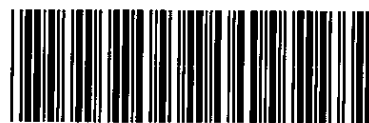


Company Registration No. 02762956 (England and Wales)

MEGGITT INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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COMPANIES HOUSE

MEGGITT INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

M L Thomas
L Burdett
A Wood
K Lewis
A Garard

Secretary

S R Grant

Company number

02762956

Registered office

Pilot Way
Ansty Business Park
Coventry
CV7 9JU

MEGGITT INTERNATIONAL LIMITED

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MEGGITT INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and unaudited financial statements for the year ended 31 December 2020.

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

Directors

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

M L Thomas

L Burdett

A Wood

K Lewis (appointed 1 April 2020)

A Garard (appointed 17 May 2021)

Principal activities and business review

The principal activity of the company is an intermediate parent company owning shares in certain subsidiaries of Meggitt PLC, as its ultimate parent company. In addition to its activity as an intermediate parent company, it receives royalty income from a fellow subsidiary of Meggitt PLC.

Implications of COVID-19 on the business

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China and on March 11, 2020 the World Health Organization ('WHO') declared COVID-19 a pandemic. The case numbers and transmission rates vary country to country however, a number of vaccines have been developed and are in the process of being rolled out.

The spread of the COVID-19 outbreak has caused severe disruptions in the UK and global economy and financial markets. Many countries, including the UK, have reacted by instituting quarantines, mandating business and school closures and restricting travel. With the rollout of vaccines it is anticipated that the impact caused by the pandemic will lead to a gradual recovery and passengers returning to flying.

As a non-trading company with no employees, the pandemic has not had a direct impact on the entity, nor is expected to do so in the future. There is an indirect impact as a result of declining trading performance of certain wholly owned trading entities due to COVID-19, which has resulted in reduced dividend income.

Results for the year

The results for the year are set out on page 3. The company made a loss of £7,819,000 for the financial year (2019: profit of £28,043,000) and has net assets of £382,583,000 as at 31 December 2020 (2019: £390,402,000). The directors do not recommend the payment of a dividend (2019: nil).

Post balance sheet events

On 21 September 2021, the shareholders of Meggitt PLC are due to vote on the acquisition of Meggitt PLC and all of its subsidiaries by Parker-Hannifin Corporation. The acquisition is not expected to complete until Q3 2022.

Future prospects

There are no anticipated changes to the nature of the Company. The directors continue to rely on funds being made available to the company by its parent company to enable it to discharge its liabilities.

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

MEGGITT INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Climate change

The company is subject to minimal impacts or opportunities due to climate change. The key impacts of climate change are fully discussed, in the context of the group, on pages 71 to 73 of the Meggitt PLC 2020 Annual Report, which does not form part of this report.

Directors' indemnities

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

Financial risk management objectives and policies

The key financial risk management objectives and policies are fully discussed in the context of the Meggitt PLC Group as a whole, on page 54 to 55 and in note 3 on pages 172 to 173 of the Meggitt PLC 2020 Annual Report, which does not form part of this report.

Statement of directors' responsibilities

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

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

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

In preparing the financial statements, the directors are required to:

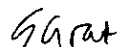
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates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

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board of Directors on 20 September 2021.

Signed by order of the Board:



S R Grant

Secretary

20 September 2021

MEGGITT INTERNATIONAL LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Net foreign exchange gains		20,624	25,994
Royalty income		34	88
Gain on disposal of subsidiary		-	57
Income from shares in group undertakings		-	32,451
Operating profit		20,658	58,590
Interest receivable from group undertakings		29,061	23,020
Interest payable to group undertakings		(65,458)	(59,985)
Finance costs - net		(36,397)	(36,965)
(Loss)/profit before taxation		(15,739)	21,625
Tax credit for the year	4	7,920	6,418
(Loss)/profit for the financial year		(7,819)	28,043

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

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

MEGGITT INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	5	8,981	9,281
Investments	6	1,542,697	1,542,609
		<u>1,551,678</u>	<u>1,551,890</u>
Current assets			
Deferred tax asset	10	1,435	8,225
Other receivables	8	362,064	332,815
		<u>363,499</u>	<u>341,040</u>
Creditors: amounts falling due within one year			
Other payables	9	(1,532,594)	(1,502,528)
Net current liabilities		<u>(1,169,095)</u>	<u>(1,161,488)</u>
Net assets		<u>382,583</u>	<u>390,402</u>
Capital and reserves			
Share capital	11	860	860
Share premium account		93,451	93,451
Revaluation reserve		116,698	116,698
Other reserves		113,520	113,520
Retained earnings		58,054	65,873
Total equity		<u>382,583</u>	<u>390,402</u>

The notes on pages 7 to 19 are an integral part of these financial statements.

The financial statements on pages 3 to 19 were approved by the Board of Directors and authorised for issue on 20 September 2021.

Audit exemption statement

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;

the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

MEGGITT INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

Signed on behalf of the directors:



K Lewis

Director

20 September 2021

Company Registration No. 02762956

MEGGITT INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	*Revaluation reserve	**Other reserves	Retained Earnings	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2019	860	93,451	116,698	113,520	37,830	362,359
Profit for the financial year	-	-	-	-	28,043	28,043
Total comprehensive income for the year	-	-	-	-	28,043	28,043
Balance at 31 December 2019	860	93,451	116,698	113,520	65,873	390,402
Loss for the financial year	-	-	-	-	(7,819)	(7,819)
Total comprehensive expense for the year	-	-	-	-	(7,819)	(7,819)
Balance at 31 December 2020	860	93,451	116,698	113,520	58,054	382,583

* Relates to 2007 revaluation of foreign currency hedged assets/liabilities.

** Relates to sale of preference share capital in Meggitt Holdings USA Inc.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

General Information

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

1.1 Accounting convention

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

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

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1 'Presentation of Financial Statements' and (ii) paragraph 118 (e) of IAS 38 'Intangible Assets';
- the requirements of paragraphs 10(d), 16 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'; and
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

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

Meggitt International Limited is a wholly owned subsidiary of Meggitt PLC and the results of Meggitt International Limited are included in the consolidated financial statements of Meggitt PLC which are publicly available, as set out in note 13.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

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

In reaching this conclusion, the directors have considered:

- the financial position of the company as set out in this report and additional information provided in the financial statements;
- the resources available to the company, including the continued support of its immediate parent company, Meggitt International Holdings Limited; and
- the principal risks and uncertainties to which the Meggitt PLC group is exposed, as set out on pages 56 to 61 of the Meggitt PLC Annual Report & Accounts 2020 (which do not form part of these financial statements), the likelihood of them arising and the mitigating actions available; and
- the impact of COVID-19 on both the entity and the Meggitt PLC group as part of their assessment.

Meggitt PLC, the group, is closely monitoring the impact of COVID-19 on its 2021 financial results and cashflows and has prepared a detailed model and revised projections for the business. The impact on the commercial aerospace segment following the outbreak of COVID-19 is substantial and unprecedented, affecting many areas of the Group's business including its employees, supply chain and customer base. To model the expected impact on the Group, a base case model has been developed which reflects its current view of the most likely impact on the Group's revenues, the extent to which appropriate mitigating actions on costs can be implemented and how this impacts cash flows over the next five years. In assessing whether the going concern principle remains appropriate, the Group has leveraged the output from this model covering the period to 20 September 2022. The Group has also considered the liquidity available to it over the period to 20 September 2022. This model has also been stress tested using a downside ('severe but plausible') scenario. Under the downside scenario, the Group has sufficient financing to be able to meet its obligations as they fall due in the period under assessment, and no covenants contained within external funding agreements would be breached.

On 2 August 2021, Meggitt PLC announced that its Board unanimously recommends that shareholders vote in favour of the formal rule 2.7 offer from Parker-Hannifin Corporation to acquire the entire issued and to be issued share capital of Meggitt PLC. This offer is subject to shareholder, regulatory and other approvals, with completion of the acquisition currently not anticipated until Q3 2022. The transaction would result in a change of control of the Group which may impact contracts including financing agreements. The directors have concluded that this change in control does not impact their assessment that the business can continue to operate as a going concern. In forming this conclusion, the directors have considered that as part of the formal offer, Parker-Hannifin Corporation has made binding commitments to HM Government to maintain Meggitt's existing R&D, product engineering and direct manufacturing labour headcount in the UK, as well as maintain Meggitt's UK headquarters and ensure the four divisions of Meggitt remain in place.

Under the UK Takeover Code, in announcing its intention to make an offer for Meggitt PLC, Parker-Hannifin Corporation is required to ensure it has every reason to believe that it can and will continue to be able to implement the offer. To satisfy these requirements, Parker-Hannifin Corporation and its advisors will have needed to ensure it will have the funds to settle the equity consideration and any debt on a change of control. These requirements, together with the disclosures Parker-Hannifin have made in its recently released annual audited financial statements regarding the financing of the Meggitt acquisition and the resources it currently has available, support the director's conclusion that Parker-Hannifin Corporation will have the ability to continue to provide support to the company during the going concern assessment period, should the acquisition complete in this period.

On this basis, the directors do not consider the potential change of control to cast significant doubt on the company's ability to continue as a going concern during the assessment period. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these statutory statements.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.3 Investments in subsidiaries

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

1.4 Intangible assets

Goodwill

The purchased goodwill of the Company is regarded as having an indefinite useful economic life and in accordance with FRS 101, is not amortised but is subject to annual tests for impairment.

In the opinion of the directors, it is not possible to determine a finite useful economic life for goodwill, due to the inherent durability of the corporate profile and the continued position of market leadership. This is supported by the high profitability of the business. Since it is not possible to identify any finite useful economic life, it is not possible to quantify any amortisation which would be charged. In reviewing the carrying value of goodwill of the business, the Board has considered the separate plans and cash flows of these businesses consistent with the requirements of FRS 101, and is satisfied that these demonstrate that no impairment has occurred. Accordingly no charge for impairment is required.

Goodwill arising on acquisitions before the date of transition to FRS 101 has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

1.5 Impairment of fixed, non-financial fixed assets

At each reporting end date, the company reviews the carrying amounts of its fixed, non-financial fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.6 Other receivables

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

1.7 Other payables

Other payables are initially recognised at fair value and subsequently measured at amortised cost. Interest payable is recognised in the income statement within finance costs as incurred.

1.8 Current tax

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

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Foreign exchange

The financial statements are presented in 'pounds sterling' (£), which is also the company's functional currency. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Dividend recognition and distribution

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

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. No dividends were approved or paid during the financial year.

2 Critical accounting estimates and judgements

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

Significant accounting estimates

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

Significant accounting judgements

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

3 Employees and directors

The company has no employees (2019: none).

The company paid no directors' emoluments during the year ended 31 December 2020 (2019: nil). All of the directors as at the year end are employees of either the ultimate parent company, Meggitt PLC, or Meggitt Aerospace Limited and are remunerated by those companies for their services to the group as a whole. The directors do not receive any remuneration in their capacity as directors of Meggitt International Limited (2019: nil), as their services were incidental to their services to the Group.

Two of the directors exercised options in the shares of the ultimate holding company, Meggitt PLC, during the year (2019: Two). No options were issued in regards to services for Meggitt International Limited.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Tax on (loss)/profit

	2020 £000	2019 £000
Current tax		
Current year taxation	(6,888)	(131)
Adjustments in respect of prior periods	(7,822)	(2,463)
	<u>(14,710)</u>	<u>(2,594)</u>
Deferred tax		
Origination and reversal of temporary differences	(147)	(5,835)
Adjustment in respect of prior periods	6,937	2,011
	<u>6,790</u>	<u>(3,824)</u>
Total tax credit for the year	<u>(7,920)</u>	<u>(6,418)</u>

Tax credit for the year is higher (2019: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%). This is explained below:

	2020 £000	2019 £000
(Loss)/profit before taxation	<u>(15,739)</u>	<u>22,155</u>
Effects of:		
(Loss)/profit before taxation multiplied by the standard rate of tax in the UK of 19.00% (2019: 19.00%)	(2,990)	4,209
Income from shares in group undertakings not taxable	-	(6,166)
Adjustments in respect of prior periods	(885)	(452)
Permanent differences	(3,897)	(4,972)
Impact of change in tax rate	(148)	963
Tax credit for the year	<u>(7,920)</u>	<u>(6,418)</u>

Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Furthermore, in the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. As the change had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The rate change will result in an additional deferred tax asset of £452,000.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Intangible assets

	Goodwill £000
Cost or valuation	
At 1 January 2020	20,623
Foreign currency adjustments	(665)
	<hr/>
At 31 December 2020	19,958
	<hr/>
Accumulated impairment	
At 1 January 2020	11,342
Foreign currency adjustments	(365)
	<hr/>
At 31 December 2020	10,977
	<hr/>
Carrying amount	
At 31 December 2020	8,981
	<hr/>
At 31 December 2019	9,281
	<hr/>

At each reporting date and whenever events indicate the carrying value may not be recoverable, the company reviews the carrying amounts of goodwill to determine whether there is any indication that those assets have suffered an impairment loss. On 19 March 2020, Meggitt PLC, the group, released a trading update in response to the COVID-19 pandemic including an announcement that in light of the highly fluid market and global macro-economic situation, it was too early to provide earnings guidance for the remainder of the 2020. The company consider this announcement to be a trigger event and therefore performed additional impairment testing of its goodwill balances at the end of March.

The recoverable amounts of goodwill has been determined based on value in use calculations. These value in use calculations are dependent on net assets of subsidiaries or estimates of future cash flows, long-term growth rates and appropriate discount rates to be applied to future cash flows of the entity. No impairment was identified as a result of these tests.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Investments

	2020 £000	2019 £000
Investments in subsidiaries	1,542,697	1,542,609
Movements in investments		
	2020 £000	2019 £000
Cost or valuation		
At 1 January	1,543,277	1,543,277
Additions	88	-
At 31 December	1,543,365	1,543,277
Impairment		
At 1 January	(668)	(668)
At 31 December	(668)	(668)
Carrying amount		
At 31 December	1,542,697	1,542,609

During the year the company made an investment in Meggitt Canada Enterprises Inc. for £88,000.

Each year the company carries out impairment tests of its investments in subsidiaries which require calculations to be made of the value in use of each entity. These value in use calculations are dependent on net assets of subsidiaries or estimates of future cash flows, long-term growth rates and appropriate discount rates to be applied to future cash flows of the entity. No impairment was identified as a result of these tests.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Meggitt USA Services Inc ** 2	USA	100	100	Non-trading company
Meggitt-USA Inc ** 2	USA	100	100	IHC
Nasco Aircraft Brake Inc ** 2	USA	100	100	Manufacturer
OECO LLC ** 5	USA	100	100	Manufacturer
Pacific Scientific Company ** 2	USA	100	100	Manufacturer
Park Chemical Company ** 2	USA	100	100	Dormant
Parkway-Hamilton Sundstrand Mexico S. de R.L de CV ** 10	Mexico	100	100	Manufacturer
Precision Engine Controls Corp ** 2	USA	100	100	Manufacturer
Securaplane Technologies Inc **	USA	100	100	Manufacturer
Techniques et Fabrications Electroniques SAS **	France	100	100	Manufacturer
Valley Association Corporation ** 11	USA	33	33	Shared site's utilities
Whittaker Aerospace ** 12	UK	100	100	Dormant
Whittaker Corporation ** 2	USA	100	100	IHC
Whittaker Development Co ** 2	USA	100	100	Dormant
Whittaker Ordnance Inc ** 2	USA	100	100	Dormant
Whittaker Technical Products Inc ** 2	USA	100	100	Dormant
Meggitt UTC Aerospace Systems LLC ** 13	USA	70	70	Manufacturer
Meggitt Finance (Beta) *	United Kingdom	100	100	Dormant
Mikroma SA **	Poland	10	10	Manufacturer
Aircraft Braking Systems Europe Limited **	United Kingdom	100	100	Dormant
Aircraft Braking Systems Services Limited **8	United Kingdom	100	100	Dormant
ABL Systems ** 6	USA	50	50	Non-trading company
Aero-Tech Composites de Mexco, S de RL CV **	Mexico	100	100	Manufacturer
Meggitt (Sapphire) GmbH *	Germany	100	100	Dormant
Meggitt (France) SAS *	France	100	100	IHC
Meggitt (Xiamen) Sensors & Control Co Limited * 1	China	100	100	Manufacturer
Meggitt A/S *	Denmark	100	100	Manufacturer
Meggitt Asia Pacific Pte Limited *	Singapore	100	100	Non-trading company
Meggitt Brazil Soluceos de Engenharia Ltda * 1	Brazil	100	100	Sales office
Meggitt Holdings (France) SAS *	France	100	100	IHC
Meggitt India Pvt Limited * 3	India	100	100	Sales office
Meggitt SA * 4	Switzerland	100	100	Manufacturer
Europeenne de Conception D'Etudes Technologiques SAS **	France	100	100	Manufacturer
Meggitt (Sensorex) SAS **	France	100	100	Manufacturer
Meggitt GmbH **	Germany	100	100	Manufacturer
Vibro-Meter Limited **	United Kingdom	100	100	Dormant
Vibro-Meter S.A.R.L. **	Switzerland	100	100	Dormant
Alston Properties LLC ** 5	USA	100	100	Non-trading company
Artus SAS **	France	100	100	Manufacturer
Meggitt (Vietnam) Co, Limited ** 7	Vietnam	100	100	Manufacturer

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Subsidiaries

(Continued)

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Meggitt (Baltimore) Inc ** 2	USA	100	100	Manufacturer
Meggitt (Erlanger) LLC ** 5	USA	100	100	Manufacturer
Meggitt (North Hollywood) Inc ** 2	USA	100	100	Manufacturer
Meggitt (Orange County) LLC ** 2	USA	100	100	Manufacturer
Meggitt (Rockmart) Inc ** 2	USA	100	100	Manufacturer
Meggitt (San Diego) Inc ** 2	USA	100	100	Manufacturer
Meggitt (Simi Valley) Inc ** 2	USA	100	100	Manufacturer
Meggitt (Troy) Inc ** 2	USA	100	100	Manufacturer
Meggitt Aircraft Braking Systems Corp ** 2	USA	100	100	Manufacturer
Meggitt Aircraft Braking Systems Kentucky Corp ** 2	USA	100	100	Manufacturer
Meggitt Aircraft Braking Systems Queretaro S de RL de C ** 9	Mexico	100	100	Manufacturer
Meggitt Defense Systems Inc ** 2	USA	100	100	Manufacturer
Meggitt Oregon Inc ** 2	USA	100	100	Manufacturer
Meggitt Queretaro LLC ** 5	USA	100	100	Manufacturer
Meggitt Safety Systems Inc ** 2	USA	100	100	Manufacturer
Meggitt Canada Enterprises Inc.* 2	Canada	100	100	Sales office
Meggitt Holdings (USA) Inc ** 2	USA	100	100	IHC

* Directly held ** Indirectly held

Abbreviation used - IHC: Intermediate holding company

Unless otherwise stated, ownership comprises ordinary shares representing 100% of the issued share capital.

1. Ownership held as registered capital (100%)
2. Ownership held as common stock (100%)
3. Ownership held as equity shares (100%)
4. Ownership held as registered shares (100%)
5. Ownership held as membership interest (100%)
6. Ownership held as ordinary shares (50%)
7. Ownership held as owner's capital (100%)
8. Ownership held as class A shares (67.5%), class B shares (12.5%) and class C shares (20%)
9. Ownership held as quota interest (100%)
10. Subsidiary of Parkway-HS, LLC - ownership held as quota interest (99.97%)
11. Ownership held as ordinary shares (33%)
12. Private unlimited company
13. Joint venture with UTC Aerospace Systems - ownership held as membership interest (70%)

As at 31 December 2020, the registered office address for all subsidiaries incorporated in the United Kingdom is Pilot Way, Ansty Business Park, Coventry, CV7 9JU. For subsidiaries not incorporated in the United Kingdom, the registered office address details are as follows:

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Subsidiaries

(Continued)

ABL Systems – 1204 Massillon Road, Akron, OH 44306, USA
Aero-Tech Composites de Mexico, S de RL de CV Carretera a Zacatecas 5570-1 Saltillo, COA, Mexico 25070
Aston Properties LLC – 14600 Myford Road, Irvine, CA 92606
Artus SAS - Chemin de Champs des Martyrs, 49240 Avrillé, France
Meggit (Vietnam) Co Ltd - Bien Hoa Industrial Zone 27 St. 16, Bien Hoa City, Dong Nai, Vietnam
Cavehurst (Finance) Ireland Unlimited Company – Gorse Valley, Tipperkevin, Ballymore Eustace, Co Kildare, Republic of Ireland
Meggit (Sapphire) GmbH - Kaiserleistr. 51, 63067 Offenbach, Main, Germany
Européenne de Conception d'Etudes Technologiques SAS - Chemin de bois Renaud, 16730, Fleac, France
Meggit A/S – Porslusvej 4 DK-3490 Kvistgaard, Denmark
Meggit (Baltimore) Inc. - 3310 Carlins Park Drive, Baltimore MD 21215, USA
Meggit (Erlanger) LLC - 1400 Jamike Avenue Erlanger, Kentucky 41018, USA
Meggit (France) SAS - 10 Rue Mercœur 75011 Paris, France
Meggit (North Hollywood) Inc. - 2616 Research Drive, Unit A, Corona, CA 92882, USA
Meggit (Orange County) Inc. - 136 Harvey Road, Suite A9 Londonderry, NH 03053, USA
Meggit (Rockmart) Inc. – 669 Goodyear Street, Rockmart, GA GA 30153, USA
Meggit (San Diego) Inc. - 10540 Heater Court, San Diego, CA 92121 USA
Meggit (Sensorex) SAS - 196 rue Louis Rustin, PO Box 63103, Archamps, Technopole, F-74166, Archamps Cedex, France
Meggit (Simi Valley) Inc. - 1915 N. Surveyor Avenue, Simi Valley, CA 93063
Meggit (Troy) Inc. - 2495 Directors Row Suite F, Indianapolis IN 46241-4907, USA
Meggit (Xiamen) Sensors & Controls Co Ltd - 230 South 5, Gao Qi Road, Xiamen 361006 People's Republic of China
Meggit Aircraft Braking Systems Corporation - 1204 Massillon Road, Akron, Ohio 44306-4186, USA
Meggit Aircraft Braking Systems Kentucky Corp - 190 Corporate Drive, Danville, KY 40422, USA
Meggit Aircraft Braking Systems Queretaro S de RL de CV - Carretera Estatal 200, Queretaro-Tequisquiapan, Colon, Mexico
Meggit Asia Pacific Pte Limited - 1A Seletar Aerospace Link, Seletar Aerospace Park, Singapore, 797552
Meggit Brasil Solucoes de Engenharia Ltda - Av Cassiano Ricardo, 601 Sls 122-128, The One Office Tower, São José dos Campos, CEP 12246-870, Brasil
Meggit Defense Systems Inc. - 9801 Muirlands Boulevard, Irvine, California 92618-2521, USA
Meggit Finance (Beta) – Pilot Way, Ansty Business Park, Coventry, CV7 9JU
Meggit Finance S.A.R.L – 20 Rue des Peupliers, L-2328 Luxembourg, Grand Duchy of Luxembourg
Meggit GmbH - Kaiserleistr. 51, 63067 Offenbach, Main, Germany
Meggit Holdings (France) SNC - Chemin de Champs des Martyrs, 49240 Avrillé, France
Meggit India Pvt Ltd (India) 901, Brigade Rubix, No 20 HMT Main Road, HMT Township, North Bangalore 56022, India
Meggit Oregon Inc. - 2010 Lafayette Avenue PO Box 887 McMinnville, OR 97128 USA
Meggit Queretaro LLC - Carretera Estatal 200, Queretaro-Tequisquiapan, Colon Mexico
Meggit SA - Rte de Moncor 4, PO Box 1616, CH-1701, Fribourg, Switzerland
Meggit Safety Systems Inc. - 1785 Voyager Avenue, Simi Valley CA 93063 USA
Meggit USA Services Inc. - 1955 N. Surveyor Avenue, Simi Valley, CA 93063 USA
Meggit Holdings (USA) Inc. - 1955 N. Surveyor Avenue, Simi Valley, CA 93063 USA
Meggit-USA Inc. - 1955 N. Surveyor Avenue, 1955 N. Surveyor Avenue USA
Nasco Aircraft Brake Inc. - 13330 Estrella Avenue, Gardena, CA 90248 USA
Oeco LLC - 4607 SE International Way, Milwaukie OR 97222
Pacific Scientific Company - 6200 Poplar Tree Court Louisville KY 40228, USA
Park Chemical Company - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
Parkway-Hamilton Sundstrand Mexico S De R L De CV - Carretera a Zacatecas 5570-1 Saltillo, COA, Mexico 25070
Meggit UTC Aerospace Systems LLC - 51 Cavalier Boulevard, Suite 200, Florence, KY 41042
Precision Engine Controls Corp - 11661 Sorrento Valley Road, San Diego CA 92121, USA
Securaplane Technologies Inc. - 12350 N Vistoso Park Road, Oro Valley, AZ 85755 USA
Techniques et Fabrications Electroniques SAS - Actisud ZI du Chapitre, 18 rue Jean Perrin, 31100 Toulouse, France
Valley Association Corporation - 1204 Massillon Road, Akron, OH 44306, USA
Vibro-Meter SARL – Route de Moncor 4, 1752 Villars-sur-Glane, Switzerland
Wallaby Gnp Australia Pty Limited – Bradley Tonks, PKF Sydney, Level 8, 1 O'Connell Street, Sydney, NSW 2000
Wallaby Gnp Industries Australia Pty Limited - Bradley Tonks, PKF Sydney, Level 8, 1 O'Connell Street, Sydney, NSW 2000
Wallaby Gnp B.A.E Pty Limited - Bradley Tonks, PKF Sydney, Level 8, 1 O'Connell Street, Sydney, NSW 2000
Wallaby Gnp (NSW) Pty Limited - Bradley Tonks, PKF Sydney, Level 8, 1 O'Connell Street, Sydney, NSW 2000
Whittaker Aerospace - Atlantic House Aviation Park West, Boumemouth International Airport, Christchurch BH23 6EW
Whittaker Development Co - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
Whittaker Ordnance Inc. - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
Whittaker Technical Products Inc. - 1955 N. Surveyor Avenue, Simi Valley, CA 93063
Zambra Legal Pty Limited – Suite 2 Level 11, 60 Castlereagh Street, Sydney, NSW 2000, Australia
Meggit Canada Enterprises Inc. - 1501 McGill College Avenue, 26th Floor, Montréal, Québec, H3A 3N9

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Other receivables

	2020 £000	2019 £000
Corporation tax recoverable	6,888	2,283
Amounts due from fellow group undertakings	355,176	330,532
	<u>362,064</u>	<u>332,815</u>

Amounts due from fellow group undertakings totalling £354,854,000 (2019: £326,323,000) are interest bearing, unsecured, have no fixed date for repayment and are repayable on demand. Interest accrues at 5%.

The remaining amounts due from fellow group undertakings totalling £322,000 (2019: £4,209,000) are non interest bearing, unsecured and are repayable on demand.

The bank account of Meggitt International Limited is in the name of 'Meggitt PLC - Re Meggitt International Limited'. The legal title to this account rests with Meggitt PLC and it is recorded as an amount due from fellow group undertakings.

9 Other payables

	2020 £000	2019 £000
Amounts due to fellow group undertakings	1,532,594	1,502,528
	<u>1,532,594</u>	<u>1,502,528</u>

Amounts due to fellow group undertakings totalling £1,530,103,000 (2019: £1,499,558,000) are interest bearing, unsecured and are repayable on demand. Interest accrues at 3%.

The remaining amounts due to fellow group undertakings totalling £2,491,000 (2019: £2,970,000) are interest free, unsecured and are repayable on demand.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Deferred taxation

	Accelerated capital allowances £000
Deferred tax liability at 1 January 2019	4,401
Deferred tax movements in prior year	
Credit to income statement	3,824
Deferred tax asset at 31 December 2019	8,225
Deferred tax movements in current year	
Charge to income statement	(6,790)
Deferred tax asset at 31 December 2020	1,435

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:

	2020 £000	2019 £000
Deferred tax asset	1,435	8,225

11 Share capital	2020 No.	2019 No.	2020 £000	2019 £000
Ordinary share capital				
Authorised, issued and fully paid				
Ordinary shares of £1 each	860,290	860,290	860	860

12 Post balance sheet events

On 21 September 2021, the shareholders of Meggitt PLC are due to vote on the acquisition of Meggitt PLC and all of its subsidiaries by Parker-Hannifin Corporation. The acquisition is not expected to complete until Q3 2022.

13 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Meggitt International Holdings Limited. The ultimate parent undertaking and controlling party is Meggitt PLC, a company incorporated in the United Kingdom. Meggitt PLC is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Meggitt PLC are available from its registered office: Pilot Way, Ansty Business Park, Coventry, CV7 9JU.