	-
Deferred tax		
- Origination and reversal of timing differences	(190)	-
- Change in rate of tax	(16)	-
Total deferred tax	(206)	-
Total tax charge on loss	(168)	-

Factors affecting tax charge for the year

The tax on the profit/(loss) before tax for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 23% (2022: 19%). The charge for the year can be reconciled to the profit/(loss) in the income statement as follows:

	2023	2022
	£'000	£'000
Profit/(loss) before taxation	1,177	(491)
Tax on profit/(loss) at standard UK corporation tax rate of 23% (2022: 19%)	271	(93)
Effects of:		
Adjustments in respect of prior years	38	-
Group relief	(98)	100
Expenses not deductible	2	2
Change in rate of tax	(16)	-
Amounts not recognised	(175)	(9)
Recognition of deferred tax assets	(190)	-
Total tax (credit)/charge for the year	(168)	-

Factors that may affect future tax charge

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.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Company has applied the exception allowed by an amendment to IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Claverham Limited**Notes to the financial statements
For the year ended 30 November 2023****11. Tangible assets**

	Plant and machinery £'000
Cost	
At 30 November and 1 December 2022	252
Disposals	(252)
At 30 November 2023	-
<hr/>	
Accumulated depreciation	
At 30 November and 1 December 2022	252
Disposals	(252)
At 30 November 2023	-
<hr/>	
Net book value	
At 30 November 2023	-
At 30 November 2022	-

Claverham Limited**Notes to the financial statements
For the year ended 30 November 2023****12. Right of use assets**

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

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2023 £'000	2022 £'000
Right-of-use assets		
Buildings	-	-
<hr/>		
Lease liabilities		
Current	-	-
Non-current	-	-
<hr/>		

During 2022, as part of a restructuring project, a site closure was planned for the leased property. The lease had an original term of 10 years, terminating in October 2029. The original terms of the lease allow for early termination of the lease, and on 30 November 2022, the early termination option was exercised. As shortening the lease term is a reduction in the scope of the lease, the modification was accounted for on the effective date of the modification. As a result, the right of use asset and lease liability were reduced by £529,000 and £529,000 respectively, in proportion to the reduction in lease term. The difference was recognised in the income statement. On vacating the leased property, the directors considered the carrying value of the right of use asset to be £nil, recognising an impairment of £382,000 in 2022.

13. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade receivables	14	37
Amounts owed by group undertakings	32,369	31,048
Other receivables	47	461
Prepayments and accrued income	6	6
Deferred tax asset (note 15)	206	-
	32,642	31,552

Loans to other group undertakings have variable interest rates and are repayable on demand. There is no security provided on these loans. No interest is charged on inter-company trading balances.

Claverham Limited**Notes to the financial statements
For the year ended 30 November 2023****14. Creditors: amounts falling due within one year**

	2023	2022
	£'000	£'000
Trade creditors	123	343
Amounts owed to group undertakings	354	334
Accruals and deferred income	219	274
Corporation tax	42	42
	738	993

Loans from the ultimate parent company and other group undertakings are repayable on demand. For interest bearing loans the rates vary up from 3 month SONIA + 0.5% to a variable rate. There is no security provided on these loans.

15. Deferred tax

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

	2023	2022
	£'000	£'000
Deferred tax assets due after more than 12 months	206	-
Deferred tax liabilities due after more than 12 months	-	-
Net deferred tax asset	206	-

The movement in deferred tax is as follows:

Deferred tax assets:

	Accelerated tax depreciation £'000	Tax losses £'000	Total £'000
At 1 December 2021	-	-	-
Credited/(charged) to income statement	-	-	-
At 30 November 2022	-	-	-
Credited/(charged) to income statement	182	24	206
At 30 November 2023	182	24	206

Claverham Limited

Notes to the financial statements For the year ended 30 November 2023

16. Pension 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 the income statement of £103,000 (2022: £106,000) represents contributions payable to these schemes by the company at rates specified in the rules of the plans.

17. Called up share capital

	2023 £	2022 £
Allotted and fully-paid		
<u>4 (2022:4) ordinary shares of £1 each</u>	<u>4</u>	<u>4</u>

18. Related party transactions

As 100% of the company's voting rights were controlled by RTX Corporation, 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.

19. Subsequent events

There have been no significant changes since the balance sheet date.

20. Controlling party

The company's immediate parent undertaking is Claverham Group 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 the RTX Corporation financial statements are publicly available and can be obtained from www.rtx.com.