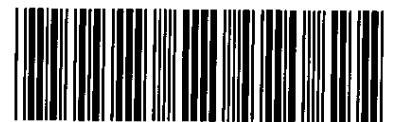


Company Registration No. 03599229 (England and Wales)

**MEGGITT AEROSPACE HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

WED TUESDAY



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A13 13/09/2022 #360

COMPANIES HOUSE

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A09 31/08/2022 #75

COMPANIES HOUSE

# MEGGITT AEROSPACE HOLDINGS LIMITED

## COMPANY INFORMATION

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Directors	M L Thomas I K Pargeter K Lewis
Secretary	S R Grant
Company number	03599229
Registered office	Pilot Way Ansty Business Park Coventry CV7 9JU

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# MEGGITT AEROSPACE HOLDINGS LIMITED

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# MEGGITT AEROSPACE HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their annual report and unaudited financial statements for the year ended 31 December 2021.

The Company has not prepared a Strategic Report in accordance with section 414B of the Companies Act 2006.

#### **Directors**

The directors who held office during the year and up to the date of approval of the financial statements were as follows:

M L Thomas  
I K Pargeter  
K Lewis

#### **Principal activities and business review**

The principal activity of the company is to serve as an intermediary holding company. The company does not trade on its own account but its subsidiary undertakings carry out trading activities in the aerospace industry.

The COVID-19 pandemic continues to cause disruption to the UK and global economy and financial markets and the recovery in the civil aviation market has been slower to materialise than anticipated. As a non-trading company, the pandemic has not had a direct impact on the entity, nor is expected to do so in the future.

#### **Results and dividends**

The results for the year are set out on page 3. The company made a profit for the financial year of £4,145,000 (2020: £1,731,000) and has net assets as at 31 December 2021 of £358,673,000 (2020: £358,945,000). Particulars of dividends paid are detailed in note 5 of the financial statements.

#### **Future prospects**

There are no anticipated changes to the nature of the Company.

#### *Implications of COVID-19 on the business*

It is our view, to the best of our current knowledge, that the COVID-19 pandemic will not have an adverse impact on the company and there will not be a material effect on the company's ability to continue as a going concern. The directors have considered the impact on going concern in note 1.2.

#### *Proposed acquisition of the group by Parker-Hannifin Corporation*

On 21 September 2021, the shareholders of Meggitt PLC approved an all-cash offer of 800 pence per share for the group by Parker-Hannifin Corporation. The proposed acquisition is expected to complete during Q3 2022, subject to receiving all remaining regulatory approvals. The directors have considered the impact on going concern in note 1.2.

#### *Climate change*

The company is subject to minimal impacts or opportunities due to climate change. The key impacts of climate change are fully discussed, in the context of the group, on pages 61 to 63 of the Meggitt PLC 2021 Annual Report, which does not form part of this report.

#### **Directors' indemnities**

The directors have the benefit of qualifying third-party indemnity provisions for the purposes of Section 234 of the Companies Act 2006. This remained in force during the financial year and also at the date of approval of these financial statements.

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

The key financial risk management objectives and policies are fully discussed in the context of the Meggitt PLC group as a whole, on page 48 to 49 and in note 3 on pages 188 to 189 of the Meggitt PLC 2021 Annual Report, which does not form part of this report.

# MEGGITT AEROSPACE HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

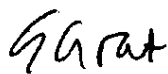
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates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

The directors are 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 also 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.

Approved by the Board of Directors on 22 August 2022.

Signed by order of the Board:



S R Grant

**Secretary**

22 August 2022

# MEGGITT AEROSPACE HOLDINGS LIMITED

## INCOME STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £000	2020 £000
Income from shares in group undertakings		2,383	-
<b>Operating profit</b>		<b>2,383</b>	<b>-</b>
Interest receivable from group undertakings		2,178	2,139
Interest on bank overdrafts and loans		(3)	(2)
<b>Finance income</b>		<b>2,175</b>	<b>2,137</b>
<b>Profit before taxation</b>		<b>4,558</b>	<b>2,137</b>
Tax on profit	4	(413)	(406)
<b>Profit for the financial year</b>		<b>4,145</b>	<b>1,731</b>

The income statement has been prepared on the basis that all operations are continuing operations.

The company has no other comprehensive income or expenses other than the profit for the years as set out above, and therefore no separate statement of comprehensive income has been presented.

# MEGGITT AEROSPACE HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
<b>Fixed assets</b>			
Investments	6	251,491	251,491
<b>Current assets</b>			
Other receivables	8	110,300	108,122
<b>Creditors: amounts falling due within one year</b>			
Other payables	9	(3,118)	(668)
<b>Net current assets</b>		107,182	107,454
<b>Total assets less current liabilities</b>		358,673	358,945
<b>Net assets</b>		358,673	358,945
<b>Capital and reserves</b>			
Share capital	10	344,000	344,000
Retained earnings		14,673	14,945
<b>Total equity</b>		358,673	358,945

The notes on pages 7 to 13 are an integral part of these financial statements.

The financial statements on pages 3 to 13 were approved by the Board of Directors and authorised for issue on 22 August 2022.

### Audit exemption statement

For the year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

# MEGGITT AEROSPACE HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

**AS AT 31 DECEMBER 2021**

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Signed on behalf of the Board:



I K Pargeter

**Director**

22 August 2022

**Company Registration No. 03599229**



# MEGGITT AEROSPACE HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	Share capital £000	Retained earnings £000	Total equity £000
<b>Balance at 1 January 2020</b>		344,000	13,214	357,214
Profit for the financial year		-	1,731	1,731
Total comprehensive income for the year		-	1,731	1,731
<b>Balance at 31 December 2020</b>		344,000	14,945	358,945
Profit for the financial year		-	4,145	4,145
Total comprehensive income for the year		-	4,145	4,145
Dividends paid	5	-	(4,417)	(4,417)
<b>Balance at 31 December 2021</b>		344,000	14,673	358,673

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# MEGGITT AEROSPACE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **General Information**

The company is an intermediate holding company, owning shares in certain Meggitt PLC Group companies. The company is private, limited by shares and incorporated and domiciled in the UK. The address of its registered office is Pilot Way, Ansty Business Park, Coventry, CV7 9JU.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1 'Presentation of Financial Statements'
- the requirements of paragraphs 10(d), 16 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. These financial statements present information about the company as an individual entity and not about its group.

Meggitt Aerospace Holdings Limited is a wholly owned subsidiary of Meggitt PLC and the results of Meggitt Aerospace Holdings Limited are included in the consolidated financial statements of Meggitt PLC which are publicly available, as set out in note 11.

# MEGGITT AEROSPACE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. For this reason, the directors continue to adopt the going concern basis in preparing the company financial statements.

In reaching this conclusion, the directors have considered:

- the financial position of the company as set out in this report and additional information provided in the financial statements;
- the resources available to the company;
- the principal risks and uncertainties to which the Meggitt PLC group is exposed, as set out on pages 50 to 57 of the Meggitt PLC 2021 Annual Report (which does not form part of these financial statements), the likelihood of them arising and the mitigating actions available; and
- the impact of COVID-19 on both the entity and the Meggitt PLC group.

Meggitt PLC (the "group"), is closely monitoring the impact of COVID-19 on its 2022 financial results and cashflows and has prepared a detailed model and projections for the business. The group has leveraged the output of this model covering the period to 31 August 2023 in assessing whether the going concern principle remains appropriate. As part of this assessment, the group also considered the liquidity and financing available to it over the same period. This model has been stress tested and the group considers the likelihood of circumstances occurring that would result in it breaching either of its financial covenant ratios during the assessment period to be remote.

On 21 September 2021, the shareholders of Meggitt PLC approved an all-cash offer of 800 pence per share for the group by Parker-Hannifin. In assessing whether the going concern principle remains appropriate, the group also considered the impact in the event the proposed acquisition is completed, including the intent and ability of Parker-Hannifin to finance the purchase, repay liabilities becoming due on change of control, and continue to operate the group as a going concern for the remainder of the assessment period. Having taken account of publicly available information, the group believe Parker-Hannifin will be able to meet these obligations.

Based on the above, the directors have therefore concluded it is appropriate to adopt the going concern principle in these financial statements.

#### 1.3 New standards, amendments and IFRIC interpretations

During the year, no new accounting standards, amendments or revisions to existing standards, or interpretations have become effective which had a significant impact on the financial statements.

#### 1.4 Investments in subsidiaries

Investments held as fixed assets are stated at cost less provision for impairment in value arising from an annual review.

# MEGGITT AEROSPACE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### **1 Accounting policies**

**(Continued)**

#### **1.5 Impairment of fixed, non- financial assets**

At each reporting end date, the company reviews the carrying amounts of its fixed, non-financial 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, 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 pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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.

#### **1.6 Other receivables**

Other receivables are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The company applied the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics. Expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. The borrowers' access to sufficient highly liquid assets in order to repay the loan if demanded at the reporting date is assessed to consider the expected manner of recovery to measure expected credit losses. If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss will be limited to the effect of discounting the amount due on the loan at the loan's effective interest rate over the period until cash is realised.

#### **1.7 Other payables**

Other payables are initially recognised at fair value and subsequently measured at amortised cost.

#### **1.8 Current tax**

Current tax is based on taxable profit for the period, calculated using tax rates enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax is recognised in the income statement, other comprehensive income or directly in equity depending on where the item to which they relate has been recognised.

#### **1.9 Dividend recognition and distribution**

Dividend income is recognised when the right to receive payment is established.

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

# MEGGITT AEROSPACE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Critical accounting estimates and judgements

In applying the company's accounting policies set out in note 1, the company is required to make certain estimates and judgements concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from these estimates.

#### Significant accounting estimates

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting period. Through the process of applying the company's accounting policies the directors have not identified assumptions made about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Significant accounting judgements

In the process of applying the company's accounting policies, the directors have not made judgements that significantly affect the amounts it has recognised in the financial statements.

### 3 Employees and directors

The company has no employees (2020: none).

All of the directors as at the year end are employees of either the ultimate parent company, Meggitt PLC, or Meggitt Aerospace Limited and are remunerated by those companies for their services to the group as a whole. The directors did not receive any remuneration in their capacity as directors of Meggitt Aerospace Holdings Limited (2020: £nil) as their services to the company were incidental to their services to the group.

Two of the directors exercised options in the shares of the ultimate holding company, Meggitt PLC, during the year (2020: three). No options were issued in regards to services for Meggitt Aerospace Holdings Limited (2020: nil).

### 4 Tax on profit

	2021 £000	2020 £000
Current tax		
Current year taxation	413	406

# MEGGITT AEROSPACE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

(Continued)

### 4 Tax on profit

Tax charge for the year is lower than (2020: equal to) the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%). This is explained below:

	2021 £000	2020 £000
Profit before taxation	4,558	2,137
Effects of:		
Profit before taxation multiplied by the standard rate of tax in the UK of 19.00% (2020: 19.00%)	866	406
Income from shares in group undertakings not taxable	(453)	-
Tax charge for the year	413	406

#### Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021.

5 Dividends paid	2021 per share p	2020 per share p	2021 £000	2020 £000
Amounts recognised as distributions to equity holders:				
Paid during the year	1.28	-	4,417	-

On 17 December 2021 the directors approved the payment of an interim dividend of £1.28 per £1 ordinary share totalling £4,417,000 (2020: no dividends were approved for payment in the financial year).

### 6 Investments

	2021 £000	2020 £000
Investments in subsidiaries	251,491	251,491

# MEGGITT AEROSPACE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Dunlop Aerospace Overseas Investments Limited	United Kingdom	100	100	Dormant
Dunlop Holdings Limited*	United Kingdom	100	100	Intermediate holding company
Dunlop Limited	United Kingdom	100	100	Intermediate holding company
Dunlop Aerospace Overseas Limited*	United Kingdom	100	100	Intermediate holding company
Meggitt Aerospace Limited	United Kingdom	100	100	Manufacturer
Meggitt (Hurn) Limited	United Kingdom	100	100	Dormant
Serck Aviation Limited*	United Kingdom	100	100	Dormant
Meggitt Aerospace Asia Pacific Pte Limited	Singapore	100	100	Maintenance, repair & overhaul
Meggitt Advanced Composites Limited	United Kingdom	100	100	Non-trading company

\* Directly held.

Unless otherwise stated, ownership comprises ordinary shares representing 100% of the issued share capital. As at 31 December 2021, the registered office address for all subsidiaries incorporated in the United Kingdom is Pilot Way, Ansty Business Park, Coventry, CV7 9JU.

For the subsidiary not incorporated in the United Kingdom, the registered office address detail is as follows:

- Meggitt Aerospace Asia Pacific Pte Limited - 1A Seletar Aerospace Link, Seletar Aerospace Park, Singapore, 797552

### 8 Other receivables

	2021 £000	2020 £000
Amounts due from fellow group undertakings	110,300	108,122

Amounts due from fellow group undertakings totalling £110,191,000 (2020: £108,015,000) are interest bearing, unsecured and repayable on demand. Interest accrues at 2%.

The remaining amounts due from fellow group undertakings totalling £109,000 (2020: £107,000) are unsecured, interest free and are repayable on demand.

The bank account of Meggitt Aerospace Holdings Limited is in the name of 'Meggitt PLC - Re Meggitt Aerospace Holdings Limited'. The legal title to this account rests with Meggitt PLC and it is recorded as an amount due from fellow group undertakings. Amounts due from fellow group undertakings are unsecured, non-interest bearing and are repayable on demand.

# MEGGITT AEROSPACE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Other payables

	2021 £000	2020 £000
Amounts due to fellow group undertakings	2,705	262
Corporation tax payable	413	406
	<u>3,118</u>	<u>668</u>

The bank account of Meggitt Aerospace Holdings Limited is in the name of 'Meggitt PLC - Re Meggitt Aerospace Holdings Limited'. The legal title to this account rests with Meggitt PLC and it is recorded as an amount due to fellow group undertakings. Amounts due to fellow group undertakings are unsecured, non-interest bearing and are repayable on demand.

10 Share capital	2021 No.	2020 No.	2021 £000	2020 £000
<b>Ordinary share capital</b>				
<b>Authorised, issued and fully paid</b>				
Ordinary shares of £1 each	<u>344,000,000</u>	<u>344,000,000</u>	<u>344,000</u>	<u>344,000</u>

### 11 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Dunlop Aerospace Holdings Limited. The ultimate parent undertaking and controlling party is Meggitt PLC, a company incorporated in the United Kingdom. Meggitt PLC is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Meggitt PLC are available from its registered office: Pilot Way, Ansty Business Park, Coventry, CV7 9JU.