

Company registration number 03878561 (England and Wales)

MEGGITT ADVANCED COMPOSITES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

WEDNESDAY
TUESDAY



ABCG3BBS
A13 13/09/2022 #348
COMPANIES HOUSE
ABBJ1XMP ----
A09 31/08/2022 #81
COMPANIES HOUSE

MEGGITT ADVANCED COMPOSITES LIMITED

COMPANY INFORMATION

Director

I K Pargeter
M L Thomas
K Lewis

Secretary

S R Grant

Company number

03878561

Registered office

Pilot Way
Ansty Business Park
Coventry
CV7 9JU

MEGGITT ADVANCED COMPOSITES LIMITED

CONTENTS

	Page(s)
Director's report	1 - 2
Income statement	3
Statement of financial position	4
Statement of changes in equity	5
Notes to the financial statements	6 - 10

MEGGITT ADVANCED COMPOSITES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and unaudited financial statements for the year ended 31 December 2021.

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

Directors

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

I K Pargeter
M L Thomas
K Lewis

Principal activities and business review

The company holds an interest bearing loan receivable from a fellow group company of Meggitt PLC.

The COVID-19 pandemic continues to cause disruption to the UK and global economy and financial markets and the recovery in the civil aviation market has been slower to materialise than anticipated. As a non-trading company with no employees, the pandemic has not had a direct impact on the entity, nor is expected to do so in the future. No expected credit losses for receivables held by Meggitt Advanced Composites Limited have been noted as a result of COVID-19.

Results and dividends

The results for the year are set out on page 3. The company made a profit for the financial year of £887,000 (2020: £870,000) and has net assets of £54,863,000 as at 31 December 2021 (2020: £53,976,000). The directors do not recommend payment of a dividend (2020: £nil).

Future prospects

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

Implications of COVID-19 on the business

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

Proposed acquisition of the group by Parker-Hannifin Corporation

On 21 September 2021, the shareholders of Meggitt PLC approved an all-cash offer of 800 pence per share for the group by Parker-Hannifin Corporation. The proposed acquisition is expected to complete during Q3 2022, subject to receiving all remaining regulatory approvals. The directors have considered the impact on going concern in note 1.2.

Climate change

The company is subject to minimal impacts or opportunities due to climate change. The key impacts of climate change are fully discussed, in the context of the group, on pages 61 to 63 of the Meggitt PLC 2021 Annual Report, which does not form part of this report.

Directors' indemnities

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

MEGGITT ADVANCED COMPOSITES LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial risk management objectives and policies

The key financial risk management objectives and policies are fully discussed in the context of the Meggitt PLC group as a whole, on page 48 to 49 and in note 3 on pages 188 to 189 of the Meggitt PLC 2021 Annual Report, which does not form part of this report.

Statement of directors' responsibilities

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

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

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

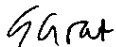
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates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

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

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

Approved by the Board of Directors on 22 August 2022.

Signed by order of the Board



S R Grant

Secretary

22 August 2022

MEGGITT ADVANCED COMPOSITES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Note	£000	£000
Interest receivable from group undertakings		1,095	1,074
		<hr/>	<hr/>
Profit before taxation		1,095	1,074
Tax on profit	4	(208)	(204)
		<hr/>	<hr/>
Profit for the financial year		887	870
		<hr/> <hr/>	<hr/> <hr/>

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

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

MEGGITT ADVANCED COMPOSITES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Non-current assets			
Other receivables	5	55,866	54,771
		<hr/>	<hr/>
Current liabilities			
Other payables	6	(1,003)	(795)
		<hr/>	<hr/>
Net current liabilities		(1,003)	(795)
		<hr/>	<hr/>
Total assets less current liabilities		54,863	53,976
		<hr/>	<hr/>
Net assets		54,863	53,976
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Other reserves		499	499
Retained earnings		54,364	53,477
		<hr/>	<hr/>
Total equity		54,863	53,976
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 6 to 10 are an integral part of these financial statements.

The financial statements on pages 3 to 10 were approved by the Board of Directors and authorised for issue on 22 August 2022.

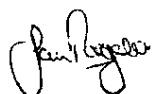
Audit exemption statement

For the year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Signed on behalf of the Board:



I K Pargeter
Director
22 August 2022

Company Registration No. 03878561

MEGGITT ADVANCED COMPOSITES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Other reserves* £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	499	52,607	53,106
	<hr/>	<hr/>	<hr/>
Profit for the financial year, being total comprehensive income	-	870	870
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	499	53,477	53,976
	<hr/>	<hr/>	<hr/>
Profit for the financial year, being total comprehensive income	-	887	887
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	499	54,364	54,863
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

* The other reserve relates to share based payments awarded to the directors of the company by the ultimate parent company, Meggitt PLC.

MEGGITT ADVANCED COMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

General Information

The company holds an interest bearing loan receivable from a fellow group company of Meggitt PLC. The company is private, limited by shares and incorporated and domiciled in the UK. The address of its registered office is Pilot Way, Ansty Business Park, Coventry, CV7 9JU.

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Accounting convention

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

These policies have been applied consistently to all years presented unless otherwise stated.

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

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

Meggitt Advanced Composites Limited is a wholly owned subsidiary of Meggitt PLC and the results of Meggitt Advanced Composites Limited are included in the consolidated financial statements of Meggitt PLC which are publicly available, as set out in note 8.

MEGGITT ADVANCED COMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern

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

In reaching this conclusion, the directors have considered:

- the financial position of the company as set out in this report and additional information provided in the financial statements;
- the resources available to the company, including the continued support of its indirect parent company, Meggitt International Holdings Limited;
- the principal risks and uncertainties to which the Meggitt PLC group is exposed, as set out on pages 50 to 57 of the Meggitt PLC Annual Report & Accounts 2021 (which do not form part of these financial statements), the likelihood of them arising and the mitigating actions available; and
- the impact of COVID-19 on both the entity and the Meggitt PLC group.

Meggitt PLC (the "group"), is closely monitoring the impact of COVID-19 on its 2022 financial results and cashflows and has prepared a detailed model and projections for the business. The group has leveraged the output of this model covering the period to 31 August 2023 in assessing whether the going concern principle remains appropriate. As part of this assessment, the group also considered the liquidity and financing available to it over the same period. This model has been stress tested and the group considers the likelihood of circumstances occurring that would result in it breaching either of its financial covenant ratios during the assessment period to be remote.

On 21 September 2021, the shareholders of Meggitt PLC approved an all-cash offer of 800 pence per share for the group by Parker-Hannifin. In assessing whether the going concern principle remains appropriate, the group also considered the impact in the event the proposed acquisition is completed, including the intent and ability of Parker-Hannifin to finance the purchase, repay liabilities becoming due on change of control, and continue to operate the group as a going concern for the remainder of the assessment period. Having taken account of publicly available information, the group believe Parker-Hannifin will be able to meet these obligations.

Based on the above, the directors have therefore concluded it is appropriate to adopt the going concern principle in these financial statements..

1.3 New standards, amendments and IFRIC interpretations

During the year, no new accounting standards, amendments or revisions to existing standards, or interpretations have become effective which had a significant impact on the financial statements.

1.4 Other receivables

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

1.5 Other payables

Other payables are initially recognised at fair value and subsequently measured at amortised cost. Other payables are not interest bearing.

MEGGITT ADVANCED COMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.6 Current tax

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

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

The Meggitt PLC group includes a number of companies, including the company, which are part of a tax group for certain aspects of the tax legislation. One of these aspects relates to group relief whereby current tax liabilities can be offset by current tax losses arising in other companies within the same tax group. Payment for group relief is made equal to the tax benefit and amounts are included within the current tax disclosures.

2 Critical accounting estimates and judgements

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

Significant accounting estimates

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

Significant accounting judgements

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

3 Employees and directors

The company has no employees (2020: none).

All of the directors as at the year end are employees of either the ultimate parent company, Meggitt PLC, or Meggitt Aerospace Limited and are remunerated by those companies for their services to the group as a whole. Directors do not receive any remuneration in their capacity as directors of Meggitt Advanced Composites Limited (2020: nil), as their services were incidental to their services to the Group.

Two of the directors exercised options in the shares of the ultimate holding company, Meggitt PLC, during the year (2020: two). No options were issued in regards to services for Meggitt Advanced Composites Limited (2020: none).

4 Tax on profit

	2021	2020
	£000	£000
Current tax		
Current year taxation	208	204

MEGGITT ADVANCED COMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Continued)

4 Tax on profit

Tax charge for the year is equal to (2020: equal to) the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%).

	2021 £000	2020 £000
Profit before taxation	1,095	1,074
Effects of: Profit before taxation multiplied by the standard rate of tax in the UK of 19.00% (2020: 19.00%)	208	204
Tax charge for the year	208	204

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021.

5 Other receivables

	2021 £000	2020 £000
Amounts due from fellow group undertakings	55,866	54,771

Amounts due from fellow group companies are unsecured, repayable on demand and interest bearing at 2%. Both parties expect and intend that the amounts remain outstanding for the foreseeable future and therefore in substance the instrument is long-term in nature and is classified as non-current.

6 Other payables

	2021 £000	2020 £000
Amounts due to fellow group undertakings	195	195
Group relief payable	808	600
	1,003	795

Amounts due to fellow group undertakings are unsecured, interest free and repayable on demand.

MEGGITT ADVANCED COMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7	Share capital	2021 No.	2020 No.	2021 £	2020 £
	<i>Allotted, issued and fully paid</i>				
	Ordinary shares of £1 each	100	100	100	100

8 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Meggitt Aerospace Limited. The ultimate parent undertaking and controlling party is Meggitt PLC, a company incorporated in the United Kingdom. Meggitt PLC is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Meggitt PLC are available from its registered office: Pilot Way, Ansty Business Park, Coventry, CV7 9JU.