

Company Registration No. 00586505 (England and Wales)

MOOG READING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

TUESDAY



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COMPANIES HOUSE

MOOG READING LIMITED

COMPANY INFORMATION

Directors	D J Norman J Muscatello S Curtis	(Appointed 1 October 2017)
Secretary	T Martin	
Company number	00586505	
Registered office	30 Suttons Park Avenue Suttons Business Park Reading Berkshire RG6 1AW	
Auditor	Edwin Smith 32 Queens Road Reading Berkshire RG1 4AU	
Bankers	HSBC Bank plc PO BOX 120 49 Corn Street Bristol BS99 7PP	
Solicitors	Willans LLP 28 Imperial Square Cheltenham Gloucestershire GL50 1RH	

MOOG READING LIMITED

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MOOG READING LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

The directors present the strategic report for the 52 week period ended 30 September 2017.

Fair 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 group companies for sale in the UK and Europe.

The company prepares its financial statements to the closest Saturday to 30 September each year, which in the current period is 30 September 2017 (2016 – 1 October).

Strategic risks and uncertainties

Competition

The company manages risk of 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.

Key performance indicators

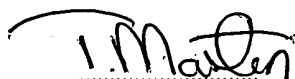
The Company's key financial and other performance indicators during the year were as follows:

	Period ended 30 September 2017 £	Period ended 1 October 2016 £	+ / -	Change
Turnover	18,058,674	13,438,466	+	34.38%
Operating profit	2,236,070	768,189	+	191.08%
Profit for the financial 52 week period	1,303,898	143,382	+	809.39%

Other information and explanations

Turnover increased by 34.38% mainly due to the commencement of some significant contracts that were not available in FY16. Turnover is expected to continue to increase in FY18 mainly due to the full year impact of these significant contracts commenced during FY17.

By order of the board



T Martin

Secretary

23/6/18

MOOG READING LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

The directors present their annual report and financial statements for the 52 week period ended 30 September 2017.

Directors

The directors who held office during the 52 week period and up to the date of signature of the financial statements were as follows:

D J Norman	
L Ball	(Resigned 1 October 2017)
J Muscatello	
P Parker-White	(Resigned 1 October 2017)
S Curtis	(Appointed 1 October 2017)

Results and dividends

The results for the 52 week period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the 52 week period. These provisions remain in force at the reporting date.

Financial instruments

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include bank overdrafts, loans and corporate bonds, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

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.

Foreign 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.

Credit risk

The company endeavours to minimise 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.

Research and development

The company undertakes Research and Development activities which are designed to improve the performance of existing products, develop new market opportunities and to extend technical knowledge on chosen product lines.

MOOG READING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

Post reporting date events

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 the Strategic 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 financial statements.

Future developments

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 2018 and beyond.

Auditor

In accordance with the company's articles, a resolution proposing that Edwin Smith be reappointed as auditor of the company will be put at a General Meeting.

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 accounting estimates that are reasonable and prudent;
- 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the principal risks and uncertainties of the company.

MOOG READING LIMITED

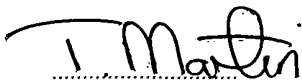
DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



T Martin

Secretary

25/6/18.

MOOG READING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF MOOG READING LIMITED

Opinion

We have audited the financial statements of Moog Reading Limited (the 'company') for the 52 week period ended 30 September 2017 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the 52 week period 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial 52 week period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MOOG READING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF MOOG READING LIMITED

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 Strategic Report and the Directors' Report.

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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



Philip Nixon (Senior Statutory Auditor)
for and on behalf of Edwin Smith

25/6/2018

Chartered Accountants
Statutory Auditor

32 Queens Road
Reading
Berkshire
RG1 4AU

MOOG READING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

		Period ended 30 September 2017 £	Period ended 1 October 2016 £
	Notes		
Turnover	3	18,058,674	13,438,466
Cost of sales		(13,553,771)	(10,633,422)
Gross profit		4,504,903	2,805,044
Distribution costs		(1,084,248)	(1,316,209)
Administrative expenses		(1,184,585)	(720,646)
Operating profit	4	2,236,070	768,189
Interest receivable and similar income	8	-	4,177
Interest payable and similar expenses	7	(601,086)	(562,649)
Profit before taxation		1,634,984	209,717
Tax on profit	9	(331,086)	(66,335)
Profit for the financial 52 week period		1,303,898	143,382

The Income Statement has been prepared on the basis that all operations are continuing operations.

MOOG READING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	5	1,177,110		1,211,467	
Investments	6	22,051,382		22,051,382	
		<u>23,228,492</u>		<u>23,262,849</u>	
Current assets					
Stocks	8	4,262,221		3,473,191	
Debtors	9	4,543,969		2,633,465	
Cash at bank and in hand		344,700		438,654	
		<u>9,150,890</u>		<u>6,545,310</u>	
Creditors: amounts falling due within one year	10	<u>(3,855,495)</u>		<u>(2,324,297)</u>	
Net current assets		5,295,395		4,221,013	
Total assets less current liabilities		<u>28,523,887</u>		<u>27,483,862</u>	
Creditors: amounts falling due after more than one year	11	(11,000,000)		(11,000,000)	
Provisions for liabilities	14	(603,033)		(866,906)	
Net assets		<u>16,920,854</u>		<u>15,616,956</u>	
Capital and reserves					
Called up share capital	15	135,137		135,137	
Capital redemption reserve		7,200,000		7,200,000	
Profit and loss reserves		9,585,717		8,281,819	
Total equity		<u>16,920,854</u>		<u>15,616,956</u>	

The directors of the company have elected not to include a copy of the income statement within the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 25/06/18 and are signed on its behalf by:


S Curtis
Director

Company Registration No. 00586505

MOOG READING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 4 October 2015	135,137	7,200,000	8,138,437	15,473,574
Period ended 1 October 2016:				
Profit and total comprehensive income for the period	-	-	143,382	143,382
Balance at 1 October 2016	135,137	7,200,000	8,281,819	15,616,956
Period ended 30 September 2017:				
Profit and total comprehensive income for the period	-	-	1,303,898	1,303,898
Balance at 30 September 2017	135,137	7,200,000	9,585,717	16,920,854

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

1 Accounting policies

Company information

Moog Reading Limited is a private company limited by shares incorporated in England and Wales. The registered office is 30 Suttons Park Avenue, Suttons Business Park, Reading, Berkshire, RG6 1AW.

The company name was changed from Moog Components Group Limited on 2 October 2017.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Moog Inc. which is incorporated in the United States of America. These consolidated financial statements are available from its registered office, East Aurora, New York 14052-0018, United States of America.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Moog Reading Limited is a wholly owned subsidiary of Moog Controls Limited and the results of both companies are included in the consolidated financial statements of Moog Inc. as stated above.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.3 Reporting period

These financial statements are for the 52 week period ending 30 September 2017, the previous reporting date was 1 October 2016.

For operational reasons, the company prepares financial statements for the 52 week period ending with the Saturday falling closest to 30 September each year. As a result these financial statements do not cover a full year, however the results are considered to be comparable with previous financial reporting periods.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Research and development expenditure credits are included in cost of sales.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	over the term of the lease
Plant and machinery	10 - 33% per annum
Fixtures, fittings & equipment	10% per annum

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.20 Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project. R&D expenditure tax credit of £37,858 (2016 - £32,069) has been included in the Cost of Sales.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Slow moving stock

Management consider any stock line not used in the last 12 months and not required for an order due to commence in next 12 months to be 'slow moving' and has been provided for accordingly.

Doubtful debts

Management policy is to provide for any debt which is doubtful to be recovered and later released if received. Bad debts are provided on specific debtor balances using managements historic knowledge of payment patterns and relationship with the customer. The provision is updated based on the latest information available at the time of publishing the financial statements.

Functional currency

Although many transactions are made in Euros and US Dollars, management consider that the functional currency of the company is British Pounds.

Loan provided by a related party

The terms of the loan and the interest rate are considered by management to be at market rates.

Non recurring engineering works

An estimate of the costs incurred on non-recurring engineering works is included in the balance sheet. These costs will be released once certain project milestones are achieved and matched against invoices raised to the client. Management consider that no profit element is recognisable on the labour costs included in other debtors at the year end.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Dilapidations provision

Management have considered that the provision for building restoration works is a fair and reasonable estimate of costs to be incurred. The provision has not been discounted historically.

Warranty costs

A provision for repairs to parts returned under warranty is calculated using a standard cost per unit. Any under / over provision is recognised when the work has been completed.

Labour and overhead rate

Work in progress includes the cost of labour and overheads absorbed using standard rates calculated and reviewed each quarter.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Provision of goods and services	18,058,674	13,438,466
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	-	4,177
	<u> </u>	<u> </u>

The directors have chosen not to disclose turnover analysis by geographical segmentation as provision of such information is considered to be prejudicial to the interests of the company.

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

The directors consider that all turnovers are attributable to the one continuing principal activity of the business.

4 Operating profit

	2017 £	2016 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses/(gains)	56,867	(140,829)
Research and development costs	33,114	-
Fees payable to the company's auditor for the audit of the company's financial statements	13,500	13,150
Depreciation of owned tangible fixed assets	298,355	276,678
Operating lease charges	331,792	317,711
	<u> </u>	<u> </u>

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

4 Operating profit

(Continued)

Exchange differences recognised in profit or loss during the 52 week period, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £56,867 (2016 - £140,829).

5 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	142,116	131,786
Company pension contributions to defined contribution schemes	4,595	4,494
	<u>146,711</u>	<u>136,280</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

6 Employees

The average monthly number of persons (including directors) employed by the company during the 52 week period was:

	2017 Number	2016 Number
Production	84	81
Distribution and selling	10	11
Administration and IT	5	4
	<u>99</u>	<u>96</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	4,740,900	3,776,378
Social security costs	337,155	301,068
Pension costs	135,527	107,170
	<u>5,213,582</u>	<u>4,184,616</u>

7 Interest payable and similar expenses

	2017 £	2016 £
Interest payable to group undertakings	<u>601,086</u>	<u>562,649</u>

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

8 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest from group companies	-	4,177

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	345,593	71,644
Adjustments in respect of prior periods	-	45,038
Total current tax	345,593	116,682
Deferred tax		
Origination and reversal of timing differences	(14,507)	(17,999)
Adjustment in respect of prior periods	-	(32,348)
Total deferred tax	(14,507)	(50,347)
Total tax charge	331,086	66,335

The actual charge for the 52 week period can be reconciled to the expected charge for the 52 week period based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	1,634,984	209,717
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	318,822	41,943
Tax effect of expenses that are not deductible in determining taxable profit	5,428	3,834
Permanent capital allowances in excess of depreciation	20,943	20,952
Other non-reversing timing differences	(22)	-
Other timing differences	422	4,915
Under/(over) provided in prior years	-	45,038
Deferred tax adjustments in respect of prior years	-	(32,348)
Deferred tax movement	(14,507)	(17,999)
Taxation charge for the period	331,086	66,335

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

9 Taxation

(Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

10 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 2 October 2016	1,159,784	2,461,330	182,917	3,804,031
Additions	-	239,328	24,670	263,998
Disposals	-	(56,370)	-	(56,370)
Transfers	-	20,714	(20,714)	-
At 30 September 2017	1,159,784	2,665,002	186,873	4,011,659
Depreciation and impairment				
At 2 October 2016	677,360	1,823,801	91,403	2,592,564
Depreciation charged in the 52 week period	156,458	126,543	15,354	298,355
Eliminated in respect of disposals	-	(56,370)	-	(56,370)
Transfers	-	3,970	(3,970)	-
At 30 September 2017	833,818	1,897,944	102,787	2,834,549
Carrying amount				
At 30 September 2017	325,966	767,058	84,086	1,177,110
At 1 October 2016	482,424	637,529	91,514	1,211,467

11 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	12	22,051,382	22,051,382

On 23 August 2012, the company acquired 100% of the issued share capital of Trittech Holdings Limited and its wholly owned subsidiary Trittech International Limited.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

12 Subsidiaries

Details of the company's subsidiaries at 30 September 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Tritech Holdings Limited	Peregrine Road, Westhill Business Park, Westhill, Aberdeen, Aberdeenshire, AB32 6JL, United Kingdom	Non - trading company	Ordinary shares	100.00	-
Tritech International Limited	Peregrine Road, Westhill Business Park, Westhill, Aberdeenshire, AB32 6JL, United Kingdom	Trading company	Ordinary shares	-	100.00

13 Stocks

	2017 £	2016 £
Raw materials and consumables	1,489,170	1,578,551
Work in progress	2,079,518	1,740,145
Finished goods and goods for resale	693,533	154,495
	<u>4,262,221</u>	<u>3,473,191</u>

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	4,202,123	2,311,708
Amounts owed by group undertakings	26,479	49,988
Other debtors	90,054	95,716
Prepayments and accrued income	218,958	176,053
	<u>4,537,614</u>	<u>2,633,465</u>
Deferred tax asset (note 18)	6,355	-
	<u>4,543,969</u>	<u>2,633,465</u>

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Payments received on account	324,780	309,976
Trade creditors	1,004,315	1,086,531
Amounts due to group undertakings	1,606,695	170,862
Corporation tax	280,713	12,553
Other taxation and social security	86,036	79,737
Accruals and deferred income	552,956	664,638
	<u>3,855,495</u>	<u>2,324,297</u>

16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Other borrowings	17	<u>11,000,000</u>	<u>11,000,000</u>
Amounts included above which fall due after five years are as follows:			
Payable other than by instalments		<u>11,000,000</u>	<u>7,000,000</u>

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

17 Loans and overdrafts

	2017 £	2016 £
Loans from group undertakings	11,000,000	11,000,000
Payable after one year	11,000,000	11,000,000

Interest is charged at market rates.

During the year, the intra-group loans of £4,000,000 and £7,000,000 were replaced with an £11,000,000 loan from the immediate parent company, Moog Controls Limited, expiring December 2022. Interest on the new loan is charged at a rate of 5.46% p.a. Interest due up until the date of transfer was fully paid.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Balances:				
Accelerated capital allowances	-	12,957	1,261	-
Retirement benefit obligations	-	(4,805)	5,094	-
	-	8,152	6,355	-
Movements in the 52 week period:				2017 £
Liability at 2 October 2016				8,152
Credit to profit or loss				(14,507)
Liability/(Asset) at 30 September 2017				(6,355)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

19 Provisions for liabilities

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	Notes	2017 £	2016 £
Dilapidations provision		166,500	166,500
Warranty provision		356,004	539,151
Contract loss provision		80,529	153,103
		<u>603,033</u>	<u>858,754</u>
Deferred tax liabilities	18	-	8,152
		<u>603,033</u>	<u>866,906</u>

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Dilapidations provision £	Warranty provision £	Contract loss provision £	Total £
At 2 October 2016	166,500	539,151	153,103	858,754
Additional provisions in the year	-	358,705	276,026	634,731
Reversal of provision	-	(87,167)	(1,739)	(88,906)
Utilisation of provision	-	(454,685)	(346,861)	(801,546)
At 30 September 2017	<u>166,500</u>	<u>356,004</u>	<u>80,529</u>	<u>603,033</u>

Dilapidations 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.

Warranty provision

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.

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 financial period.

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

20 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
128,702 Ordinary shares of £1 each	128,702	128,702
128,700 'A' ordinary shares of 5p each	6,435	6,435
	<u>135,137</u>	<u>135,137</u>

Dividends and any surplus assets on a winding up order are distributed one ninth to holders of ordinary shares.

Dividends and any surplus assets on a winding up order are distributed eight ninths to holders of ordinary A shares.

21 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>135,527</u>	<u>107,170</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Employees may contribute between 2% and 15% of salary. Employer contributions are fixed at 4% of salary irrespective of the employee contribution level.

The unpaid contributions outstanding at the period end, included in accruals are £26,808 (1 October 2016 - £24,643)

22 Financial commitments, guarantees and contingent liabilities

The company has provided a guarantee to HM Revenue and Customs for £24,000 in respect of import duties.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	307,608	304,448
Between two and five years	346,504	611,697
	<u>654,112</u>	<u>916,145</u>

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements were £317,301 (2016: £317,112).

MOOG READING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 30 SEPTEMBER 2017

24 Related party transactions

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
Amounts owed to related parties		
Entities with control, joint control or significant influence over the company	11,489,104	11,012,999
Entities over which the entity has control, joint control or significant influence	6,002	6,999
Other related parties	<u>1,111,589</u>	<u>150,864</u>

The following amounts were outstanding at the reporting end date:

	2017
	Balance
	£
Amounts owed by related parties	
Other related parties	<u>26,479</u>
	2016
	Balance
	£
Amounts owed in previous period	
Other related parties	<u>49,988</u>

In addition to the exemption from disclosing the remuneration of key management personnel, the company has taken advantage of the exemption from disclosing transactions with wholly owned fellow subsidiary companies of the Moog Inc. group.

25 Controlling party

The company's immediate parent undertaking 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. The financial statements of Moog Inc. are available from Moog Inc., East Aurora, New York 14052-0018, United States of America.

The smallest group in which the company results are included is that headed by Moog Controls Limited, registered in England. The largest group in which the results of Moog Components Group Limited are included is that headed by Moog Inc.