

Company Registration No. 00140449 (England and Wales)

AMSAFE BRIDPORT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2019



AMSAFE BRIDPORT LIMITED

COMPANY INFORMATION

Directors	Mr L J Stork Mr J M Abbott Ms L A Sabol
Company number	00140449
Registered office	The Court West Street Bridport Dorset DT6 3QU
Auditor	Ernst & Young LLP Grosvenor House Grosvenor Square Southampton Hampshire SO15 2BE
Bankers	Royal Bank of Scotland Vantage Point Woodwater Park Pynes Hill Exeter EX2 5FD
Solicitors	Burges Salmon One Glass Wharf Bristol BS2 0ZX

AMSAFE BRIDPORT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present the strategic report for the year ended 30 September 2019.

The company is engaged in the design, manufacture, repair and distribution of safety and securement products for the aviation, speciality vehicle and military markets. Major products include restraint systems for the commercial and general aviation industries, nets and other cargo control products for use in connection with civil and military air freight.

Review of the business

The results for the year are given in the statement of comprehensive income on page 8.

Amsafe Bridport Limited generated an operating profit of £21,125,000 (2018: £12,088,000) on sales of £53,289,000 (2018: £55,225,000).

The company is due \$48,758,000 (2018: \$55,228,000) from its immediate US parent company, upon which interest is chargeable at 0.5% above USD LIBOR. The fluctuation in exchange rate influences the GBP value of this debt. These movements were responsible for a profit on exchange of £6,698,000 (2018: an exchange loss of £2,481,000) credited (2018: debited) to profit and loss within administrative expenses.

Total revenue reduced by £1,936,000 or 3.5% in 2019 compared to the prior year. The prior year included revenue of £7,384,000 (€7,338,000) which was a non-repeat hardware delivery of Multipurpose Helicopter Transport Systems (MHS) to the combined French Armed Forces. Excluding this, like for like sales were £5,448,000 (11.4%) higher than the prior year.

Production deliveries and design work for the Airbus A400M aircraft continued in 2019 and revenue increased by £1,137,000 or 26% to £5,449,000. Aftermarket sales for A400M reduced by £478,000 to £1,253,000 due to initial spares provisioning in 2018. Boeing KC-46 Tanker Main Deck Barrier and Smoke Barrier revenue increased by £3,119,000 or 145% to £5,267,000. While production deliveries were broadly in line with prior year, 2019 aftermarket sales for spare units and repairs increased from £5,000 to £2,514,000.

Sales of air and sea freight cargo pallet nets and helicopter underslung nets to defence organisations, including the UK Ministry of Defence, increased from £2,865,000 in 2018 to £4,265,000 in 2019.

The Feltham facility generated revenue of £18,587,000 with growth of £2,514,000 or 14% in the aviation seat belt market, compared to the prior year.

Outlook and future developments

The circumstances resulting from COVID-19 are expected to have a significant impact on the trading performance in the year ended 30 September 2020. There is no immediate certainty around the severity and duration of the impact on the business. Following Government "lock down" measures, introduced in March 2020 in the UK and across Europe, we have seen a marked decline in our activities, with 2020 total revenue levels for the company expected to be approximately 15% lower than 2019 levels. We have taken steps to reduce outgoings and to utilise various Government Job Retention Scheme grants and initiatives to furlough staff where appropriate. Capital expenditure projects have been deferred and the company and wider Transdigm Group is taking a prudent and vigilant approach on all expenditure.

The outlook for our Aviation division based at Feltham is expected to show a larger impact, with revenues for 2020 expected to be approximately 40% lower than 2019 levels. This is due to the reduction in commercial flights, as a result of COVID-19 restrictions, which in turn has led to many airlines retiring aircraft early, or delaying and cancelling orders for new aircraft. As a result, in order to reduce costs, the company is proposing to close the seat belt repair location based in Feltham in 2021 and consolidate this activity back to its US Headquarters in Phoenix, US. The business entered into a consultation period with employee representatives on 1 September 2020.

Within the Netting division based at Bridport, the impact on 2020 revenues will be less, with revenues for 2020 expected to be approximately 5% lower than 2019 levels. The broad portfolio of commercial and defence products has somewhat mitigated the impact of COVID-19 on its activities. Cost cutting measures were put in place during 2020 to protect the business further, including a reduction in employee numbers.

AMSAFE BRIDPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Outlook and future developments continued

Amsafe Bridport remains the supplier of choice for military cargo freight nets and equipment and in June 2020 signed a contract extension with the UK Ministry Of Defence to 31 December 2021. The business continues to expand its product portfolio, working closely with Airbus (A400M) and Boeing (KC-46 Tanker) programs and its portfolio of Belly Hold Nets and Under-floor restraints for passenger aircraft feature on every Airbus platform.

Cost base scrutiny continues to enable the company to remain competitive in its chosen markets along with manufacturing at the group's low-cost facility in Sri Lanka. Productivity improvements; high quality standards and on-time delivery are vital to ensuring the company remains competitive in the market place in which it operates.

Principal risks and uncertainties

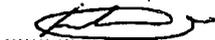
The decline in turnover from the impact of COVID-19 is expected to have an impact on the company's liquidity reserves. Cashflow and liquid reserves are managed centrally at a parent company level and the parent company has committed to providing sufficient liquidity to manage through the impact on the company's ability to meet its financial commitments.

The company's activities expose it to a number of financial risks, however the breadth of the company's products has always been a considerable benefit in mitigating the worst effects of macro-economic uncertainty and there is no reason to believe that this will not remain to be the case in the years ahead, as the Global economy recovers from the impact of COVID-19.

The directors consider foreign exchange movements to be a risk area. The company principally trades in Sterling, US Dollars and Euro. It does not enter into any forward contracts to buy and sell currency and partially benefits from a natural hedge for US Dollar income in purchasing raw materials in that currency. The company does not deal in any financial instruments for speculative purposes.

The company remains vigilant to the influence of low-cost competitors, particularly in emerging markets and secures advantage by the global reach of the Amsafe organisation as a whole.

On behalf of the board



Mr L J Stork

Director

25-9-20

AMSAFE BRIDPORT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their report and financial statements for the year ended 30 September 2019.

Results and dividends

The results for the year are set out on page 9.

A final dividend of £14,049,000 was paid in the year (2018: £8,045,000).

Going concern

In light of the impact COVID-19 is expected to have on the company's cashflows and operations, the company's ultimate parent undertaking, Transdigm Group Inc., has confirmed in writing that they will continue to support the company in order to allow the company to satisfy its financial obligations in the normal course of business at least through to 30 September 2021.

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 financial position of the company together with its cash flows, liquidity position and borrowing facilities, factoring in the likely impact of COVID-19, have been reviewed by the directors.

Given the company's financial position and the continued parental support, the directors expect that the company will be able to meet its liabilities as they fall due for the foreseeable future, being at least 12 months after the approval of the financial statements. Further information on this is given in basis of preparation paragraph in note 1 to these financial statements. Consequently the financial statements of the company are prepared on the going concern basis.

Post balance sheet event

The impact of COVID-19 on the future outlook of the business is set out in the strategic report. No other material events have occurred since the statement of financial position date.

Directors

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

Mr L J Stork

Mr J M Abbott

Mr J D Crandall

Ms L A Sabol

(Resigned 16 October 2019)

(Appointed 16 October 2019)

Employment policies

The company seeks to ensure that employees at all levels are knowledgeable about the progress and development of the business in which they work and the overall performance of the company. The communication is by the means best suited to the individual style of each operation, and includes consultative committees and briefing groups.

It is the company's policy to employ the most suitably qualified people, regardless of sex, ethnic origin, age or religion.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes 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.

The company identifies the training requirements that result from its business development plans. Training is implemented after discussion with the individuals concerned, taking into account their needs and career aspirations.

The management of the company includes a regular review of our responsibilities for the health, safety and welfare of employees and others associated with the business.

AMSAFE BRIDPORT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they should have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Matter of strategic importance

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the Directors' Report as the directors consider these are of strategic importance to the company. It has done so in respect of financial risk management policies and future developments.

On behalf of the board


.....
Mr L J Stork
Director
25-9-20
.....

AMSAFE BRIDPORT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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;
- 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 AMSAFE BRIDPORT LIMITED

Opinion

We have audited the financial statements of AmSafe Bridport Limited (the 'company') for the year ended 30 September 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes 1 to 25, 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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Note 1 and Note 24 of the financial statements, which describe the economic and social consequences and disruption the company is facing as a result of the recent COVID-19 pandemic developments, which is impacting the wider UK and global economies, as well as the company's ability to operate normally. 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 Report and Financial Statements, 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.

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMSAFE BRIDPORT LIMITED (CONTINUED)

Opinions on other matters 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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

David Marshall (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton
Date: 25/9/2020

AMSAFE BRIDPORT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	53,289	55,225
Cost of sales		(27,562)	(28,873)
Gross profit		<u>25,727</u>	<u>26,352</u>
Administrative expenses		(4,690)	(14,344)
Other operating income		88	80
Operating profit	7	<u>21,125</u>	<u>12,088</u>
Interest receivable and similar income	8	1,042	817
Interest payable and similar expenses	9	(87)	(159)
Profit before taxation		<u>22,080</u>	<u>12,746</u>
Tax on profit	10	(2,949)	43
Profit for the financial year		<u>19,131</u>	<u>12,789</u>
Other comprehensive income net of taxation			
Actuarial (loss)/gain on defined benefit pension schemes		(3,740)	3,082
Tax relating to other comprehensive income		711	(586)
Total comprehensive income for the year		<u><u>16,102</u></u>	<u><u>15,285</u></u>

AMSAFE BRIDPORT LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		4,222		3,870
Investments	13		-		-
			<u>4,222</u>		<u>3,870</u>
Current assets					
Stocks	15	7,998		7,737	
Debtors	16	60,855		53,397	
Cash at bank and in hand		10,797		14,181	
		<u>79,650</u>		<u>75,315</u>	
Creditors: amounts falling due within one year	17	<u>(18,002)</u>		<u>(19,861)</u>	
Net current assets			61,648		55,454
Total assets less current liabilities			65,870		59,324
Provisions for liabilities	18		(19)		(19)
Net assets excluding pension liability			65,851		59,305
Defined benefit pension liability	22		(7,416)		(3,205)
Net assets including pension liability			<u>58,435</u>		<u>56,100</u>
Capital and reserves					
Called up share capital	20		1,000		1,000
Other reserves	21		3,387		3,105
Profit and loss reserves	21		54,048		51,995
Total equity			<u>58,435</u>		<u>56,100</u>

The financial statements were approved by the board of directors and authorised for issue on 25-9-20..... and are signed on its behalf by:



Mr L J Stork
Director

AMSAFE BRIDPORT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	Share capital £'000	Other reserves £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 October 2017		1,000	2,400	44,755	48,155
Year ended 30 September 2018:					
Profit for the year		-	-	12,789	12,789
Other comprehensive income net of taxation:					
Actuarial gains on defined benefit plans	22	-	-	3,082	3,082
Tax relating to other comprehensive income	10	-	-	(586)	(586)
Total comprehensive income for the year		-	-	15,285	15,285
Dividends paid	11	-	-	(8,045)	(8,045)
Share based payment transactions		-	705	-	705
Balance at 30 September 2018		1,000	3,105	51,995	56,100
Year ended 30 September 2019:					
Profit for the year		-	-	19,131	19,131
Other comprehensive income net of taxation:					
Actuarial losses on defined benefit plans	22	-	-	(3,740)	(3,740)
Tax relating to other comprehensive income	10	-	-	711	711
Total comprehensive income for the year		-	-	16,102	16,102
Dividends paid	11	-	-	(14,049)	(14,049)
Share based payment transactions		-	282	-	282
Balance at 30 September 2019		1,000	3,387	54,048	58,435

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

Company information

AmSafe Bridport Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is The Court, West Street, Bridport, Dorset, DT6 3QU.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention

The financial statements are prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel and transactions with other wholly owned members of the TransDigm Group.

The financial statements of the company are consolidated in the financial statements of TransDigm Group, Inc. The consolidated financial statements of TransDigm Group, Inc. are available from The Tower at Erievue, 1301 East 9th St., Suite 3000, Cleveland, OH 44114.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

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 on pages 1 and 2. The Strategic Report also describes the financial position of the company.

The company meets its day-to-day working capital requirements from its own resources and from time to time remits surplus funds to one of its intermediary US parents. This resultant loan is denominated in US Dollars and is repayable on demand with a value of \$48,758,000 (2018: \$55,228,000).

The current economic conditions create uncertainty particularly over (a) the level of demand for the company's products; (b) the exchange rate between Sterling and the US Dollar and between Sterling and Euro and thus the consequences for the Sterling value of its sales in foreign currency as well as the cost of the company's raw materials; and (c) the demands of the ultimate parent company to meet its interest obligations to the providers of leveraged finance.

The directors have considered the forecasts and projections of the company and the group, taking account of reasonably possible changes in trading performance and related cashflows. The forecasts include consideration of the likely impact from COVID-19 on underlying demand for its products, together with the evaluation of known liabilities and contingencies. There is no expectation that there will be a demand for cash from the company's US parent in support of interest obligations regardless of any underlying change in US prime or LIBOR rates. The directors are content that these forecasts and projections show that the company should be able to operate within the funds it currently holds and will generate in the year ahead. The directors have also received a written confirmation of financial support for the company from its ultimate parent through the going concern assessment period, being at least 12 months from the date of approval of these financial statements, should such funding be required in this period.

As a consequence of these enquiries the directors have concluded that there is 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.

Turnover

Revenue is measured at the fair value of the consideration receivable, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue is recognised on despatch of goods to UK customers on the basis that title is deemed to be transferred to the customer at this point. Where goods are despatched to overseas customers, revenue is recognised based on the contractual terms of the distribution agreement.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by recognising turnover and related costs as the contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold properties	20 to 40 years straight line
Short leasehold properties	Term of lease
Plant and machinery	3 to 15 years straight line
Motor vehicles	4 years straight line

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances and amounts due from group undertakings that are classified as debt, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts due to group undertakings that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the year end 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 year end. 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the company has a legal or constructive present obligation 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The company participates in both a defined benefit pension scheme and a defined contribution pension scheme.

For the defined contribution scheme, the amount charged to profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies (Continued)

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes-Merton model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors have considered whether any critical estimates or judgements have been made in the preparation of these final statements. These are considered to be:

- Defined benefit pension scheme - the actuarial assumptions selected for the calculation of the pension scheme liability at the year end date (see note 22); and
- Stock provisions - the estimates made relating to the required provisions to record stock at net realisable value when this is lower than the cost value (see note 15).

3 Turnover

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

	2019 £'000	2018 £'000
Turnover analysed by class of business		
Cargo	9,028	15,535
Airframes	21,792	16,889
Tarian	1,641	4,016
Safety restraints	2,241	2,713
Aviation	18,587	16,072
	<u>53,289</u>	<u>55,225</u>
	2019 £'000	2018 £'000
Turnover analysed by type		
Sales of goods	31,854	36,320
Provision of services	21,435	18,905
	<u>53,289</u>	<u>55,225</u>

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

3 Turnover (Continued)

Turnover analysed by geographical market

	2019 £'000	2018 £'000
Western Europe	30,165	27,873
United Kingdom	9,550	9,286
Rest of the world	7,424	15,479
North America	6,150	2,587
	<u>53,289</u>	<u>55,225</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Production	135	114
Administration and marketing	68	79
	<u>203</u>	<u>193</u>

Employment costs:

	2019 £'000	2018 £'000
Wages and salaries	6,335	6,258
Share-based payments	282	705
Social security costs	1,347	935
Pension costs (note 22)	270	177
	<u>8,234</u>	<u>8,075</u>

5 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	324	277
Company pension contributions to defined contribution schemes	13	12
	<u>337</u>	<u>289</u>

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018: 2).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 2 (2018: 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £'000	2018 £'000
Remuneration for qualifying services	218	181
Company pension contributions to defined contribution schemes	7	7
	<u>225</u>	<u>188</u>

6 Share-based payment transactions

Certain employees of the company participate in the TransDigm Group 2006 Stock Incentive Plan. This is a US dollar denominated equity-settled share option scheme operated by the TransDigm Group, Inc. (NYSE: TDG). Options are exercisable at a price equal to the fair market value of the parent company's shares on the date of grant. The vesting period is five years. Options are vested upon achievement of predefined, incremental levels of operating profit in each business. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the group before the options vest.

7 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(6,698)	2,481
Research and development costs	190	291
Government grants	(88)	(80)
Fees payable to the company's auditor for the audit of the company's financial statements	116	107
Depreciation of owned tangible fixed assets	374	298
Loss on disposal of tangible fixed assets	-	7
Cost of stocks recognised as an expense	19,996	23,495
Share-based payments	282	705
Operating lease charges	232	343
	<u>20,403</u>	<u>28,237</u>

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

8 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest income		
Interest on bank deposits	14	4
Interest receivable from group companies	1,028	813
Total income	<u>1,042</u>	<u>817</u>

9 Interest payable and similar expenses

	2019 £'000	2018 £'000
Net interest on the net defined benefit pension liability (see note 22)	87	159
	<u>87</u>	<u>159</u>

10 Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current period	3,979	2,096
Adjustments in respect of prior periods	(939)	(2,099)
Total current tax	<u>3,040</u>	<u>(3)</u>
Deferred tax		
Origination and reversal of timing differences	(91)	(57)
Adjustment in respect of prior periods	-	17
Total deferred tax	<u>(91)</u>	<u>(40)</u>
Total tax charge/(credit)	<u>2,949</u>	<u>(43)</u>

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

10 Taxation (Continued)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	22,080	12,746
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	4,195	2,422
Tax effect of expenses that are not deductible in determining taxable profit	57	149
Adjustments in respect of prior years	(939)	(2,099)
Effect of change in corporation tax rate	94	(62)
Depreciation on assets not qualifying for tax allowances	6	19
Research and development tax credit	17	15
Other permanent differences	(390)	(404)
Deferred tax adjustments in respect of prior years	-	17
Other differences	(91)	(100)
Taxation charge/(credit) for the year	2,949	(43)

In addition to the amount charged/(credited) to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £'000	2018 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(711)	586

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. These rates have been used to measure deferred tax assets and liabilities where applicable. In March 2020 the Chancellor announced that tax rate would remain at 19%, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

11 Dividends

	2019 £'000	2018 £'000
Final paid	14,049	8,045

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

12 Tangible fixed assets

	Freehold properties £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 October 2018	2,523	6,107	8,630
Additions	-	753	753
Disposals	-	(28)	(28)
	<u>2,523</u>	<u>6,832</u>	<u>9,355</u>
At 30 September 2019	2,523	6,832	9,355
Depreciation and impairment			
At 1 October 2018	577	4,183	4,760
Depreciation charged in the year	50	324	374
Eliminated in respect of disposals	-	(1)	(1)
	<u>627</u>	<u>4,506</u>	<u>5,133</u>
At 30 September 2019	627	4,506	5,133
Carrying amount			
At 30 September 2019	<u>1,896</u>	<u>2,326</u>	<u>4,222</u>
At 30 September 2018	<u>1,946</u>	<u>1,924</u>	<u>3,870</u>

Freehold land of £535,000 (2018: £535,000) is not depreciated.

Freehold land and buildings included above has a net book value of £1,850,000 (2018: £1,885,000). Short leasehold land and buildings are included above with a net book value of £46,000 (2018: £62,000). The market value of land is not considered to be materially different to the book value at which it is included above.

There were no outstanding commitments in respect of capital expenditure at 30 September 2019 or 30 September 2018 that are not provided in the financial statements.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

13 Fixed asset investments

		2019 £'000	2018 £'000
Investment in subsidiary	14	-	-

The subsidiary company Amsafe Services India (Private) Limited has been dissolved in the year.

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 October 2018	271
Disposals	(271)
At 30 September 2019	-
Impairment	
At 1 October 2018	271
Disposals	(271)
At 30 September 2019	-
Carrying amount	
At 30 September 2019	-
At 30 September 2018	-

14 Subsidiaries

These financial statements are separate company financial statements for AmSafe Bridport Limited.

Details of the company's subsidiary, which was dissolved during the year, were as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
AmSafe Services India (Private) Limited	6/14 Gurappa Avenue, Primrose Road, Bangalore, KA, 560025 India	Distributor of aviation parts	Ordinary shares	100.00	-

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

15 Stocks

	2019 £'000	2018 £'000
Raw materials and consumables	7,431	7,128
Work in progress	408	597
Finished goods and goods for resale	159	12
	<u>7,998</u>	<u>7,737</u>

The difference between the purchase price of stocks and their replacement cost is not material.

During the year, an impairment loss on finished goods of £522,000 (2018: £399,000) was recognised within cost of sales.

16 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	12,467	9,430
Amounts owed by group undertakings	45,009	41,753
Other debtors	1,032	519
Prepayments and accrued income	1,053	1,203
	<u>59,561</u>	<u>52,905</u>
Deferred tax asset (note 19)	1,294	492
	<u>60,855</u>	<u>53,397</u>

Included in amounts due from fellow group undertakings above is a loan of \$48,758,000 owed by one of the intermediary US parent companies which is unsecured and denominated in USD (2018: \$55,228,000). Interest is chargeable at 0.5% above USD LIBOR. This loan is repayable on demand.

17 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	2,623	2,231
Amounts owed to group undertakings	8,133	14,454
Corporation tax	3,046	483
Other taxation and social security	2,037	1,121
Other creditors	305	78
Accruals and deferred income	1,858	1,494
	<u>18,002</u>	<u>19,861</u>

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

18 Provisions for liabilities

	2019 £'000	2018 £'000
PMI provision	19	19
	<u> </u>	<u> </u>
Movements on provisions:		PMI provision £'000
At 1 October 2018 and 30 September 2019		19
		<u> </u>

PMI provision

The provision for PMI at 30 September 2019 includes £18,500 (2018: £18,500) in respect of amounts payable for private medical issued to an employee.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £'000	Assets 2018 £'000
Balances:		
Accelerated capital allowances	(191)	(187)
Other timing differences	225	134
Defined benefit deferred tax asset	1,260	545
	<u> </u>	<u> </u>
	1,294	492
	<u> </u>	<u> </u>
Movements in the year:		2019 £'000
Liability/(Asset) at 1 October 2018		(492)
Credit to profit or loss		(91)
Credit to other comprehensive income		(711)
		<u> </u>
Liability/(Asset) at 30 September 2019		(1,294)
		<u> </u>

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to the utilisation of tax losses against future expected profits of the same period.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

20 Share capital

	2019	2018
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
1,000,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The company's Ordinary shares carry full participation rights with regard to voting, dividend distribution and dissolution.

21 Reserves

Other reserves

Cumulative capital contributions from parent company in respect of share-based payments, net of transfers to profit and loss reserves.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

22 Retirement benefit schemes

The company participates in defined benefit and defined contribution pension schemes.

Defined contribution schemes

Since 1 October 2001 employees who were not members of the defined benefit plan were eligible to join a defined contribution scheme called the "Amsafe Employee Retirement Plan" (AMERP). In May 2014 the company established a new Group Pension Plan (GPP) that complies with "Auto-Enrolment" legislation. This plan will replace the AMERP scheme, the majority of members of the AMERP scheme have transferred their funds into the new GPP scheme. Activity is underway to transfer the remaining amounts left in AMERP which primarily relate to Deferred members. Company contributions to the GPP scheme in the year ending 30 September 2019 were £270,309 (2018: £177,000).

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. The scheme is fully funded and closed to new members in 2001. The assets of the plan are held separately from those of the Company in a separate trustee administered fund.

The most recent comprehensive actuarial valuation of the plan was carried out as at 1 July 2016, and was updated by the company's actuary (Capita) to take account of the requirements of FRS 102 in assessing the liabilities of the plan at the year end dates. Scheme assets are stated at their market values at the year end dates. As part of an ongoing review the company and its advisors will assess whether any additional liabilities may arise from pension right equalisation. As any additional liabilities for this are currently uncertain, any such liability arising will be included in a future period when this can be accurately assessed.

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

22 Retirement benefit schemes (Continued)

	2019	2018
<i>Key assumptions</i>	%	%
Discount rate	1.8	2.9
Expected rate of increase of pensions in payment	3.5	3.5
Expected rate of salary increases	3.3	3.3
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2019	2018
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.3	21.8
- Females	23.2	23.7
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	22.3	22.8
- Females	24.4	24.9
	<u> </u>	<u> </u>
	2019	2018
<i>Amounts recognised in the income statement</i>	£'000	£'000
Current service cost	174	230
Net interest on defined benefit liability	87	159
Past service cost	573	-
	<u> </u>	<u> </u>
Total costs	834	389
	<u> </u>	<u> </u>
	2019	2018
<i>Amounts taken to other comprehensive income</i>	£'000	£'000
Actual return on scheme assets	(6,480)	(1,445)
Less: calculated interest element	1,294	1,147
	<u> </u>	<u> </u>
Return on scheme assets excluding interest income	(5,186)	(298)
Actuarial changes related to obligations	8,926	(2,784)
	<u> </u>	<u> </u>
Total (gains)/losses recorded in OCI	3,740	(3,082)
	<u> </u>	<u> </u>

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

22 Retirement benefit schemes (Continued)

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2019 £'000	2018 £'000
Present value of defined benefit obligations	57,910	48,424
Fair value of plan assets	(50,494)	(45,219)
Deficit in scheme	<u>7,416</u>	<u>3,205</u>

	2019 £'000
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 October 2018	48,424
Current service cost	174
Past service cost	573
Benefits paid	(1,835)
Contributions from scheme members	40
Actuarial loss	8,926
Interest cost	1,381
Other	227
At 30 September 2019	<u>57,910</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

	2019 £'000
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 October 2018	45,219
Interest income	1,294
Return on plan assets (excluding amounts included in net interest)	5,186
Benefits paid	(1,835)
Contributions by the employer	590
Contributions by scheme members	40
At 30 September 2019	<u>50,494</u>

The actual return on plan assets was £6,480,000 (2018: £1,445,000).

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

22 Retirement benefit schemes (Continued)

	2019	2018
<i>The analysis of the plan assets at the reporting date were as follows:</i>	%	%
Equities and other growth assets	53.20	53.20
Bonds	46.60	46.00
Cash and other assets	0.20	0.80
Total	<u>100.00</u>	<u>100.00</u>

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£'000	£'000
Within one year	12	64
Between one and five years	3	9
	<u>15</u>	<u>73</u>

AMSAFE BRIDPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

24 Events after the reporting date

In the period since year end, the COVID-19 global pandemic has had a significant impact on the wider UK and global economy, and on the ability of the company to carry out normal operations. The company considers the emergence and spread of the COVID-19 virus to be a non-adjusting post balance sheet event.

The circumstances resulting from COVID-19 are expected to have a significant impact on the trading performance in the year ended 30 September 2020. There is no immediate certainty around the severity and duration of the impact on the business. Following Government "lock down" measures, introduced in March 2020 in the UK and across Europe, we have seen a marked decline in our activities, with 2020 total revenue levels for the company expected to be approximately 15% lower than 2019 levels. We have taken steps to reduce outgoings and to utilise various Government Job Retention Scheme grants and initiatives to furlough staff where appropriate. Capital expenditure projects have been deferred and the company and wider Transdigm Group is taking a prudent and vigilant approach on all expenditure.

The outlook for our Aviation division based at Feltham is expected to show a larger impact, with revenues for 2020 expected to be approximately 40% lower than 2019 levels. This is due to the reduction in commercial flights, as a result of COVID-19 restrictions, which in turn has led to many airlines retiring aircraft early, or delaying and cancelling orders for new aircraft. As a result, in order to reduce costs, the company is proposing to close the seat belt repair location based in Feltham in 2021 and consolidate this activity back to its US Headquarters in Phoenix, US. The business entered into a consultation period with employee representatives on 1 September 2020.

Within the Netting division based at Bridport, the impact on 2020 revenues will be less, with revenues for 2020 expected to be approximately 5% lower than 2019 levels. The broad portfolio of commercial and defence products has somewhat mitigated the impact of COVID-19 on its activities. Cost cutting measures were put in place during 2020 to protect the business further, including a reduction in employee numbers.

25 Ultimate controlling party

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is the ultimate parent company TransDigm Group, Inc., a publicly traded company incorporated in the United States of America. Copies of the parent company financial statements may be obtained from their registered office: The Tower at Erievue, 1301 East 9th St., Suite 3000, Cleveland, OH 44114.

The immediate parent undertaking is Bridport Limited, a company incorporated in England and Wales (registered office: The Court, Bridport, Dorset, DT6 3QU).