

Registration number: 09002080

# Esterline Technologies Global Limited

Annual report and audited financial statements

for the year ended 30 September 2020



## **Esterline Technologies Global Limited**

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## **Esterline Technologies Global Limited**

### **Company information**

<b>Directors</b>	S L Wynne L Sabol
<b>Company secretary</b>	Taylor Wessing Secretaries Limited
<b>Registered office</b>	5 New Street Square London United Kingdom EC4A 3TW
<b>Solicitors</b>	Taylor Wessing LLP 5 New Street Square London United Kingdom EC4A 3TW
<b>Bankers</b>	HSBC Bank Plc 8 Canada Square Canary Wharf London E14 5HQ
<b>Auditor</b>	Ernst & Young LLP 400 Capability Green Luton LU1 3LU

## **Esterline Technologies Global Limited**

### **Strategic report For the year ended 30 September 2020**

The directors present their Strategic report and the audited financial statements of Esterline Technologies Global Limited ("the company") for the year ended 30 September 2020.

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

#### **Principal activities and review of the business**

During the year, the company acted as a holding company for European acquisitions and investments made on behalf of the company's ultimate parent, TransDigm Group Incorporated. The statement of profit and loss and statement of other comprehensive income are set out on pages 10 and 11, respectively.

#### **Principal risks and uncertainties**

As an investment holding company, the principal risks and uncertainties faced by the company arise from the underlying trading activity of its subsidiary investments and the resulting input on the value of the investments held, and in the movements in foreign exchange, in particular the U.S. dollar, the GB pound and the Euro. These risks are managed as part of the overall Group risk management process and set out in more detail in the financial statements of the TransDigm Group Incorporated, the ultimate parent undertaking at 30 September 2020.

#### **Key performance indicators**

The company has no specific key performance indicators and the company's ultimate parent company, TransDigm Group Incorporated, has disclosed its key performance indicators. The financial statements of TransDigm Group Incorporated can be obtained from the address in note 19.

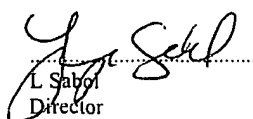
#### **Directors' Section 172 statement of compliance with duty to promote the success of the Company**

Section 172 of the Companies Act 2006 requires directors to act in a way they consider, in good faith, to be most likely to promote the success of the Company for the benefit of all stakeholders.

The Company's directors promote good corporate governance and composition of the board of directors listed on page 3 allows the Company to effectively run the business where directors are collectively responsible for the long-term success of the Company.

The Company's board of directors have put in place a process to monitor and assess the capital requirements and the risk controls to allow its business to continue to operate under existing and projected, market and business conditions.

Approved by the Board on 21/6/2021 and signed on its behalf by:

  
L. Sabot  
Director

## **Esterline Technologies Global Limited**

### **Directors' report**

#### **For the year ended 30 September 2020**

The directors present their annual report on the affairs of Esterline Technologies Global Limited (the "company") together with the financial statements and auditor's report for the year ended 30 September 2020, with the comparatives for the period from 29 September 2018 to 30 September 2019.

#### **Results and dividends**

The company's profit for the year, after taxation, amounted to \$7,460,000 (2019: loss of \$390,000). The directors' recommended payment of dividends of \$nil (2019: \$104,694,000).

The directors did not propose the payment of a dividend after year end.

#### **Future developments**

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

#### **Going concern - effects of COVID-19**

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

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

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

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

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

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

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

#### **Directors of the company**

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

S L Wynne

L Sabol (appointed 2 October 2019)

J D Crandall (resigned 2 October 2019)

## **Esterline Technologies Global Limited**

### **Directors' report (continued) For the year ended 30 September 2020**

#### **Directors' remuneration and interest**

None of the directors were remunerated for their services as directors of the company (2019: \$nil).

No director had any beneficial interest in the share capital of the company at any time during the year (2019: \$nil).

#### **Directors' indemnities**

TransDigm Group Incorporated has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision were in force during the period and at the date of signing this report for all directors of the company and its associated companies.

#### **Political contributions**

The company made no political contributions during the year ended 30 September 2020 (2019: \$nil).

#### **Post balance sheet events**

TransDigm Group Incorporated, the ultimate Parent of Esterline Technologies Global Limited has entered into an agreement with OpenGate Capital for the sale of Scioteq B.V & TREALITY business on 1st March 2021. As a result Esterline Technologies Global Limited will be divesting Scioteq business from the books.

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

Financial risks are assessed and managed at group level. The company's activities expose it to market risk through the changes in fair value of investments and the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

#### **Foreign currency risk**

The company's functional currency is US Dollar. As an investment holding company, the company is exposed to risks arising from the movements in foreign exchange, in particular the U.S. dollar, the GB pound and the Euro. These risks are managed as part of the overall group risk management process and set out in more detail in the financial statements of the TransDigm Group Incorporated, the ultimate parent undertaking at 30 September 2020.

#### **Price risk**

As an investment holding company, the principal risks and uncertainties faced by the company arise from the underlying trading activity of its subsidiary investments and the resulting input on the value of the investments held. These risks are managed as part of the overall group risk management process and set out in more detail in the financial statements of the TransDigm Group Incorporated, the ultimate parent undertaking at 30 September 2020.

#### **Credit risk**

Credit risk is the risk of suffering financial loss should the company's customers, clients or counterparties fail to fulfil their contractual obligations to the company. The company acts as a holding company for European acquisitions and investments made on behalf of the company's ultimate parent. As a result, the directors do not consider that the company is exposed to any material third party credit risk as the majority of receivables are from related companies.

The company does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities.

The credit risk on cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

## **Esterline Technologies Global Limited**

### **Directors' report (continued) For the year ended 30 September 2020**

#### **Financial risk management policies and objectives (continued)**

##### **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity management requirements. The company is dependent on the financial support of its ultimate parent undertaking, TransDigm Group Incorporated, to enable it to meet its obligations as they fall due.

##### **Interest rate risk management**

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs or reduced income from the company's interest bearing financial assets and liabilities. Where loans have fixed interest, there is no risk associated with changes in interest rates. The interest rate risk arising on interest income is immaterial and the directors do not currently consider it necessary to actively manage interest rate risk.

##### **Appointment of auditors**

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

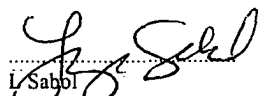
##### **Disclosure of information to the auditors**

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 auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Approved by the Board on ~~21/4/2021~~ and signed on its behalf by:

  
L. Sabol  
Director

## **Esterline Technologies Global Limited**

### **Directors' responsibility statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under that law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent auditor's report to the members of Esterline Technologies Global Limited**

### **Opinion**

We have audited the financial statements of Esterline Technologies Global Limited (the 'company') for the year ended 30 September 2020, which comprise the Profit and loss account, Statement of comprehensive income, Balance sheet, Statement of changes in equity, and the related notes 1 to 20, 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 company's affairs as at 30 September 2020 and of its profit for the year then ended; and
- 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.

### **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.

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

We have nothing to report in this regard.

## **Independent auditor's report to the members of Esterline Technologies Global Limited (continued)**

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the Directors' responsibility statement set out on page 6, 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Independent auditor's report to the members of Esterline Technologies Global Limited  
(continued)**

**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.

DocuSigned by:

Ernst & Young LLP

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Farzin Radfar (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

Date:.....June 22, 2021

**Esterline Technologies Global Limited**

**Profit and loss account  
For the year ended 30 September 2020**

		<b>Year ended 30 September 2020 \$ 000</b>	<b>Period ended 30 September 2019 \$ 000</b>
	<b>Note</b>		
<b>Turnover</b>		-	-
Administrative expenses		<u>4,797</u>	<u>(7,840)</u>
<b>Operating profit/(loss)</b>		<u>4,797</u>	<u>(7,840)</u>
Interest receivable and similar income	4	2,663	7,874
Interest payable and similar expenses	5	<u>-</u>	<u>(424)</u>
<b>Profit/(loss) before taxation</b>	6	7,460	(390)
Tax on profit or loss	9	<u>-</u>	<u>-</u>
<b>Profit/(loss) for the financial year attributable to owners of the company</b>		<u><u>7,460</u></u>	<u><u>(390)</u></u>

The above results were derived from continuing operations.

**Esterline Technologies Global Limited**

**Statement of comprehensive income  
For the year ended 30 September 2020**

	<b>Year ended 30 September 2020 \$ 000</b>	<b>Period ended 30 September 2019 \$ 000</b>
<b>Profit/(loss) for the financial year/period</b>	7,460	(390)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income/(loss) for the year/period</b>	<u>7,460</u>	<u>(390)</u>

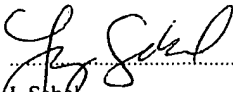
# **Esterline Technologies Global Limited**

## **Balance sheet As at 30 September 2020**

	Note	30 September 2020 \$ 000	30 September 2019 \$ 000
<b>Fixed assets</b>			
Investments	11	127,979	127,979
Debtors: amounts falling due after one year	12	71,486	65,130
		<u>199,465</u>	<u>193,109</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	1,168	55
Cash at bank and in hand		<u>1</u>	<u>11</u>
		1,169	66
<b>Creditors: amounts falling due within one year</b>	14	<u>(13)</u>	<u>(14)</u>
<b>Net current assets</b>		<u>1,156</u>	<u>52</u>
<b>Total assets less current liabilities</b>		<u>200,621</u>	<u>193,161</u>
<b>Net assets</b>		<u>200,621</u>	<u>193,161</u>
<b>Capital and reserves</b>			
Called-up share capital	16	-	-
Share premium account	17	107,171	207,171
Profit and loss account	17	<u>93,450</u>	<u>(14,010)</u>
<b>Total equity</b>		<u>200,621</u>	<u>193,161</u>

The financial statements of Esterline Technologies Global Limited (registered number: 09002080) were approved by the Board of directors and authorised for issue on 21.10.2021

They were signed on its behalf by:

  
L. Shoh  
Director

**Esterline Technologies Global Limited**

**Statement of changes in equity  
For the year ended 30 September 2020**

	Note	Called-up share capital \$ 000	Share premium account \$ 000	Profit and loss account \$ 000	Total equity \$ 000
<b>At 29 September 2018</b>		-	207,171	91,074	298,245
Loss for the period		-	-	(390)	(390)
<b>Total comprehensive loss</b>		-	-	(390)	(390)
Dividends paid	10	-	-	(104,694)	(104,694)
<b>At 30 September 2019</b>		-	207,171	(14,010)	193,161
		Called-up share capital \$ 000	Share premium account \$ 000	Profit and loss account \$ 000	Total equity \$ 000
<b>At 1 October 2019</b>		-	207,171	(14,010)	193,161
Profit for the year		-	-	7,460	7,460
<b>Total comprehensive income</b>		-	-	7,460	7,460
Capital reduction	17	-	(100,000)	100,000	-
<b>At 30 September 2020</b>		-	107,171	93,450	200,621

## **Esterline Technologies Global Limited**

### **Notes to the financial statements For the year ended 30 September 2020**

#### **1 General information**

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

The address of its registered office is:

5 New Street Square  
London  
United Kingdom  
EC4A 3TW.

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

#### **2 Accounting policies**

##### **Summary of significant accounting policies**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the requirements of the Companies Act 2006.

##### **Basis of preparation**

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

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

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

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

##### **Consolidation**

Group financial statements have not been prepared as the company is a wholly owned subsidiary and is included in the financial statements of a larger group incorporated in the USA with comparable accounting policies and is therefore entitled to take advantage of the exemption granted by section 401 of the Companies Act 2006. Consequently, these financial statements present information about the company as an individual undertaking and not about its group.



## **Esterline Technologies Global Limited**

### **Notes to the financial statements (continued) For the year ended 30 September 2020**

#### **2 Accounting policies (continued)**

##### **Going concern - effects of COVID-19**

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

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

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

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

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

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

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

##### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

##### **Financial instruments**

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

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

## **Esterline Technologies Global Limited**

### **Notes to the financial statements (continued) For the year ended 30 September 2020**

#### **2 Accounting policies (continued)**

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

###### *Financial assets and liabilities*

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

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

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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

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

###### **Impairment of assets**

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

###### *Non-financial assets*

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

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

## **Esterline Technologies Global Limited**

### **Notes to the financial statements (continued) For the year ended 30 September 2020**

#### **2 Accounting policies (continued)**

##### **Impairment of assets (continued)**

###### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

###### **Taxation**

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

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

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

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

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the company expects at the end of the reporting period, to recover or settle the carrying amount of its liabilities.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## **Esterline Technologies Global Limited**

### **Notes to the financial statements (continued) For the year ended 30 September 2020**

#### **2 Accounting policies (continued)**

##### **Taxation (continued)**

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

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

##### **Business combination**

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

##### **Investment income**

Investment income is recognised when the shareholder rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably).

##### **Interest receivable**

Interest income is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

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

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

##### **Cash and cash equivalents**

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

## **Esterline Technologies Global Limited**

### **Notes to the financial statements (continued) For the year ended 30 September 2020**

#### **2 Accounting policies (continued)**

##### **Loan notes**

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

##### **Debtors**

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

##### **Creditors**

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

##### **Borrowings**

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

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

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

##### **Share capital**

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

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## Esterline Technologies Global Limited

### Notes to the financial statements (continued) For the year ended 30 September 2020

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### *Critical judgements in applying the company's accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

##### **Fair value and recoverability of financial assets**

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

#### 4 Interest receivable and similar income

	Year ended 30 September 2020 \$ 000	Period ended 30 September 2019 \$ 000
Interest receivable on loans to group undertakings	2,663	7,874

#### 5 Interest payable and similar expenses

	Year ended 30 September 2020 \$ 000	Period ended 30 September 2019 \$ 000
Interest payable on loans from group undertakings	-	424

#### 6 Profit/(loss) before taxation

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

	Year ended 30 September 2020 \$ 000	Period ended 30 September 2019 \$ 000
Audit of the financial statements of the company	8	6
Foreign exchange (gains)/losses	(4,805)	7,831

The auditors remuneration was borne by another group undertaking.

## Esterline Technologies Global Limited

### Notes to the financial statements (continued) For the year ended 30 September 2020

#### 7 Directors' remuneration

None of the directors received remuneration in respect of qualifying services provided to the company (2019: none).

#### 8 Staff numbers and costs

The company has no employees (2019: none) and hence there are no staff costs (2019: none).

#### 9 Tax on profit or loss

Tax credit is made up as follows:

	Year ended 30 September 2020 \$ 000	Period ended 30 September 2019 \$ 000
Current tax on profit/(loss)		
UK corporation tax	-	-
Total current tax charge/(credit)	-	-

The tax on profit/(loss) before tax for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	Year ended 30 September 2020 \$ 000	Period ended 30 September 2019 \$ 000
Profit/(loss) before tax	7,460	(390)
Corporation tax at standard rate of 19% (2019: 19%)	1,417	(74)
Income not taxable in determining taxable profit	(913)	-
Expenses not deductible for tax purposes	-	1,488
Group relief	(504)	(1,414)
Total tax charge/(credit)	-	-

#### Deferred tax

There are no recognised or unrecognised deferred tax balances.

## **Esterline Technologies Global Limited**

### **Notes to the financial statements (continued) For the year ended 30 September 2020**

#### **9 Tax on profit or loss (continued)**

##### **Factors that may affect future tax charges**

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 30 September 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date and as a result, any potential deferred tax balances as at 30 September 2020 would continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing deferred tax position would be to increase the deferred tax asset by £nil.

#### **10 Dividends**

	<b>Year ended 30 September 2020 \$ 000</b>	<b>Period ended 30 September 2019 \$ 000</b>
Dividend paid to parent undertaking	-	104,694

A dividend of \$nil (2019: \$104,694) was declared and paid in the financial year.

#### **11 Investments**

<b>Subsidiaries</b>	<b>\$ 000</b>
<b>Cost or valuation</b>	
At 1 October 2019	143,630
At 30 September 2020	143,630
<b>Provision</b>	
At 1 October 2019	15,651
At 30 September 2020	15,651
<b>Carrying amount</b>	
At 30 September 2020	127,979
At 30 September 2019	127,979

In the opinion of the directors, the aggregate value of the investments in subsidiary undertakings are not less than the amount at which they are stated in the balance sheet.



## Esterline Technologies Global Limited

### Notes to the financial statements (continued) For the year ended 30 September 2020

#### 11 Investments (continued)

Details of directly held investments in principal subsidiary undertaking at 30 September 2020 were as follows:

<i>Name of Company/Principal Place of Business/Legal Registered Office</i>	<i>Country of Incorporation</i>	<i>% owned</i>	<i>Direct/Indirect</i>	<i>Principal activity</i>
ScioTeq BV ("ScioTeq")  President Kennedy Park 35A Kortrijk, Belgium 8500	Belgium	100%	Direct	Investment Holding Company

#### 12 Debtors: amounts falling due after one year

	30 September 2020 \$ 000	30 September 2019 \$ 000
Amounts owed by fellow group undertakings	71,486	65,130

Included above is a 3.625% per annum interest bearing loan note receivable of €60,100,000 issued on 28 March 2017, which is due and payable on 28 March 2024 along with any interest thereon. No guarantees have been received in respect of the outstanding amounts. On 8 May 2020, the company repaid €10,000,000 of the loan note to its fellow group undertaking.

Included above is a 7.875% per annum interest bearing loan note receivable of €10,000,000 issued on 8 May 2020, which is due and payable on 30 September 2029 with any interest thereon. No guarantees have been received in respect of the outstanding amounts.

#### 13 Debtors: amounts falling due within one year

	30 September 2020 \$ 000	30 September 2019 \$ 000
Amount owed by fellow group undertakings	1,168	55

Included above is the interest receivable balance on the loan note detailed in note 12. No guarantees have been received in respect of the outstanding amounts.

#### 14 Creditors: amounts falling due within one year

	30 September 2020 \$ 000	30 September 2019 \$ 000
Trade payables	13	8
Accruals	-	6
	13	14

## Esterline Technologies Global Limited

### Notes to the financial statements (continued) For the year ended 30 September 2020

#### 15 Loans owed by related parties

	30 September 2020 \$ 000	30 September 2019 \$ 000
Receivable in over five years:		
Note receivable from parent undertakings at 3.625% per annum wholly due on 28 March 2024	<u>71,486</u>	<u>65,130</u>

#### 16 Share capital

##### Allotted, called-up and fully paid shares

	No.	30 September 2020 \$ 000	No.	30 September 2019 \$ 000
Ordinary shares of \$1 each	<u>201</u>	<u>-</u>	<u>201</u>	<u>-</u>

#### 17 Reserves

##### Share premium account

The share premium account contains the premium arising on issue of equity shares, net of issue expenses. The company has a total share premium of \$107,171,000 as at 30 September 2020 (2019: \$207,171,000). On 20 January 2020, as part of the capital reduction exercise, \$100,000,000 of the share premium was cancelled with the balance transferred to the profit and loss account.

The movement between the share premium account and the profit and loss account is shown in statement of changes in equity.

##### Profit and loss account

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

The movement between the share premium account and the profit and loss account is shown in statement of changes in equity.

#### 18 Contingent liabilities

There is an unlimited cross guarantee in favour of the group's bankers covering the overdrafts of Esterline Technologies Holdings Limited and its subsidiary undertakings, which include Esterline Technologies Global Limited.

The company is guarantor as a wholly-owned subsidiary of its ultimate parent TransDigm Group Incorporated and has fully and unconditionally, jointly and severally guaranteed the ultimate parent undertaking's secured credit facility.

## **Esterline Technologies Global Limited**

### **Notes to the financial statements (continued) For the year ended 30 September 2020**

#### **19 Parent and ultimate parent undertaking**

The directors consider the ultimate parent undertaking and controlling party to be TransDigm Group Incorporated, a company incorporated in the United States of America. TransDigm Group Incorporated is the parent of the smallest and largest group of undertakings of which the company is a member and for which group financial statements are prepared as of 30 September 2020.

The registered office of the ultimate parent undertaking, and the address of where the financial statements which includes the company may be obtained, from TransDigm Group Incorporated, The Tower at Erieview, 1301 East 9th Street, Suite 300, Cleveland, Ohio 44114, USA.

The company's immediate parent undertaking is Esterline Technologies Management France SAS, a company incorporated in France.

#### **20 Post balance sheet events**

TransDigm Group Incorporated, ultimate Parent of Esterline Technologies Global Limited has entered into an agreement with OpenGate Capital for the sale of Scioteq B.V & TREALITY business on 1st March 2021. As a result Esterline Technologies Global Limited will be divesting Scioteq business from the books.