

**Company Registration No. 06469453**

**BE AEROSPACE (UK) EUROPE HOLDINGS  
LIMITED**

**Annual Report and Financial Statements  
For the 9 month period ended 29 September 2017**

**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**  
**LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 9 MONTH PERIOD ENDED 29 SEPTEMBER 2017**

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**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 9 MONTH PERIOD ENDED 29 SEPTEMBER 2017**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

W Lieberherr  
J J Baske (appointed 16 April 2018)  
V M Klopfenstein (appointed 16 February 2018)

**COMPANY SECRETARY**

Vaughn Michael Klopfenstein  
C/O Rockwell Collins 730 Wharfedale Road  
Winnersh  
Wokingham  
England  
RG41 5TP

**REGISTERED OFFICE**

C/O Rockwell Collins 730 Wharfedale Road  
Winnersh  
Wokingham  
England  
RG41 5TP

**BANKERS**

JP Morgan Chase Bank  
125 London Wall  
London  
EC2 5AJ

**SOLICITORS**

Eversheds  
1 Wood Street  
London  
EC2V 7WS  
United Kingdom

**AUDITOR**

Deloitte (NI) Limited  
Chartered Accountants and Statutory Auditor  
Belfast, United Kingdom

## **BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

### **STRATEGIC REPORT FOR THE 9 MONTH PERIOD ENDED 29 SEPTEMBER 2017**

The Directors present their Strategic Report together with the audited Financial Statements for the 9 month period ended 29 September 2017.

On 13 April 2017, the acquisition of B/E Aerospace, Inc. by Rockwell Collins, Inc. ("Rockwell Collins") was consummated pursuant to the terms of the previously announced Agreement and Plan of Merger, dated as of October 23, 2016. As a result of the merger, B/E Aerospace, Inc. became a wholly owned subsidiary of Rockwell Collins and Rockwell Collins became the ultimate parent undertaking and controlling party of the Company. As a result the Company's year end was changed to 29 September to align with the Rockwell Collins group.

#### **PRINCIPAL ACTIVITY**

The principal activity of the BE Aerospace (UK) Europe Holdings Limited ("the Company") during the period was that of an intermediate holding company. The directors expect these activities to continue into the future.

#### **BUSINESS REVIEW**

Loss before tax is \$41,551k (2016: \$57,772k profit).

The directors have reviewed this key performance indicator and have confirmed it is in line with expectations.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company is exposed to the following principal risks and uncertainties:

- The Company's credit risk is primarily attributable to its receivables from other Group Undertakings.
- In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.
- As a holding company, the Directors consider that there is also a risk regarding the trading performance of subsidiaries as this may have an impact on the carrying value of the Company's investments.
- Following the United Kingdom's decision to leave the European Union there is uncertainty around foreign exchange and future trade agreements with other EU member states. The directors are monitoring this situation and will take appropriate action as necessary.

#### **FUTURE DEVELOPMENTS**

On 4 September 2017, Rockwell Collins and United Technologies Corp. announced they had reached a definitive agreement under which United Technologies will acquire Rockwell Collins for \$140.00 per share, in cash and UTC stock. The transaction is projected to close by the third quarter of 2018. It was approved by Rockwell Collins' shareowners in a special meeting on 11 January 2018 and is subject to other customary closing conditions, including the receipt of required regulatory approvals.

The Strategic Report was approved by the Board of Directors and signed in its behalf by:



Werner Lieberherr

Director

21 June 2018

**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED  
DIRECTORS' REPORT  
FOR THE 9 MONTH PERIOD ENDED 29 SEPTEMBER 2017**

The directors present their annual report and the audited financial statements for the 9 month period ended 29 September 2017.

**DIRECTORS**

The Board of Directors, who served throughout the period and to the date of this report unless otherwise stated were:

W Lieberherr  
J J Baskc (appointed 16 April 2018)  
V M Klopfenstein (appointed 16 February 2018)  
S J Cromie (resigned 16 February 2018)  
R M Patch (resigned 13 April 2017)  
J L Bomar, Jr. (resigned 13 April 2017)

**REVIEW OF ACTIVITIES**

The company made a loss before tax of \$41,551K (2016: \$57,772k profit) for the financial period. This includes no receipt of dividend income in the period (2016: \$6,480k) from subsidiary undertakings. The company paid no dividends in 2017 to its immediate holding company. It is not anticipated that the Company will trade in the foreseeable future.

**DIVIDENDS**

During 2017 the company declared and settled no dividends (2016: \$Nil).

**GOING CONCERN**

The Directors have considered the appropriateness of the going concern assumption for the Company. In doing so, they have considered forecasts for the Company's trading subsidiaries in the context of the group structure in which it sits. As an intermediate holding company, the Company does not trade and so its results and financial position are impacted only by transactions with other group companies. The counter-party to the Company's loan notes is another B/E Aerospace group company with directors in common with the Company; the loan notes are redeemable in February 2018 and October 2020, or such earlier date should the note holders or issuer request giving notice of between 21 to 35 days. The directors do not consider early redemption to be likely. Based on these facts and the directors' review of the forecasts of the Company's trading subsidiaries, the directors have concluded that the Company has sufficient funds to continue in operational existence for a period not less than 12 months from the date of these financial statements. Thus, the going concern basis of preparation is considered appropriate.

**EVENTS AFTER THE BALANCE SHEET DATE**

There are no significant events since the balance sheet date.

**AUDITOR**

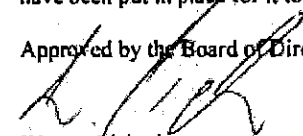
Each of the persons who are directors at the date of the approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006), of which the Company's auditor is 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 (as defined) and to establish that the Company's auditor is aware of that information;

This information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte (NI) Limited has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors on 21/06 2018 and signed on its behalf by

  
Werner Lieberherr

Director

## **BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE 9 MONTH PERIOD ENDED 29 SEPTEMBER 2017**

The directors are responsible for preparing the Annual 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 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;
- make judgments 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 BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 September 2017 and of its loss for the 9 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BE Aerospace (UK) Europe Holdings Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the entity's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

### **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.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED

## Report on other legal and regulatory requirements

### 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 9 month financial period 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.

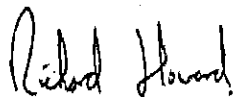
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- 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.

We have nothing to report in respect of these matters.



Richard Howard FCA (Senior statutory auditor)  
for and on behalf of Deloitte (NI) Limited  
Statutory Auditor  
Belfast, United Kingdom

29/06/2018

## BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED

### PROFIT AND LOSS ACCOUNT

For the 9 month period ended 29 September 2017

	Note	9 month period ended 29 September 2017 S'000	Year ended 31 December 2016 S'000
Administrative expenses		(24)	(30)
<b>OPERATING LOSS</b>		<b>(24)</b>	<b>(30)</b>
Income from shares in group undertakings		-	6,480
Forgiveness of intercompany creditor		-	14,341
Finance costs (net)	3	(41,527)	36,891
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(41,551)</b>	<b>57,772</b>
Tax on profit on ordinary activities	7	2,281	818
<b>PROFIT FOR THE FINANCIAL PERIOD/ YEAR</b>		<b>(39,270)</b>	<b>58,590</b>

All activities derive from continuing operations.

There are no recognised gains or losses for the current period or preceding year other than the profits stated above. Accordingly, no separate statement of comprehensive income is presented.

Notes on pages 11-20 form an integral part of the financial statements

**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

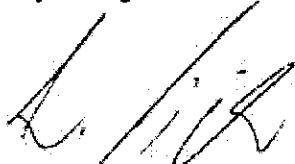
**BALANCE SHEET**

**As at 29 September 2017**

	Note	29 September 2017 \$'000	31 December 2016 \$'000
Investments	8	1,023,209	1,023,209
		<u>1,023,209</u>	<u>1,023,209</u>
<b>Current assets</b>			
Debtors	9	153,826	188,025
Cash at bank and in hand		275	2,622
		<u>154,101</u>	<u>190,647</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(311,519)</u>	<u>(308,795)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(157,418)</u>	<u>(118,148)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>865,791</u>	<u>905,061</u>
<b>NET ASSETS</b>		<u>865,791</u>	<u>905,061</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	-	-
Share premium account	11	846,463	846,463
Profit and loss account	11	19,328	58,598
		<u>865,791</u>	<u>905,061</u>
<b>SHAREHOLDER'S FUND</b>		<u>865,791</u>	<u>905,061</u>

These financial statements of BE Aerospace (UK) Europe Holdings Limited (registered number 06469453) were approved by the Board of Directors and authorised for issue on 21/06 2018.

They were signed on its behalf by:



Werner Lieberherr  
Director

Notes on pages 11-20 form an integral part of the financial statements.

**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED****STATEMENT OF CHANGES IN EQUITY****As at 29 September 2017**

	<b>Called-up share capital S'000</b>	<b>Share premium account S'000</b>	<b>Profit and loss account S'000</b>	<b>Total S'000</b>
<b>At 1 January 2016</b>	-	764,963	8	764,971
Profit for the financial year	-	-	58,590	58,590
<b>Total comprehensive income</b>		764,963	58,598	823,561
Issue of share capital	-	81,500	-	81,500
<b>At 31 December 2016</b>	-	846,463	58,598	905,061
(Loss)/Profit for the financial period	-	-	(39,270)	(39,270)
<b>Total comprehensive income</b>	-	846,463	19,328	865,791
<b>At 29 September 2017</b>	-	846,463	19,328	865,791

Notes on pages 11-20 form an integral part of the financial statements.

## **BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS**

**For the 9 month period ended 29 September 2017**

#### **1. ACCOUNTING POLICIES**

##### **General information and basis of accounting**

BE Aerospace (UK) Europe Holdings Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of BE Aerospace (UK) Europe Holdings Limited is considered to be US Dollar because that is the currency of the primary economic environment in which the Company operates and raises finance.

BE Aerospace Holdings (UK) Limited 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. BE Aerospace Holdings (UK) Limited is consolidated in the financial statements of its parent, B'E Aerospace, Inc. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

##### **Going concern**

The Directors have considered the appropriateness of the going concern assumption for the Company. In doing so, they have considered forecasts for the Company's trading subsidiaries in the context of the group structure in which it sits. As an intermediate holding company, the Company does not trade and so its results and financial position are impacted only by transactions with other group companies. The counter-party to the Company's loan notes is another B'E Aerospace group company with directors in common with the Company; the loan notes are redeemable in February 2018 and October 2020, or such earlier date should the note-holders or issuer request giving notice of between 21 to 35 days. The directors do not consider early redemption to be likely. Based on these facts and the directors' review of the forecasts of the Company's trading subsidiaries, the directors have concluded that the Company has sufficient funds to continue in operational existence for a period not less than 12 months from the date of these financial statements. Thus, the going concern basis of preparation is considered appropriate.

##### **Group financial statements**

The financial statements have been prepared in respect of the single company undertaking only. The Company has taken advantage of the exemption not to prepare group financial statements, afforded to it under s401 of the Companies Act 2006, since group financial statements that include the Company and its subsidiary are prepared and made publicly available by the Company's ultimate parent undertaking and controlling party, Rockwell Collins, Inc.

##### **Change in financial reporting period**

Rockwell Collins became the ultimate parent undertaking and controlling party of the Company on 13 April 2017. As a result the Company's yearend was changed to 29 September to align with the Rockwell Collins group. The 2017 reporting period is shorter than the comparative period. The 2017 financial performance reported in these financial statements is for the 9 months ending 29 September 2017 with the comparatives disclosed representing the results for the 12 months ending 31 December 2016.

##### **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.

## **BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the 9 month period ended 29 September 2017**

#### **1. ACCOUNTING POLICIES (Continued)**

##### **Financial Instruments (Continued)**

###### **(i) 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 statement of financial position 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 certain conditions are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the 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 these conditions 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 derecognised 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 derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

###### **(ii) Investments**

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

###### **(iii) Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

## **BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the 9 month period ended 29 September 2017**

#### **1. ACCOUNTING POLICIES (Continued)**

##### **Financial Instruments (Continued)**

###### **(iv) Convertible loan notes**

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recognition the financial liability component is recorded at its fair value. At the date of issue, in the case of a convertible bond denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently re-measured.

Transaction costs are apportioned between the liability and equity components of the convertible instrument based on their relative fair values at the date of issue. The portion relating to the equity component is charged directly against equity. Where the financial liability component meets the criteria in (i) above, the finance costs of the financial liability are recognised over the term of the debt using the effective interest method. If those criteria are not met, the financial liability component is measured at fair value through profit or loss.

###### **(v) Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

## BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the 9 month period ended 29 September 2017

#### 1. ACCOUNTING POLICIES (Continued)

##### Taxation (Continued)

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.

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 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.

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.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

##### 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 (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, 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.



**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the 9 month period ended 29 September 2017**

**2. 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 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 the financial statements.

**Critical judgements in investment carrying value**

The valuation of the carrying value of investments held is based on the continual and annual impairment reviews which include assessing investments against impairment triggers regularly and concluding on the appropriate carrying value of the investment to report. No impairment was noted as a result of the 2017 or 2016 impairment reviews.

**3. FINANCE COSTS (NET)**

	2017 \$'000	2016 \$'000
Interest payable to group companies	(15,904)	(24,460)
Interest received	1,222	3,572
Exchange gain (loss)	(26,845)	57,869
	<u>(41,527)</u>	<u>36,981</u>

**4. AUDITOR'S REMUNERATION**

The auditor's remuneration in respect of fees payable for the audit of the Company's annual financial statements is \$25,647 (2016: \$25,647).

## BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the 9 month period ended 29 September 2017

#### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There are no payments to directors in either the current or prior periods. All directors' emoluments are borne by another group company. The company has had no employees in either the current or prior periods.

#### 6. DIVIDENDS ON EQUITY

No final dividend has been proposed (2016: \$Nil). There is no liability for unpaid dividends at the balance sheet date (2016: \$Nil).

#### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2017 \$'000	2016 \$'000
Corporation tax charge for the period	(2,142)	5,382
Adjustments for prior years	(139)	(6,200)
Total current tax charge/ (Credit)	<u>(2,281)</u>	<u>(818)</u>
Profit/ (Loss) on ordinary activities before taxation	<u>(41,551)</u>	<u>57,772</u>
Tax on profit on ordinary activities at UK tax rate of 19.33% (2016: 20.0%)	(8,032)	11,554
Non taxable dividend income	-	(1,312)
Net disallowed income	700	(1,809)
Non- taxable exchange gains/losses	5,190	-
Group relief from TPM	-	(3,051)
Adjustment for prior years	(139)	(6,200)
Current tax credit	<u>(2,281)</u>	<u>(818)</u>

The standard rate of UK Corporation Tax was reduced from 21% to 20% with effect from 1 April 2015. Finance Act 2015 provides for a future reduction of the Corporation Tax rate to 19% from 1 April 2017. Finance Act 2016 further reduced the rate to 17% with effect from 1 April 2020. These reductions to the tax rate had been substantively enacted at the balance sheet date and have therefore been reflected in these financial statements.

**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the 9 month period ended 29 September 2017**

**8. INVESTMENTS**

	<b>£'000</b>
The Company's investment in subsidiaries is made up as follows:	
<b>Cost</b>	
At 1 January 2016	1,029,762
Acquisition of subsidiary undertakings	-
Disposal of subsidiary undertakings	-
At 31 December	<u>1,029,762</u>
<b>Impairment</b>	
At 1 January 2015	6,553
Acquisition of subsidiary undertakings	-
At 31 December 2016	<u>6,553</u>
Net book value at 29 September 2017	<u>1,023,209</u>
Net book value at 31 December 2016	<u>1,023,209</u>

During 2016, the Company increased its investment in BE Aerospace Holdings (UK) Limited by \$81,500k.

## BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED

### NOTES TO FINANCIAL STATEMENTS (Continued) For the 9 month period ended 29 September 2017

#### 8. INVESTMENTS (continued)

The Company's subsidiaries, all of which are wholly owned are:

Company	Country of Registration and Operation	Registered Office	Principal Activity	Holding	Proportion held	
					2016	2015
BE Aerospace Holdings (UK) Limited (company number: 00516846) *	England and Wales	C/O Rockwell Collins 730 Wharfedale Road Winnersh Wokingham England RG41 5TP	Intermediate holding company	Ordinary	100%	100%
B/E Aerospace (UK) Limited (company number: 03599118)	England and Wales	C/O Rockwell Collins 730 Wharfedale Road Winnersh Wokingham England RG41 5TP	Manufacturing	Ordinary	100%	100%
B/E Aerospace (Germany) GmbH (company number: HRB 97098)	Germany	Focksweg 36a 21129 Hamburg, Germany	Manufacturing	Ordinary	100%	100%
BE Aerospace (Netherlands) B.V. (company number: 30113214) *	Netherlands	Galvanibaan 5, 3439 MG Nieuwegein, The Netherlands	Intermediate Holding Company	Ordinary	100%	100%
B/E Aerospace B.V. (company number: 30273270)	Netherlands	Galvanibaan 5, 3439 MG Nieuwegein, The Netherlands	Manufacturing	Ordinary	100%	100%
Koninklijke Fabriek Invenum B.V. (company number: 30001132)	Netherlands	Galvanibaan 5, 3439 MG Nieuwegein, The Netherlands	Manufacturing	Ordinary	100%	100%
Wessex Advanced Switching Products Limited (company number 03846820) *	United Kingdom	C/O Rockwell Collins 730 Wharfedale Road Winnersh Wokingham England RG41 5TP	Manufacturing	Ordinary	100%	100%
SWAP (One) Limited (company number 05602971)	United Kingdom	C/O Rockwell Collins 730 Wharfedale Road Winnersh Wokingham England RG41 5TP	Intermediate Holding Company	Ordinary	100%	100%
SWAP (company number 01183279)	United Kingdom	C/O Rockwell Collins 730 Wharfedale Road Winnersh Wokingham England RG41 5TP	Intermediate Holding Company	Ordinary	100%	100%
WASP Membranes Limited (company number 01553201)	United Kingdom	C/O Rockwell Collins 730 Wharfedale Road Winnersh Wokingham England RG41 5TP	Non-Operating	Ordinary	100%	100%

**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the 9 month period ended 29 September 2017**

**8. INVESTMENTS (continued)**

Company	Country of Registration and Operation	Registered Office	Principal Activity	Holding	Proportion held	
					2016	2015
B/E Aerospace Limited (company number 895157576MC0002) *	Canada	2500 – 360 Main Street Winnipeg, Manitoba R3C 4H6	Manufacturing	Ordinary	100%	100%
EMTEQ Europe GmbH(company number CHE-106.952.135) *	Switzerland	Bitzibergstrasse 5, 8184 Bachenbülach, Switzerland	Manufacturing	Ordinary	100%	100%
Emteq Enterprises, LLC (company number 4015510) *	USA	1209 Orange Street, Wilmington, DE 19801 USA	Intermediate Holding Company	Ordinary	100%	100%
B E Aerospace (Hong Kong) Limited (company number 2219297) *	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Manufacturing	Ordinary	100%	100%
BE Aerospace Pte Limited (company 201511810E) *	Singapore		Partnership	Ordinary	100%	100%
B/E Aerospace S.r.l. (company number 09095140969) *	Italy	Foro Buonaparte no. 67, 20121 Milano (MI)	Manufacturing	Ordinary	100%	100%

\* Held directly by BE Aerospace (UK) Europe Holdings Limited

**9. DEBTORS**

	2017 \$'000	2016 \$'000
Amounts owed by parent and group undertakings	<u>153,826</u>	<u>188,025</u>

The amount due from group undertakings is repayable by the company's parent B/E Aerospace Europe Holdings LLP in respect of a \$149,850,000 loan note and interest repayable bearing interest at 0.25%; and B/E Aerospace (UK) Limited in respect of a \$37,000,000 borrowing under a \$50,000,000 revolving credit agreement. Borrowings under the revolving credit agreement with B/E Aerospace (UK) Limited bear interest at the London Interbank Offered Rate plus 2.0% per annum. The effective interest rate at September 29 2017 was 3.3%.

**BE AEROSPACE (UK) EUROPE HOLDINGS LIMITED**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the 9 month period ended 29 September 2017**

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	29 September 2017 \$'000	31 December 2016 \$'000
Loan notes due to other group undertakings	292,802	264,157
Corporation tax	-	5,382
Accruals	18,717	39,256
	<u>311,519</u>	<u>308,795</u>

Loan notes due to other group undertakings comprise 152,916,000 £1 unsecured loan notes that were issued in 2008 at par and which were redeemed post year end on 1 February 2018. Interest accrues at 9.25% per annum and is payable annually. Loan notes due to other group undertakings also comprise 78,217,059 £1 unsecured loan notes issued during 2010 at par and which are redeemable on 27 October 2020 or, if earlier at the request of the issuer with the prior written consent of the holder. Interest accrues at 5% per annum and is payable annually. The loan notes, the counterparties for which are all B/E Aerospace group companies, were listed on the Channel Islands Stock Exchange.

**12. CALLED-UP SHARE CAPITAL AND RESERVES**

	2017 \$'000	2016 \$'000
Ordinary shares 416 ordinary shares of \$1.66 each	-	-

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

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

**13. RELATED PARTY TRANSACTIONS**

In accordance with UK Financial Reporting Standards 'Related Party Disclosures', the transactions with other undertakings within the B/E Aerospace group have not been disclosed within these financial statements.

**14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's ultimate parent undertaking and controlling party is B/E Aerospace, Inc., a company incorporated in the state of Delaware, in the United States of America. The ultimate parent undertaking and controlling party is Rockwell Collins, Inc., a company incorporated in the United States of America. Rockwell Collins, Inc. is the parent of the largest and the smallest group of which the Company is a member and for which group financial statements are prepared. Copies of the group financial statements of Rockwell Collins, Inc. can be obtained from Rockwell Collins, Inc., World Headquarters, 200 Collins Road NW, Cedar Rapids, Iowa 52498, USA