

Registration number: 07649574.

Esterline Technologies French Acquisition Limited

Annual report and financial statements

for the period from 29 September 2018 to 30 September 2019

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Esterline Technologies French Acquisition Limited

Strategic report

For the period from 29 September 2018 to 30 September 2019

The directors present their Strategic report and audited financial statements of Esterline Technologies French Acquisition Limited (the "company") for the period from 29 September 2018 to 30 September 2019.

The directors, in preparing this Strategic report, have complied with section 414c of the Companies Act 2006.

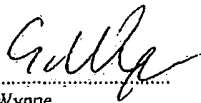
Principal activities and review of the business

During the period, the company was a holding company for European acquisitions and investments made on behalf of the company's ultimate parent, TransDigm Group Incorporated. The statement of profit and loss and other comprehensive income is set on page 9.

Principal risks and uncertainties

As an investment holding company, the principal risks and uncertainties faced by the company arise from the underlying trading activity of its subsidiary investments and the resulting impact on the value of the investments held, and in the movements in foreign exchange, in particular the U.S. dollar, the GB pound and the Euro. These risks are managed as part of the overall Group risk management process and set out in more detail in the financial statements of the TransDigm Group Incorporated, the ultimate parent undertaking at 30 September 2019.

Approved by the Board on 25.9.2020 and signed on its behalf by:


.....
S L Wynne
Director

Esterline Technologies French Acquisition Limited

Directors' report

For the period from 29 September 2018 to 30 September 2019

The directors present their annual report on the affairs of Esterline Technologies French Acquisition Limited (the "company") together with the audited financial statements and auditor's report for the period from 29 September 2018 to 30 September 2019.

Results and dividends

The company's profit for the period after taxation, amounted to \$2,634,000 (loss for the period ended 2018: \$8,000). The directors do not recommend payment of a dividend by the company (2018: \$nil).

Future developments

The company will continue to serve as a holding company for current investments and a vehicle for future European acquisitions in line with the strategy of its ultimate parent.

Going concern - effects of COVID-19

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The company is dependent on the financial support of its ultimate parent undertaking, TransDigm Group Incorporated, to enable it to meet its obligations as they fall due.

The directors have received a commitment from TransDigm Group Incorporated, to provide the necessary financial support to enable the company to meet these obligations for the foreseeable future being at least 12 months from the date of approval of these financial statements.

In consideration of the current COVID-19 outbreak the company has adopted all the necessary measures indicated by the UK Government and Public Health England and the development of the outbreak is continuously monitored.

The current COVID-19 outbreak and the associated government restrictions are impacting the global economy. However, the directors are of the view that the COVID-19 pandemic does not impact the company's ability to continue as a going concern given the company's activities are group related with no external operating activities and no employees.

The directors have considered the ability of the parent company, TransDigm Group Incorporated, and are satisfied that it can support the company for a period of at least 12 months from the date of approving these financial statements.

After making enquiries, the directors considered the uncertainty of the current economic environment and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors of the company

The directors who held office during the period and up to the date of signing except as noted, were as follows:

J D Crandall (appointed 14 March 2019 and resigned 2 October 2019)

S L Wynne (appointed 14 March 2019)

S Nolan (resigned 14 March 2019)

C C Reusser (resigned 14 March 2019)

A S Yost (resigned 30 May 2019)

The following director was appointed after the period end:

L Sabol (appointed 2 October 2019)

Esterline Technologies French Acquisition Limited

Directors' report (continued)

For the period from 29 September 2018 to 30 September 2019

Directors' remuneration and interest

The directors of the company who were in office during the period from 29 September 2018 up to the date of signing the financial statements are listed on page 3. None of the directors were remunerated for their services as directors of the company (2018: \$nil).

No director had any beneficial interest in the share capital of the company at any time during the year (2018: none).

Directors indemnities

Esterline Technologies Corporation was acquired by TransDigm Group Incorporated, the company's ultimate parent as of 14 March 2019. TransDigm Group Incorporated has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision were in force during the year and at the date of signing this report.

Political contributions

The company made no political contributions during the period ended 30 September 2019 (2018: \$nil).

Post balance sheet events

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This is considered a non-adjusting post-balance sheet event and the impact of COVID-19 will be reported in the 2020 financial statements, if any.

Appointment of auditor

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

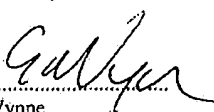
Director's statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Approved by the Board on 25.9.2020 and signed on its behalf by:


.....
S.L. Wynne
Director

Esterline Technologies French Acquisition Limited

Directors' responsibility statement

The directors acknowledge their responsibilities for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Esterline Technologies French Acquisition Limited

Opinion

We have audited the financial statements of Esterline Technologies French Acquisition Limited (the 'company') for the period from 29 September 2018 to 30 September 2019, which comprise the Profit and loss account, Statement of comprehensive income, Balance sheet, Statement of changes in equity, and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – effects of COVID-19

We draw attention to notes 2 and 16 of the financial statements, which describes the potential impact of COVID-19 on the company. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Esterline Technologies French Acquisition Limited (continued)

Other information (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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 financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibility statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

Independent Auditor's Report to the Members of Esterline Technologies French Acquisition Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Farzin Radfar (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

Date: 28 September 2020

Esterline Technologies French Acquisition Limited

Profit and loss account

For the period from 29 September 2018 to 30 September 2019

		Period ended 30 September 2019 \$ 000	Period ended 28 September 2018 \$ 000
	Note		
Turnover		-	-
Administrative expenses		(6)	(8)
Gains arising on disposal of investments	4	<u>2,617</u>	<u>-</u>
Operating profit/(loss)		2,611	(8)
Other interest receivable and similar income	5	<u>23</u>	<u>-</u>
Profit/(loss) before taxation	6	2,634	(8)
Taxation on profit/(loss)	9	<u>-</u>	<u>-</u>
Profit/(loss) for the financial period		<u><u>2,634</u></u>	<u><u>(8)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

Esterline Technologies French Acquisition Limited

Statement of comprehensive income

For the period from 29 September 2018 to 30 September 2019

	Period ended 30 September 2019 \$ 000	Period ended 28 September 2018 \$ 000
Profit/(loss) for the financial period	2,634	(8)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	2,634	(8)

Esterline Technologies French Acquisition Limited

**Balance Sheet
As at 30 September 2019**

	Note	30 September 2019 \$ 000	28 September 2018 \$ 000
Fixed assets			
Investments	10	-	3,264
Current assets			
Debtors: amounts falling due within one year	11	5,904	-
Creditors: amounts falling due within one year	12	(67)	(61)
Net current assets/(liabilities)		<u>5,837</u>	<u>(61)</u>
Net assets		<u>5,837</u>	<u>3,203</u>
Capital and reserves			
Called-up share capital	13	-	-
Share premium account	14	3,412	3,412
Profit and loss account	14	<u>2,425</u>	<u>(209)</u>
Total equity		<u>5,837</u>	<u>3,203</u>

The financial statements of Esterline Technologies French Acquisition Limited (registered number: 07649574) were approved by the Board of directors and authorised for issue on 25.9.2020

They were signed on its behalf by:



S.L. Wynne
Director

Esterline Technologies French Acquisition Limited

Statement of changes in equity

For the period from 29 September 2018 to 30 September 2019

	Called-up share capital \$ 000	Share premium account \$ 000	Profit and loss account \$ 000	Total equity \$ 000
At 29 September 2017	-	3,412	(201)	3,211
Loss for the period	-	-	(8)	(8)
Total comprehensive loss	-	-	(8)	(8)
At 28 September 2018	-	3,412	(209)	3,203
	Called-up share capital \$ 000	Share premium account \$ 000	Profit and loss account \$ 000	Total equity \$ 000
At 29 September 2018	-	3,412	(209)	3,203
Profit for the period	-	-	2,634	2,634
Total comprehensive income	-	-	2,634	2,634
At 30 September 2019	-	3,412	2,425	5,837

Esterline Technologies French Acquisition Limited

Notes to the financial statements

For the period from 29 September 2018 to 30 September 2019

1 General information

Esterline Technologies French Acquisition Limited (the "company") is a private company limited by share capital, incorporated and domiciled in England and Wales under the Companies Act 2006.

The address of its registered office is:

5 New Street Square
London
United Kingdom
EC4A 3TW

The nature of the company's operations and its principal activities are set out in the Strategic report on page 2.

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements of Esterline Technologies French Acquisition Limited are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The functional currency of the company is considered to be US dollars because that is the currency of the primary economic environment in which the company operates. Accordingly, the financial statements have also been presented in US dollars and rounded to the nearest \$'000.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, TransDigm Group Incorporated. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, and presentation of a cash flow statement, presentation of a reconciliation of the number of shares outstanding at the beginning and at the end of the period.

The company has taken advantage of the exemption available under FRS 102, section 33.1A, not to disclose transactions with wholly-owned members of the group.

Consolidation

Group financial statements have not been prepared as the company is a wholly owned subsidiary and is included in the financial statements of a larger group incorporated in the USA with comparable accounting policies and is therefore entitled to take advantage of the exemption granted by sections 400-402 of the Companies Act 2006. Consequently, these financial statements present information about the company as an individual undertaking and not about its group.

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

2 Accounting policies (continued)

Going concern - effects of COVID-19

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The company is dependent on the financial support of its ultimate parent undertaking, TransDigm Group Incorporated, to enable it to meet its obligations as they fall due.

The directors have received a commitment from TransDigm Group Incorporated, to provide the necessary financial support to enable the company to meet these obligations for the foreseeable future being at least 12 months from the date of approval of these financial statements.

In consideration of the current COVID-19 outbreak the company has adopted all the necessary measures indicated by the UK Government and Public Health England and the development of the outbreak is continuously monitored.

The current COVID-19 outbreak and the associated government restrictions are impacting the global economy. However, the directors are of the view that the COVID-19 pandemic does not impact the company's ability to continue as a going concern given the company's activities are group related with no external operating activities and no employees.

The directors have considered the ability of the parent company, TransDigm Group Incorporated, and are satisfied that it can support the company for a period of at least 12 months from the date of approving these financial statements.

After making enquiries, the directors considered the uncertainty of the current economic environment and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Investments

Investments are initially recorded at cost. Where investments are acquired as part of a group reorganisation and a share-for-share exchange, the investments are recorded at fair value. The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

2 Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference 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.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

2 Accounting policies (continued)

Taxation

The tax expense for the period comprises current tax which includes UK corporate tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future. The measurement of deferred tax liabilities 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 liabilities.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, 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.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the group 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.

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

2 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies 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.

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

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Loan notes

Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method.

Debtors

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

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

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, 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 period, are discussed below.

Fair value and recoverability of Financial Assets

At each balance date the company assesses the recoverability of its investments and loans to assess whether these assets are recorded in excess of their recoverable amounts. An impairment loss is recognised for all assets where the assets recoverable value is below its recorded carrying value. The fair value of investments is calculated based on a valuation model which involves application of judgements and estimates.

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

4 Gains arising on disposal of investments

The analysis of the company's other gains and losses for the period is as follows:

	Period ended 30 September 2019 \$ 000	Period ended 28 September 2018 \$ 000
Gain on disposal of investments	<u>2,617</u>	<u>-</u>

5 Other interest receivable and similar income

	Period ended 30 September 2019 \$ 000	Period ended 28 September 2018 \$ 000
Interest income on financial assets	<u>23</u>	<u>-</u>

6 Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging:

	Period ended 30 September 2019 \$ 000	Period ended 28 September 2018 \$ 000
Auditors remuneration - audit services	<u>6</u>	<u>8</u>

7 Directors' remuneration

None of the directors received remuneration in respect of qualifying services provided to the company (2018: £nil).

8 Staff numbers and costs

The company has no employees (2018: none) and hence there are no staff costs (2018: £nil).

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

9 Taxation on profit/(loss)

Tax charge/(credit) is made up as follows:

	Period ended 30 September 2019 \$ 000	Period ended 28 September 2018 \$ 000
Current tax on profit/(loss)		
UK corporation tax	-	-
Total current tax on profit/(loss)	-	-

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2018: lower than the standard rate of corporation tax in the UK) of 19% (2018:19%).

The differences are reconciled below:

	Period ended 30 September 2019 \$ 000	Period ended 28 September 2018 \$ 000
Profit/(loss) before taxation	2,634	(8)
UK corporation tax at standard rate of 19% (2018: 19%)	500	(2)
Income not taxable on gain on disposal of investment	(497)	-
Group relief claimed	(3)	2
Current tax on profit/(loss)	-	-

There are no recognised or unrecognised deferred tax balances.

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at 19% and not reduce to 17% from 1 April 2020. As the new rate was not substantively enacted as at 31 December 2019, the tax charge and deferred tax liability as at the balance sheet date were measured at the enacted tax rate of 19%. If the deferred tax liability were calculated using 19%, this would result in a deferred tax asset of \$nil.

10 Investments

	30 September 2019 \$ 000	28 September 2018 \$ 000
Investments in subsidiaries	-	3,264

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

10 Investments (continued)

Subsidiaries	\$ 000
Cost or valuation	
At 29 September 2018	3,264
Disposals	(3,264)
At 30 September 2019	-
Carrying amount	
At 30 September 2019	-
At 28 September 2018	3,264

The investment held by the company was disposed during the period ended 30 September 2019. The company made a gain on disposal of \$2,617,000 (2018: \$nil).

11 Debtors: amounts falling due within one year

	30 September 2019 \$ 000	28 September 2018 \$ 000
Amounts owed by parent undertakings	5,904	-

Amounts owed by parent undertakings bear an interest of 7% per annum. The company provided a loan of \$5,881,000 on 10 September 2019, which relates to the group reorganization and disposal of the company's subsidiaries. The amounts owed by parent undertakings are repayable on demand. Interest income receivable of \$23,000 is also included in the balance of \$5,904,000.

12 Creditors: amounts falling due within one year

	30 September 2019 \$ 000	28 September 2018 \$ 000
Trade payables	61	61
Accruals	6	-
	<u>67</u>	<u>61</u>

Esterline Technologies French Acquisition Limited

Notes to the financial statements (continued)

For the period from 29 September 2018 to 30 September 2019

13 Share capital

Allotted, called-up and fully paid shares

	30 September 2019		28 September 2018	
	No.	\$ 000	No.	\$ 000
Ordinary shares of €1 each	<u>143</u>	<u>-</u>	<u>143</u>	<u>-</u>

The company has one class of ordinary shares which carry no right to fixed income.

14 Reserves

Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

15 Parent and ultimate parent undertaking

At 30 September 2019, the directors consider the ultimate parent undertaking and controlling party to be Esterline Technologies Corporation, a company incorporated in the United States of America. TransDigm Group Incorporated is the smallest and largest group of undertakings of which the company is a member and for which group financial statements are prepared as of 30 September 2019.

The financial statements of the ultimate parent undertaking, which include the company, may be obtained from TransDigm Group Incorporated, The Tower at Erieview, 1301 East 9th street, Suite 300, Cleveland, Ohio 44114, USA.

The company's immediate parent undertaking is Esterline Technologies Europe Limited, a company incorporated in the United Kingdom.

16 Post balance sheet events

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This is considered a non-adjusting post-balance sheet event and the impact of COVID-19 will be reported in the 2020 financial statements, if any. Further details of the impact of COVID-19 on the company and on the directors' assessment of going concern are included note 2 of these financial statements.