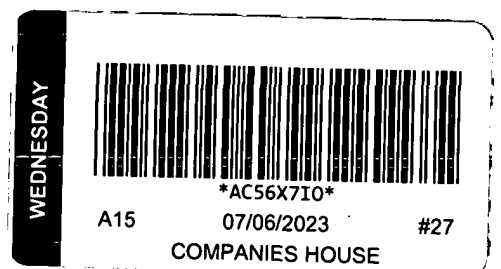


Chelton Defence Communications Limited
Annual report and financial statements
for the year ended 30 September 2022

Registered number 04576040



Chelton Defence Communications Limited
Annual report and financial statements
for the year ended 30 September 2022

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Chelton Defence Communications Limited

Directors' report for the year ended 30 September 2022

This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

The directors have pleasure in submitting their report, together with the audited financial statements of Chelton Defence Communications Limited (the Company) for the year ended 30 September 2022. Comparatives are presented for the nine months period to 30 September 2021. The Company is a private company limited by shares and is incorporated, registered and domiciled in England, number 04576040. The address of the registered office of the Company is The Chelton Centre, Fourth Avenue, Marlow, SL7 1TF.

Results

The Company's results for the year are set out in the income statement on page 6 showing a loss for the financial year after tax of £2,000 (period to 30 September 2021: £415,000 loss). At 30 September 2022, the Company had net assets of £313,000 (30 September 2021: £315,000).

Future developments

The company has ceased to trade and the Directors plan for the Company remain non-trading for the foreseeable.

Going concern

The directors have considered the going concern position of the Company, which is well placed to manage its business risks successfully. As the Company is not currently trading, the business has not seen a significant impact on its results due to COVID-19 or the geopolitical tension in Russia and Ukraine, and the current uncertain economic outlook is not expected to have any impact.

The Company has a net asset position and no present obligations. The cash reserves of the business as at 30 September 2022 were £313,000, while the cash reserves as at 30 April 2023 were £313,000. The directors have performed a going concern assessment for a period up to 31 May 2024. As part of this assessment the directors have considered the forecast cash flows of the Company, with bank charges representing the only expected cash outflow in line with the nature of the business. Taking these forecasts into account, the directors have concluded the Company is able to operate, with no reasonable scenario that would result in a break point, based on reverse stress test analysis, considering the current level of cash reserves.

As highlighted above, the company is not dependent on its ability to draw funds from any other sources, however, the Company notes that it has access to considerable additional resources that includes funding from Transdigm Group Incorporated should the need arise. The parent has confirmed in writing that it will support the company as needed so the Company can continue operating and enable it to meet its liabilities as they fall due until 31 May 2024. The Directors have performed enquiries and considered any developments since the balance sheet date that would adversely affect that conclusion and the ability of Transdigm Group Incorporated to stand behind the financial support if it is indeed required – taking into account publicly available financial information (in particular, the \$3.4bn of cash and cash equivalents, \$0.8bn of available revolving credit facility as at 1 April 2023 and the improved cash inflow from operations of \$0.5bn for the 6 months ended 1 April).

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.

On this basis, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Chelton Defence Communications Limited

Directors' report for the year ended 30 September 2022 (continued)

Directors

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

S Wynne
J M Abbott
T M Jones - resigned 27 July 2022
D Waters - appointed 27 July 2022

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 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 period.

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.

Chelton Defence Communications Limited

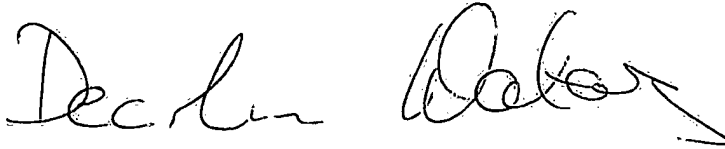
Disclosure of information to auditors

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

A handwritten signature in black ink, appearing to read 'Decian Waters', with a long horizontal stroke extending to the right.

Decian Waters

Director

31 May 2023

Independent auditors report to the members of Chelton Defence Communications Limited (continued)

Opinion

We have audited the financial statements of Chelton Defence Communications Limited (the 'company') for the year ended 30 September 2022 which comprise Income Statement, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 9, 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 30 September 2022 and of its loss 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 31 May 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 this gives to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors report to the members of Chelton Defence Communications Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

Independent auditors report to the members of Chelton Defence Communications Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

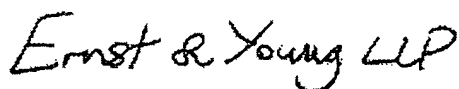
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act, 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters to understand how the company maintains and communicates its policies and procedures in these areas and corroborated by reviewing supporting documentation, such as review of board minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and meeting with management to understand where they considered there was susceptibility to fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries of management and those charged with governance. We also reviewed Board Minutes to identify any non-compliance with laws and regulations.

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
Reading
31 May 2023

Chelton Defence Communications Limited

Income statement for the year ended 30 September 2022

	Note	Year to 30 September 2022 £000	Nine months to 30 September 2021 £000
Administrative expenses		2	434
Operating loss	2	(2)	(434)
Finance income	3	-	49
Loss on ordinary activities before taxation		(2)	(385)
Tax on loss on ordinary activities	4	-	(30)
Loss after taxation for the year		(2)	(415)

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

Chelton Defence Communications Limited

Statement of comprehensive income for the year ended 30 September 2022

	Note	Year to 30 September 2022 £000	Nine months to 30 September 2021 £000
Loss after taxation for the year		(2)	(415)
Items that will not be reclassified subsequently to profit or loss			
Tax effects of re-measurements of defined benefit retirement benefit obligations	4	-	68
Other comprehensive income for the year		-	68
Total comprehensive expense for the year		(2)	(347)



Chelton Defence Communications Limited

Balance sheet as at 30 September 2022

	Note	30 September 2022 £000	30 September 2021 £000
Assets			
Current assets			
Cash and cash equivalents		313	315
Net assets		313	315
Equity			
Share capital	8	-	-
Retained earnings		313	315
Total equity		313	315

The financial statements on pages 7 to 16 were approved by the board on 31 May 2023 and were signed on its behalf by:



Declan Waters
Director

Chelton Defence Communications Limited

Statement of changes in equity for the year ended 30 September 2022

	Share capital £000	Retained earnings £000	Total equity £000
Total equity at 1 January 2021	-	2,862	2,862
Loss for the period	-	(415)	(415)
Other comprehensive income	-	68	68
Total comprehensive expense for the period	-	(347)	(347)
Dividend paid (note 6)	-	(2,200)	(2,200)
Total equity at 30 September 2021	-	315	315
Loss and total comprehensive expense for the year	-	(2)	(2)
Total equity at 30 September 2022	-	313	313

Independent auditors report to the members of Chelton Defence Communications Limited (continued)

Notes to the financial statements for the year ended 30 September 2022

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 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 FRS 101:

- 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;
- 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.

Going concern

The directors have considered the going concern position of the Company, which is well placed to manage its business risks successfully. As the Company is not currently trading, the business has not seen a significant impact on its results due to COVID-19 or the geopolitical tension in Russia and Ukraine, and the current uncertain economic outlook is not expected to have any impact.

The Company has a net asset position and no present obligations. The cash reserves of the business as at 30 September 2022 were £313,000, while the cash reserves as at 30 April 2023 were £313,000. The directors have performed a going concern assessment for a period up to 31 May 2024. As part of this assessment the directors have considered the forecast cash flows of the Company, with bank charges representing the only expected cash outflow in line with the nature of the business. Taking these forecasts into account, the directors have concluded the Company is able to operate, with no reasonable scenario that would result in a break point, based on reverse stress test analysis, considering the current level of cash reserves.

As highlighted above, the company is not dependent on its ability to draw funds from any other sources, however, the Company notes that it has access to considerable additional resources that includes funding from Transdigm Group Incorporated should the need arise. The parent has confirmed in writing that it will support the company as needed so the Company can continue operating and enable it to meet its liabilities as they fall due until 31 May

Chelton Defence Communications Limited

Notes to the financial statements for the year ended 30 September 2022 (continued)

1. Statement of accounting policies (continued)

Going concern (continued)

2024. The Directors have performed enquiries and considered any developments since the balance sheet date that would adversely affect that conclusion and the ability of Transdigm Group Incorporated to stand behind the financial support if it is indeed required – taking into account publicly available financial information (in particular, the \$3.4bn of cash and cash equivalents, \$0.8bn of available revolving credit facility as at 1 April 2023 and the improved cash inflow from operations of \$0.5bn for the 6 months ended 1 April).

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.

On this basis, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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, revenue 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, apart from those involving estimations, 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.

Chelton Defence Communications Limited

Notes to the financial statements for the year ended 30 September 2022 (continued)

1. Statement of accounting policies (continued)

Significant accounting policies

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

Current and deferred taxation

The tax expense is the sum of current tax and deferred tax. Tax is charged or credited to the income statement except when it relates to items recognised in other comprehensive income (OCI) or directly in equity, in which case the tax is also recognised in OCI or directly in equity respectively.

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. It is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and that are expected to apply in the year in which the asset is realised or liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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.

2. Operating loss

Fees for the audit of the Company's financial statements were borne by another group company in the current year with no recharge to the Company. Fees paid to the Company's auditors, 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 Transdigm Group Incorporated for the year ended 30 September 2022 disclose the non-audit fees on a consolidated basis.

3. Finance income

	Year to 30 September 2022 £000	Nine months to 30 September 2021 £000
Interest receivable from fellow subsidiary undertakings	-	49

Chelton Defence Communications Limited

Notes to the financial statements for the year ended 30 September 2022 (continued)

4. Tax on loss on ordinary activities

Tax charged in the income statement:

	Year to 30 September 2022 £000	Nine months to 30 September 2021 £000
Current tax:		
Write off R&D tax credits	-	40
Total current tax	-	40
Deferred tax:		
Adjustment in respect of previous periods	-	(10)
Deferred tax credit (note 7)	-	(10)
Tax charge on loss on ordinary activities	-	30

Deferred tax credit included in OCI:

	Year to 30 September 2022 £000	Nine months to 30 September 2021 £000
Adjustment in respect of previous periods	-	(68)

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

	Year to 30 September 2022 £000	Nine months to 30 September 2021 £000
Loss on ordinary activities before taxation	(2)	(385)
Loss on ordinary activities multiplied by the standard rate in the UK of 19.00% (2021: 19.00%)	-	(73)
Effects of:		
Tax losses carried forward	-	(6)
Non-taxable expenses	-	79
Adjustment in respect of previous periods	-	(10)
R&D tax credits written off	-	40
Total tax on loss on ordinary activities	-	30

The rate of UK Corporation tax will increase to 25% from 1 April 2023.

Chelton Defence Communications Limited

Notes to the financial statements for the year ended 30 September 2022 (continued)

5. Directors' emoluments and employee costs

All directors who served during the year ended 30 September 2022 and the period ended 30 September 2021 were employed by, and received emoluments from, other group undertakings. No specific amounts are payable in the current year or prior year in respect of services supplied by these directors to the Company.

The Company had no employees during the current year or prior period.

In the prior period, a defined benefit asset of £414,000 held at 31 December 2020 related to a previous defined benefit scheme was written off to the income statement.

6. Dividends

No dividends have been paid in the current year. An interim dividend for the period ended 30 September 2021 of £22,000 per share, representing a total dividend payment of £2,200,000 was authorised and paid in September 2021.

7. Deferred Tax

The following are the deferred tax assets and liabilities recognised by the Company, and the movements thereon:

	Retirement benefit obligations
	£000
At 1 January 2021	(78)
Credited to the income statement	10
Credited to OCI	68
At 30 September 2021 and at 30 September 2022	-

Since the business has ceased to trade, there is no expectation of available future taxable profits. Therefore, a Deferred Tax Asset for losses has not been recognised.

8. Share capital and reserves

Share capital – allotted, called up and fully paid

	30 September 2022	30 September 2021
	£	£
100 Ordinary shares of £1 each	100	100

Chelton Defence Communications Limited

Notes to the financial statements for the year ended 30 September 2022 (continued)

9. Immediate and ultimate parent undertaking

The Company's immediate parent undertaking is Chelton Limited.

At the balance sheet date, the ultimate parent undertaking and controlling party was Transdigm Group Incorporated, a company registered in the USA. This is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Transdigm Group Incorporated can be obtained from 1301 East 9th Street, Suite 3000, Cleveland, Ohio 44114, USA.