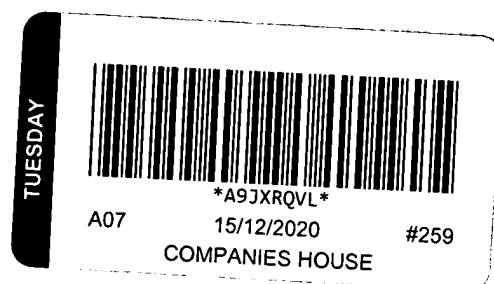


**Manlock Investments Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2019**

**Registered number 05216560**



**Manlock Investments Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2019**

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# **Manlock Investments Limited**

## **Directors' report for the year ended 31 December 2019**

The directors have pleasure in submitting their report, together with the strategic report and the audited financial statements of Manlock Investments Limited (the Company) for the year ended 31 December 2019. The Company is a private company limited by shares and is incorporated, registered and domiciled in England, number 05216560. The Company is a wholly owned subsidiary of Cobham Limited (formerly Cobham plc) and the address of the registered office of the Company is Brook Road, Wimborne, Dorset BH21 2BJ.

### **Results and dividends**

The Company's results for the year are set out in the income statement on page 9 showing a profit after tax and total comprehensive income for the financial year of £18,413,000 (2018: £16,864,000). At 31 December 2019 the Company had net assets of £429,365,000 (2018: £410,952,000). A review of the Company's business during the year and future developments, together with information on the risks and uncertainties and financial risk management are provided in the strategic report on pages 4 and 5.

No dividends was paid or proposed during the current or prior year.

### **Directors**

The following directors held office during the year and up to the date of signing these financial statements:

G J Bagwell	-	appointed 9 March 2020
S Doherty	-	appointed 9 March 2020
N R Daly	-	resigned 9 March 2020
K J Morrison	-	resigned 9 March 2020

The directors benefited from a Directors' and Officers' liability insurance policy which was in place during the financial year and at the date of this report.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report, the strategic report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK 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 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.

# **Manlock Investments Limited**

## **Directors' report for the year ended 31 December 2019 (continued)**

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to credit, liquidity and cash flow risk are described in the strategic report on pages 4 and 5.

The Company has considerable financial resources which include bank balances and amounts owed by fellow subsidiary undertakings. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. As the Company is a guarantor to a group banking facility, the directors have considered the going concern position of the Cobham group which is also well placed to manage its business risks successfully despite the current uncertain economic outlook.

The COVID-19 pandemic has become a worldwide crisis since the year end and at the date of this report the situation was still evolving. As a result, its medium term impact is not yet fully understood across the markets in which the Cobham group operates. The group has implemented a series of prevention and protection measures and is constantly monitoring compliance with decisions and recommendations from local public authorities.

COVID-19 reinforces uncertainties in the global economic context and markets; the long term impact for the Cobham group and Company is difficult to assess and will depend on the magnitude, duration and geographic extent of this pandemic. The directors, who are also directors of Cobham Limited, have reviewed forecast profits and cash flows, which have been updated to include the potential impacts of the COVID-19 pandemic, and examined the funding available to the Cobham group and its subsidiary undertakings. The directors have also referred to the Cobham group's financial and strategic three-year plan, which is also being reassessed for further opportunities as part of their initial review following the Advent acquisition. As a result of COVID-19, as well as the week by week business monitoring, the Cobham group has also undertaken a reforecast of operations for the next 12 months and applied stress tests on its cash position. These have included assuming the most severe but plausible scenarios such as no net operational cash flow over the next 12 months, and no EBITDA generation from commercial aerospace revenues. In these cases the directors have confirmed that the Cobham group (including the Company) would be able to continue to operate and settle liabilities as they fall due for a period of at least 12 months.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Independent auditors**

During the year PricewaterhouseCoopers LLP resigned as auditors to the Company, and the directors appointed Ernst & Young LLP to fill the casual vacancy. Ernst & Young LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

# **Manlock Investments Limited**

## **Directors' report for the year ended 31 December 2019 (continued)**

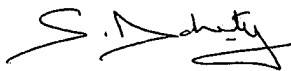
### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

By order of the board



S Doherty  
**Director**  
29 June 2020

# **Manlock Investments Limited**

## **Strategic report for the year ended 31 December 2019**

### **Business review**

The principal activity of the Company continues to be investment of long term financing in other companies solely within the Cobham group.

The results for the year and financial position at the year end are set out in the directors' report on page 1. The directors consider the results for the year to be satisfactory.

### **Future developments**

The directors are confident that next year will again show a satisfactory and profitable performance. No significant changes to the size or nature of operations are anticipated.

The COVID-19 pandemic which has affected the UK and global economy in the period since the year end has had minimal impact on the position of the Company itself, further details are provided in note 11.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to the management of its investments. Principal risks, in the context of the Cobham group as a whole, are provided on pages 9 to 15 of the Cobham Limited 2019 Annual Report and Accounts which does not form part of this report.

### **Key performance indicators**

The entity is an investment finance company and all balances and transactions are internal to the wider Cobham group. For this reason, the Company's directors believe that analysis using key performance indicators at the Company level (financial and non-financial) is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate cash flow risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company.

During the year, the directors have followed the financial risk management policies set by the board of directors of Cobham Limited which were managed by the group finance department. The Cobham group had a written treasury policy and risk management programme that sought to limit the adverse effects on the financial performance of the group which was applied by the Company.

The directors will revisit the appropriateness of these policies during 2020 following the acquisition of Cobham plc by Advent International, and will also reconsider risk management requirements should the Company's operations change in size or nature.

# Manlock Investments Limited

## Strategic report for the year ended 31 December 2019 (continued)

### Financial risk management (continued)

#### *Credit risk*

Cash and bank balances are held with banks that have been assigned satisfactory credit ratings by international credit rating agencies. Credit risk also arises in respect of amounts owed by fellow subsidiary undertakings, these are reviewed regularly and form part of the financing arrangements for the Cobham group. All balances are supported by net assets in the borrowing company and are guaranteed by the ultimate parent undertaking.

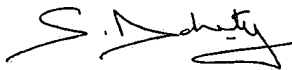
#### *Liquidity risk*

The Company retains sufficient cash to ensure it has available funds for its operations. The Company also has access to longer term funding from its ultimate parent undertaking if required.

#### *Interest rate cash flow risk*

The Company has interest bearing assets comprising cash balances, which earn interest at a floating rate and inter-company balances which earn interest at a fixed rate. In order to ensure stability of cash outflows and hence manage interest rate risk, the Company has access to fixed interest rate loans from its ultimate parent undertaking. The Company does not use derivative financial instruments to manage interest rate costs.

By order of the board



S Doherty  
**Director**  
29 June 2020

# **Manlock Investments Limited**

## **Independent auditor's report to the members of Manlock Investments Limited**

### **Opinion**

We have audited the financial statements of Manlock Investments Limited for the year ended 31 December 2019 which comprise the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 11, 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 101, Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Emphasis of matter – Effects of COVID-19**

We draw attention to note 1 and note 11 of the financial statements, which describe the economic and social disruption the Company is facing as a result of COVID-19, 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 annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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



# **Manlock Investments Limited**

## **Independent auditor's report to the members of Manlock Investments Limited (continued)**

### **Other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **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 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 or directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, set out on page 1, 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.

# **Manlock Investments Limited**

## **Independent auditor's report to the members of Manlock Investments Limited (continued)**

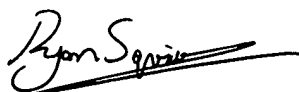
### **Auditor's responsibilities for the audit of the financial statements**

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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



Ryan Squires (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Southampton  
30 June 2020

## Manlock Investments Limited

### Income statement and statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Finance income	3	22,731	20,820
<b>Profit on ordinary activities before taxation</b>		<b>22,731</b>	20,820
Tax on profit on ordinary activities	4	(4,318)	(3,956)
<b>Profit after taxation for the year and total comprehensive income</b>		<b>18,413</b>	16,864

All the Company's activities are classed as continuing in the current and comparative year.

# Manlock Investments Limited

## Balance sheet as at 31 December 2019

	Note	2019 £000	2018 £000
<b>Assets - Current assets</b>			
Trade and other receivables	6	289,462	289,435
Cash and cash equivalents		142,304	124,919
		<b>431,766</b>	414,354
<b>Liabilities - Current liabilities</b>			
Trade and other payables	7	(2,401)	(3,402)
<b>Net assets</b>		<b>429,365</b>	410,952
<b>Equity</b>			
Share capital	8	335,000	335,000
Share premium		14,372	14,372
Retained earnings		79,993	61,580
<b>Total equity</b>		<b>429,365</b>	410,952

The financial statements on pages 9 to 18 were approved by the board on 29 June 2020 and were signed on its behalf by:



**S Doherty**  
Director

## Manlock Investments Limited

### Statement of changes in equity for the year ended 31 December 2019

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Total equity at 1 January 2018	335,000	14,372	44,716	394,088
Profit and total comprehensive income for the year	-	-	16,864	16,864
Total equity at 31 December 2018	335,000	14,372	61,580	410,952
Profit and total comprehensive income for the year	-	-	<b>18,413</b>	<b>18,413</b>
<b>Total equity at 31 December 2019</b>	<b>335,000</b>	<b>14,372</b>	<b>79,993</b>	<b>429,365</b>

# **Manlock Investments Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **1. Statement of accounting policies**

#### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101). The COVID-19 pandemic is a non-adjusting post-balance sheet event as detailed in note 11. The impact of COVID-19 has been considered where relevant for the purposes of going concern as detailed below.

The financial statements have been prepared on the going concern basis, under the historical cost convention unless as otherwise stated and in accordance with the Companies Act 2006 as applicable to companies applying FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The Company has taken advantage of the following disclosure exemptions under FRS101:

- a cash flow statement and related notes (IAS 7, Statement of Cash Flows and paragraphs 10(d) and 111 of IAS 1, Presentation of financial statements);
- Paragraph 38 of IAS 1, Presentation of Financial Statements comparative period reconciliations in respect of paragraph 79(a)(iv) of IAS 1 (number of shares outstanding);
- additional comparative information as required by paragraphs 38A to 38D of IAS 1, Presentation of Financial Statements
- capital management disclosures required by paragraphs 134 to 136 of IAS 1;
- the requirements of paragraphs 30 and 31 of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors concerning the effects of new but not yet effective IFRSs;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)–(c), 120–127 and 129 of IFRS 15, Revenue from Contracts with Customers;
- details of compensation of key management personnel required by paragraph 17 and 18A of IAS 24, Related Party Disclosures; and
- the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group.

In addition, as the consolidated financial statements of Cobham Limited include the equivalent disclosures, the following exemption under FRS 101 has also been taken:

- Financial instrument information required by IFRS 7, Financial Instruments: Disclosures and paragraphs 91 to 99 of IFRS 13, Fair value measurement except those which are relevant for the financial instruments which are held at fair value and are neither held as part of a trading portfolio or derivatives.

# **Manlock Investments Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

### **1. Statement of accounting policies (continued)**

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to credit, liquidity and cash flow risk are described in the strategic report on pages 4 and 5.

The Company has considerable financial resources which include bank balances and amounts owed by fellow subsidiary undertakings. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. As the Company is a guarantor to a group banking facility, the directors have considered the going concern position of the Cobham group which is also well placed to manage its business risks successfully despite the current uncertain economic outlook.

The COVID-19 pandemic has become a worldwide crisis since the year end and at the date of this report the situation was still evolving. As a result, its medium term impact is not yet fully understood across the markets in which the Cobham group operates. The group has implemented a series of prevention and protection measures and is constantly monitoring compliance with decisions and recommendations from local public authorities.

COVID-19 reinforces uncertainties in the global economic context and markets; the long term impact for the Cobham group and Company is difficult to assess and will depend on the magnitude, duration and geographic extent of this pandemic. The directors, who are also directors of Cobham Limited, have reviewed forecast profits and cash flows, which have been updated to include the potential impacts of the COVID-19 pandemic, and examined the funding available to the Cobham group and its subsidiary undertakings. The directors have also referred to the Cobham group's financial and strategic three-year plan, which is also being reassessed for further opportunities as part of their initial review following the Advent acquisition. As a result of COVID-19, as well as the week by week business monitoring, the Cobham group has also undertaken a reforecast of operations for the next 12 months and applied stress tests on its cash position. These have included assuming the most severe but plausible scenarios such as no net operational cash flow over the next 12 months, and no EBITDA generation from commercial aerospace revenues. In these cases the directors have confirmed that the Cobham group (including the Company) would be able to continue to operate and settle liabilities as they fall due for a period of at least 12 months.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Accounting developments**

IFRS 16, Leases and IFRIC 23, Uncertainty over Income Tax Treatments have been adopted from 1 January 2019. There were no changes to previously published accounting policies or other adjustments required on the adoption of this new standard and interpretations.

# **Manlock Investments Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

### **1. Statement of accounting policies (continued)**

#### **Management judgement and estimation uncertainty**

The preparation of financial statements requires the use of judgements and estimates that affect the application of accounting policies and reported amounts of assets, liabilities and expenses.

These judgements and estimates 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 current economic conditions have been considered when evaluating accounting judgements and estimates, including the application of the going concern basis of preparation. Although estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### Significant judgements in applying accounting policies

There were no significant judgements that the directors made in the process of applying the Company's accounting policies which require separate disclosure in these financial statements.

#### Assumptions and estimation uncertainties

At the balance sheet date there were no key assumptions concerning the future or other major sources of estimation uncertainty which had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

#### **Significant accounting policies**

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### **Interest**

Interest is recognised on an accruals basis.

#### **Current and deferred tax**

The tax expense is the sum of current tax and deferred tax. Tax is charged or credited to the income statement.

Current tax is provided at the amounts expected to be paid using rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

#### **Financial instruments**

Financial instruments are accounted for in accordance with IFRS 9, Financial Instruments and are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value at trade date.

All financial assets and liabilities are classified as current or non-current dependent upon the maturity date of the instruments. Financial assets and liabilities are presented on an offset basis when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.



# **Manlock Investments Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

### **1. Statement of accounting policies (continued)**

#### **Financial instruments (continued)**

##### Financial assets

On initial recognition, financial assets are classified as being subsequently measured at either amortised cost or fair value dependent upon the Company's business model for managing the asset and its cash flow characteristics. Financial assets are not reclassified following initial recognition unless the Company changes its business model for managing financial assets.

Financial assets are deemed to be held under one of three business models:

1. Hold to collect – where the business objective is to hold the asset to collect the contractual cash flows;
2. Hold to collect and sell - where the business objective is to hold the asset to collect the contractual cash flows and to sell the financial assets; and
3. Other

Unless specifically designated to be held at fair value through profit or loss, a financial asset is measured at amortised cost if it is held within a hold to collect business model and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have any financial assets held within a hold to collect and sell business model.

All other financial assets are held at fair value through profit or loss.

Amortised cost is measured using the effective interest method. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

##### Impairment of financial assets

The Company recognises a loss allowance against financial assets for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within 12 months from the balance sheet date.

Impairments are charged to administrative expenses in the Income Statement.

##### Financial liabilities

Subsequent to initial recognition, financial liabilities are classified as measured at fair value through profit or loss, or at amortised cost using the effective interest method.

### **2. Auditor's remuneration**

Fees for the audit of the Company's financial statements of £2,166 (2018: £1,869) were borne by another group company in the current and prior year with no recharge to the Company. Fees paid to the Company's auditor, Ernst & Young LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated group financial statements of Cobham Limited for the year ended 31 December 2019 disclose the non-audit fees on a consolidated basis.

# Manlock Investments Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 3. Finance income

	2019 £000	2018 £000
Bank interest receivable	722	464
Other interest receivable	1,743	-
Interest receivable from fellow subsidiary undertakings	15,190	15,280
Interest receivable from ultimate parent undertaking	5,076	5,076
	<b>22,731</b>	<b>20,820</b>

### 4. Tax on profit on ordinary activities

	2019 £000	2018 £000
<b>Current tax:</b>		
UK corporation tax on profit for the year	4,319	3,956
Adjustment in respect of previous years	(1)	-
<b>Tax on profit on ordinary activities</b>	<b>4,318</b>	<b>3,956</b>

The tax on profit on ordinary activities can be reconciled to the accounting profit as follows:

	2019 £000	2018 £000
<b>Profit on ordinary activities before taxation</b>	<b>22,731</b>	<b>20,820</b>
Profit on ordinary activities multiplied by the standard rate in the UK of 19.0% (2018: 19.0%)	4,319	3,956
Adjustment in respect of previous years	(1)	-
<b>Total tax on profit on ordinary activities</b>	<b>4,318</b>	<b>3,956</b>

The rate of UK Corporation tax will reduce to 17% from 1 April 2020.

### 5. Directors' emoluments and employee costs

All directors in office at the year end are employed by, and receive their emoluments from, another group undertaking. No other amounts have been paid or are owed at 31 December 2019 (2018: £nil) in respect of services supplied by the directors to the Company, since their services are incidental to their services to the Cobham group as a whole.

The Company had no employees during 2019 or 2018.

# Manlock Investments Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 6. Trade and other receivables

	2019 £000	2018 £000
Amounts owed by fellow subsidiary undertakings	232,867	232,867
Amounts owed by ultimate parent undertaking	56,397	56,397
Other receivables	198	171
	289,462	289,435

Interest is charged on amounts owed by fellow subsidiary undertakings and the ultimate parent undertaking at rates between 3.0% and 9.0% per annum (2018: 3.4% to 9.0%). These amounts are unsecured and are repayable on demand.

### 7. Trade and other payables

	2019 £000	2018 £000
Corporation tax	2,401	1,659
Accruals	-	1,743
	2,401	3,402

### 8. Share capital

#### Allotted, called up and fully paid

	2019 £000	2018 £000
335,000,002 Ordinary shares of £1 each	335,000	335,000

### 9. Contingent liabilities

The Company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the Company has issued an unlimited guarantee to support these group facilities.

The Company also has a contingent liability in respect of a contractual performance guarantee arising in the ordinary course of business. The directors do not expect anticipate that a material liability will arise in relation to this guarantee.

# **Manlock Investments Limited**

## **Notes to the financial statements for the year ended 31 December 2019 (continued)**

### **10. Ultimate parent undertaking**

At the balance sheet date, the ultimate and immediate parent undertaking and controlling party was Cobham Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Cobham Limited consolidated financial statements can be obtained from the Company Secretary at Cobham Limited, Brook Road, Wimborne, Dorset BH21 2BJ.

At the date of approval of these accounts, the ultimate holding company is AI Convoy (Cayman) Limited and the ultimate controlling party is funds controlled by Advent International Corporation.

### **11. Events after the balance sheet date**

The beginning of 2020 is affected by the global COVID-19 pandemic which is a non-adjusting post- balance sheet event. In this context, the priority for the Cobham group has been the health, safety and security of its employees as well as the continuity of its business. The group has implemented a series of prevention and protection measures and is constantly monitoring compliance with decisions and recommendations from local public authorities.

COVID-19 reinforces uncertainties in the global economic context and markets; the long term impact for the Cobham group and Company is difficult to assess and will depend on the magnitude, duration and geographic extent of this pandemic. The directors have reviewed forecast profits and cash flows, which have been updated to include the potential impacts of the COVID-19 pandemic, and examined the funding available to the Company and its subsidiary undertakings.

Based upon the directors' knowledge at the date of this report, the COVID-19 pandemic is not expected to represent a significant risk to the Company's liquidity or use of the going concern assumption.

Should the magnitude and duration of the COVID-19 pandemic be significantly worse than currently expected, some of the Company's critical accounting estimates might need to be revised, in particular the recoverable value of intercompany receivables. The impact of such revisions is under consideration, however this cannot be reliably estimated at the date of the financial statements