Moog Components Group Limited

Report and Financial Statements

52 Week Period ended 2 October 2010

Directors
D J Norman
L Ball
P R Harvey

Secretary
L D Hutchings

Auditors
Ernst & Young LLP
Apex Plaza
Forbury Road
Reading RG1 1YE

Bankers
National Westminster Bank
PO Box 78
13 Market Place
Reading
Berkshire RG1 2EP

HSBC Bank plc
PO Box 120
49 Corn Street
Bristol BS99 7PP

J P Morgan
Chaseside
Bournemouth BH7 7WH

Registered Office
30 Suttons Park Avenue
Suttons Business Park
Reading
Berkshire RG6 1AW

Directors' report

The directors present their report and financial statements for the 52 week period ended 2 October 2010

Results and dividends

The profit for the period, after taxation, amounted to £2,041,181 (53 week period ended 3 October 2009 profit of £573,771) No dividend was paid during the period (53 week period ended 3 October 2009 – £nil)

Principal activities and review of the business

The principal activities of the company are precision engineering and the manufacture of electro-mechanical devices, principally slip rings for home and export markets together with the purchase of goods from other Moog Components Group Companies for sale in the UK

The company prepares its financial statements to the closest Saturday to 30 September each year, which in the current year is 2 October 2010 (2009 – 3 October 2009)

The company's key financial indicators during the 52 week period ended 2 October 2010 were as follows

	2010	*2009*
	£000	*£000*
Turnover	17,357	10,653
Profit before taxation	2,844	789
Profit after tax	2,041	574
Average number of employees	84	81

The company's success in targeted markets enabled turnover to increase by 63% (2009 31%) The continued growth was strongest in the export markets This growth in international trade was recognised in April 2010 when the company received the Queens Award Profit before tax rose sharply by 260%, this being achieved as a result of improved margins and by achieving major sales growth whilst incurring relatively minor increases in operating costs The company continues to hold a strong forward order book and has seen minimal impact of the global recession

The company aims to retain and develop all existing and new customers by focussing on customer service and market leading high technology products The directors believe that these strategies will enable the business and sales performance to continue to prosper through 2011 and beyond

Principal risks and uncertainties

The principal risks and uncertainties facing the company fall into the following categories

Credit risk exposure

The company endeavours to minimize the risk of financial loss caused by third parties failing to discharge an obligation by only granting credit terms to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures and limiting the value of credit extended

Liquidity risk

The company mitigates liquidity risk by managing cash flow generation throughout its operation and by applying cash collection procedures Cash flow risk is managed by careful negotiation of terms with customers and suppliers

Directors' report

Principal risks and uncertainties (continued)

Competition

Through continual product improvement and development of new products, the company provides products that are competitive in the market

Suppliers

The company carefully selects suppliers who can consistently supply a high quality service or product

Currency risk

The company has transactional currency exposures which arise from sales and purchases in currencies other than its functional currency as well as the currency risk associated with inter-company transactions in various currencies Potential exposures to foreign currency exchange rate movements are monitored through rolling cash flow forecasts in all currencies in which the company trades These are reviewed monthly and appropriate actions are taken to manage net open foreign currency positions

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to price, credit liquidity and cash flow risk are described in the preceding part of this Director's Report

The company has considerable financial resources together with a strong forward order book with a number of customers and suppliers across different geographic areas and industries As a consequence, the directors believe that the company is well placed to manage its business risk successfully despite the current uncertain economic outlook

After making enquiries, 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 accounts

Directors

The directors who served the company during the period and to the date of this report were as follows

D J Norman
L Ball
S A Huckvale (resigned – 31 December 2010)
P R Harvey (appointed – 1 January 2011)

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

L. D Hutchings

24/02/2011

L D Hutchings

Secretary

Statement of directors' responsibilities

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) 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 judgements and 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 proper 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 Moog Components Group Lımıted

We have audıted the financıal statements of Moog Components Group Lımıted for the 52 week perıod ended 2 October 2010 whıch comprıses the Profit and Loss Account, the Statement of Total Recognısed Gaıns and Losses, the Balance Sheet, and the related notes 1 to 20 The financıal reportıng framework that has been applıed ın theır preparatıon ıs applıcable law and Unıted Kıngdom Accountıng Standards (Unıted Kıngdom Generally Accepted Accountıng Practıce)

Thıs report ıs made solely to the company's members, as a body, ın accordance wıth Chapter 3 of Part 16 of the Companıes Act 2006 Our audıt work has been undertaken so that we mıght state to the company's members those matters we are requıred to state to them ın an audıtor's report and for no other purpose To the fullest extent permıtted by law, we do not accept or assume responsıbılıty to anyone other than the company and the company's members as a body, for our audıt work, for thıs report, or for the opınıons we have formed

Respectıve responsibilities of directors and auditors

As explaıned more fully ın the Dırectors' Responsıbılıtıes Statement set out on page 5, the dırectors are responsıble for the preparatıon of the financıal statements and for beıng satısfied that they gıve a true and faır vıew Our responsıbılıty ıs to audıt the financıal statements ın accordance wıth applıcable law and Internatıonal Standards on Audıtıng (UK and Ireland) Those standards requıre us to comply wıth the Audıtıng Practıces Board's (APB's) Ethıcal Standards for Audıtors

Scope of the audit of the financıal statements

An audıt ınvolves obtaınıng evıdence about the amounts and dısclosures ın the financıal statements suffıcıent to gıve reasonable assurance that the financıal statements are free from materıal mısstatement, whether caused by fraud or error Thıs ıncludes an assessment of whether the accountıng polıcıes are approprıate to the company's cırcumstances and have been consıstently applıed and adequately dısclosed, the reasonableness of sıgnıficant accountıng estımates made by the dırectors, and the overall presentatıon of the financıal statements

Opinion on the financial statements

In our opınıon the financıal statements

- gıve a true and faır vıew of the state of the company's affaırs as at 2 October 2010 and of ıts profit for the 52 week perıod then ended
- have been properly prepared ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce, and
- have been prepared ın accordance wıth the requırements of the Companıes Act 2006

Opinion on other matter prescribed by the Companıes Act 2006

In our opınıon the ınformatıon gıven ın the Dırectors' Report for the financıal year for whıch the financıal statements are prepared ıs consıstent wıth the financıal statements

Independent auditor's report

to the members of Moog Components Group Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Ernst & Young LLP

David Brown (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Reading

Date 1 March 2011

Profit and loss account

for the 52 week period ended 2 October 2010

	Notes	*52 week period ended 2 October 2010* £	*53 week period ended 3 October 2009* £
Turnover	2	17,357,403	10,653,080
Cost of sales		(13,388,282)	(8,858,551)
Gross profit		3,969,121	1,794,529
Distribution costs		(570,623)	(528,387)
Administrative expenses		(554,690)	(491,248)
Operating profit	3	2,843,808	774,894
Interest receivable	6	634	15,329
Interest payable	7	-	(761)
Profit ordinary activities before taxation		2,844,442	789,462
Tax	8	(803,261)	(215,691)
Profit for the financial period		2,041,181	573,771

Statement of total recognised gains and losses

For the 52 week period ended 2 October 2010

There are no recognised gains or losses other than the profit of £2,041,181 attributable to the shareholders for the 52 week period ended 2 October 2010 (53 week period ended 3 October 2009 – profit of £573,771)

Balance sheet

at 2 October 2010

	Notes	2 October 2010 £	3 October 2009 £
Fixed assets			
Tangible assets	9	689,504	567,190
Current assets			
Stocks	10	2,061,238	1,810,433
Debtors	11	6,251,987	3,470,269
Cash at bank		726,461	610,402
		9,039,686	5,891,104
Creditors: amounts falling due within one year	12	3,465,473	2,548,892
Net current assets		5,574,213	3,342,212
Total assets less current liabilities		6,263,717	3,909,402
Provisions for liabilities	13	526,281	213,148
		5,737,436	3,696,254
Capital and reserves			
Called up share capital	14	135,137	135,137
Profit and loss account	15	5,602,299	3,561,117
Shareholders' funds	15	5,737,436	3,696,254

D J Norman

Director

24th February 2011

Notes to the financial statements
at 2 October 2010

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The company prepares its financial statements to the closest Saturday to 30 September each year

Statement of cash flows

The company is exempt from the requirement to prepare a cash flow statement under the provisions of Financial Reporting Standard No 1(Revised), "Cash Flow Statements" Accordingly, no statement of cash flows has been included in these financial statements

Research and development

Research and development expenditure is written off in the year in which it is incurred

Tangible fixed assets

Tangible fixed assets are shown at cost, net of depreciation and any provision for impairment

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Leasehold improvements	–	over the shorter of 10% per annum and the length of the lease
Plant and machinery	–	10-33% per annum
Furniture and fittings	–	10% per annum
Motor vehicles	–	25-33% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

Stocks are stated at the lower of cost and net realisable value Costs include all costs incurred in bringing each product to its present location and condition, as follows

Raw materials	–	purchase cost on a first-in, first-out basis
Work in progress and finished goods	–	cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Provision is made for obsolete, slow moving or defective items where appropriate and for loss making contracts

Notes to the financial statements

at 2 October 2010

1. Accounting policies (continued)

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer

Deferred taxation

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, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rate at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date, or, where appropriate, at the rate of exchange in a related forward exchange contract Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Lease incentives are recognised over the shorter of the lease term and the date of the next rent review

Pensions

The company has a defined contribution pension scheme The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and if it is probable that an outflow of economic benefits will be required to settle the obligation

Warranty provision

A provision is recognised for expected warranty claims on products previously sold where it is expected that subsequent remediation of the products may be required

Notes to the financial statements

at 2 October 2010

2. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business

The analysis of turnover by geographical market has been omitted as the directors consider that disclosure would be prejudicial to the interests of the company

The directors consider that all turnover is attributable to the one continuing principal activity of the business

3. Operating Profit

This is stated after charging

	52 week period ended 2 October 2010	*53 week period ended 3 October 2009*
	£	*£*
Auditor's remuneration – audit services	19,500	20,100
– non audit services – taxation services	3,250	5,500

	52 week period ended 2 October 2010	*53 week period ended 3 October 2009*
	£	*£*
Depreciation of owned fixed assets		
Leasehold improvements	11,128	4,880
Plant and machinery	145,090	129,432
Furniture and fittings	4,536	4,423
Motor vehicles	1,788	1,788
Depreciation of owned fixed assets (note 9)	162,542	140,523
Foreign exchange loss	52,625	37,925
Increase in provisions	400,738	160,076
Operating lease rentals – land and buildings	172,396	195,695
– other	18,570	19,287
Research and development	199,969	171,023

Notes to the financial statements

at 2 October 2010

4. Directors' emoluments

	52 week period ended 2 October 2010	*53 week period ended 3 October 2009*
	£	*£*
Emoluments	107,341	115,932
Value of company pension contributions to money purchase schemes	3,580	3,303

	52 week period ended 2 October 2010	*53 week period ended 3 October 2009*
	No	*No*
Members of money purchase pension schemes	1	1

Certain directors' emoluments have been borne by fellow Moog Group companies as these directors are also directors or officers of a number of companies within the Moog Group These directors' services to the company do not occupy a significant amount of their time As such these directors do not consider that they received any remuneration for their incidental services to the company for the 52 week period ended 2 October 2010 and the 53 week period ended 3 October 2009

5. Staff costs

	52 week period ended 2 October 2010	*53 week period ended 3 October 2009*
	£	*£*
Wages and salaries	2,233,903	2,151,891
Social security costs	226,476	214,721
Staff pension contributions	58,350	56,232
	2,518,729	2,422,844

Notes to the financial statements

at 2 October 2010

5. Staff costs (continued)

The monthly average number of employees during the period was as follows

	52 week period ended 2 October 2010 No	*53 week period ended 3 October 2009 No*
Production	74	71
Distribution and selling	6	7
Administration	4	3
	84	81

6. Interest receivable

	52 week period ended 2 October 2010 £	*53 week period ended 3 October 2009 £*
Bank interest receivable	218	2,316
Interest payable by group undertakings	-	12,943
Other interest receivable	416	70
Total interest receivable	634	15,329

7. Interest payable

	52 week period ended 2 October 2010 £	*53 week period ended 3 October 2009 £*
Other interest payable	-	761
Total interest payable	-	761

Notes to the financial statements

at 2 October 2010

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	52 week period ended 2 October 2010	*53 week period ended 3 October 2009*
	£	£
Current tax		
UK corporation tax	790,617	226,576
Tax under/(over) provided in previous periods	546	(1,704)
Total current tax (note 8(b))	791,163	224,872
Deferred tax		
Origination and reversal of timing differences (note 8(d))	12,098	(9,181)
Tax on profit on ordinary activities	803,261	215,691

(b) Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (53 week period ended 3 October 2009 – 28%) The differences are explained below

	52 week period ended 2 October 2010	*53 week period ended 3 October 2009*
	£	£
Profit on ordinary activities before taxation	2,844,442	789,462
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (53 week period ended 3 October 2009 – 28%)	796,444	221,049
Effects of		
Disallowed expenses and non-taxable items	2,270	1,875
Capital allowances in excess of depreciation	(1,424)	10,258
Other timing differences	-	(1,295)
Research and development tax credit	(6,673)	(5,311)
Tax under/(over) provided in previous periods	546	(1,704)
Current tax for the year (note 8(a))	791,163	224,872

Notes to the financial statements

at 2 October 2010

8. Tax (continued)

(c) Factors that may affect future tax charges

From financial year 2011, the UK Corporation tax rate falls from 28% to 27% and thereafter by 1% per annum to 24% from financial year 2014 There will also be corresponding reductions in the rate of capital allowances The precise overall effect on these accounts is uncertain However, it is believed the deferred tax liability will fall and that the deferred tax liability can be estimated with material accuracy by using a UK Corporation tax rate of 27%

(d) Deferred tax

	52 week period ended 2 October 2010	*53 week period ended 3 October 2009*
	£	*£*
Capital allowances in advance of depreciation	(52,020)	(39,922)
Deferred taxation liability	(52,020)	(39,922)

	£
At 3 October 2009	(39,922)
Tax rate adjustments	1,426
Profit and loss account utilised during period	(13,524)
At 2 October 2010	(52,020)

9. Tangible fixed assets

	Leasehold improvements	*Plant and machinery*	*Fixtures and fittings*	*Motor vehicles*	*Total*
	£	*£*	*£*	*£*	*£*
Cost					
At 4 October 2009	40,656	1,681,592	39,520	7,150	1,768,918
Additions	127,050	152,414	5,392	-	284,856
At 2 October 2010	167,706	1,834,006	44,912	7,150	2,053,774
Depreciation					
At 4 October 2009	40,656	1,139,074	17,677	4,321	1,201,728
Provided during the period	11,128	145,090	4,536	1,788	162,542
At 2 October 2010	51,784	1,284,164	22,213	6,109	1,364,270
Net book value					
At 2 October 2010	115,922	549,842	22,699	1,041	689,504
At 4 October 2009	–	542,518	21,843	2,829	567,190

Notes to the financial statements

at 2 October 2010

10. Stocks

	2 October 2010	3 October 2009
	£	£
Raw materials	965,034	827,894
Work in progress	647,097	498,716
Finished goods	449,107	483,823
	2,061,238	1,810,433

There is no material difference between the balance sheet value of the stocks and their replacement cost

11. Debtors

	2 October 2010	3 October 2009
	£	£
Trade debtors	1,718,317	1,181,824
Amounts owed by group undertakings	4,382,763	2,173,605
Prepayments and accrued income	58,667	57,805
VAT recoverable	69,488	54,530
Other debtors	22,752	2,505
	6,251,987	3,470,269

12. Creditors: amounts falling due within one year

	2 October 2010	3 October 2009
	£	£
Payments on account	510,047	476,164
Trade creditors	1,150,216	1,209,663
Amounts owed to group undertakings	260,597	90,975
Corporation tax	429,573	112,849
Other taxation and social security	76,234	67,938
Accruals and deferred income	1,038,806	591,303
	3,465,473	2,548,892

Notes to the financial statements

at 2 October 2010

13. Provisions for liabilities

	Dilapidation Provision	*Deferred tax*	*Warranty*	*Contract loss provision*	*Total*
	£	*£*	*£*	*£*	*£*
At 4 October 2009	-	39,922	128,079	45,147	213,148
Provided during the period	120,000	12,098	299,517	132,877	564,492
Released during the period	-	-	(16,606)	(15,050)	(31,656)
Utilised during the period	-	-	(134,489)	(85,214)	(219,703)
At 2 October 2010	120,000	52,020	276,501	77,760	526,281

Contract loss provision

A provision is recognised for expected losses on outstanding manufacturing contracts It is expected that most of these losses will be incurred in the next two financial periods

Warranty

A provision is recognised for expected warranty claims on products sold during the last period It is expected that most of these costs will be incurred in the next financial period and all will have been incurred within two years of the balance sheet date

Dilapidation provision

A provision has been created to estimate the full cost of dilapidations which will be incurred at the end of the current lease in 2019

14. Issued share capital

	Allotted, called up and fully paid			
		2 October 2010		*3 October 2009*
	No	*£*	*No*	*£*
Ordinary shares of £1 each	128,702	128,702	128,702	128,702
"A" ordinary shares of £0 05 each	128,702	6,435	128,702	6,435
		135,137		135,137

Dividends and any surplus assets on a winding up are distributed eight-ninths to holders of "A" ordinary shares and one-ninth to holders of ordinary shares

Notes to the financial statements
at 2 October 2010

15. Reconciliation of shareholders' funds and movement on reserves

	Share Capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 27 September 2008	135,137	2,987,346	3,122,483
Profit for the period	-	573,771	573,771
At 4 October 2009	135,137	3,561,117	3,696,254
Profit for the period	-	2,041,181	2,041,181
At 2 October 2010	135,137	5,602,299	5,737,436

16. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £18,294 (2009 – £nil)

17. Pensions

The company has a defined contribution pension scheme available to all employees The scheme is run by trustees and its assets are separate from those of the company Employees may contribute between 2% and 15% of salary Employer contributions are fixed at 4% of salary irrespective of the employee contribution level Total contributions during the year were £58,350 (53 week period ended 3 October 2009 – £56,232) The unpaid contributions outstanding at the year end, included in accruals are £nil (53 period ended 3 October 2009 – £nil)

18. Other financial commitments

At 2 October 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2 October 2010		*3 October 2009*	
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire				
Within one year	-	4,400	-	-
In two to five years	-	5,398	-	18,440
After five years	200,700	-	-	-
	200,700	9,798	–	18,440

The company entered into a new 10 year property lease with effect from 6 November 2009, which has annual rent of £200,700 per annum

19. Related party transactions

At 2 October 2010 the company was a wholly owned subsidiary of Moog Inc , the group financial statements of which are publicly available Accordingly, the company has taken advantage of the exemptions available under FRS 8

Notes to the financial statements

at 2 October 2010

20. Ultimate parent undertaking and controlling party

The largest group in which the results of Moog Components Group Limited are consolidated is that headed by Moog Inc The smallest group in which the company is consolidated is that headed by Moog Controls Limited, registered in England The consolidated financial statements of Moog Controls Limited are available from Companies House The financial statements of Moog Inc are available from Moog Inc , East Aurora, New York 14042-0018, United States of America

The company's immediate parent company is Moog Controls Limited

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Moog Inc , which is incorporated in the United States of America