


1171948

# Moog Controls Limited

## Report and Financial Statements

30 September 2004

 ERNST & YOUNG



# Moog Controls Limited

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Registered No: 1171948

## **Directors**

S A Huckvale  
M J McLaren  
N P Cottell  
S Eranki  
C A Lewis  
P Garrad

## **Secretary**

P Garrad

## **Auditors**

Ernst & Young LLP  
One Bridewell Street  
Bristol  
BS1 2AA

## **Bankers**

Barclays Bank plc  
Corporate Banking Centre  
P O Box 119  
Park House  
Newbrick Road  
Stoke Gifford  
Bristol  
BS34 8TN

## **Solicitors**

Williams  
28-29 Imperial Square  
Cheltenham  
Gloucestershire  
GL50 1RH

## **Registered Office**

Ashchurch  
Tewkesbury  
Gloucestershire  
GL20 8NA

## Director's report

The directors present their report together with financial statements of the company for the year ended 30 September 2004.

### Principal activities

The principal activity of the group is that of the manufacture of electro-hydraulic servo control mechanisms for use in aerospace and industrial applications. The product lines consist of servo valves and servo actuators with related electronics and the repair and servicing of these product lines.

### Business review

The decrease in trading is due to the general decrease in the European Industrial sector activity. Prospects within this sector remain fairly buoyant at current levels of activity. No short term growth is anticipated. We expect to retain our market position in both the Aerospace and Industrial sectors.

### Results and dividends

The profit for the year after taxation amounted to £1,330,000 (2003 - profit of £1,665,000).

The directors have declared dividends of £Nil (2003 - £Nil).

### Research and development

The group has continued research and development into both existing and new products in the fields of technology in which the group presently operates. Costs of £1,041,000 (2003 - £1,142,000) attributable to research and development have been written off in the year.

### Directors and directors' interests

The directors who held office during the year were:

S A Huckvale  
M J McLaren  
N P Cottell  
S Eranki  
C A Lewis  
P Garrad

None of the directors held any interest in the share capital of the company during the year. Their interests in the share capital of the ultimate parent undertaking, Moog Inc, are disclosed in the financial statements of that company.

### Creditor payment policy and practice

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with. At 30 September 2004, the group had an average of 21 days (2003 - 24 days) purchases outstanding in trade creditors.

### Disabled employees

The group gives full consideration to applicants for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever possible.

## Director's report

### Employee Involvement

During the year, the policy of providing employees with information about the group has been continued through newsletters and publications in which employees have been encouraged to present their suggestions and views. Employees are regularly provided with a wide range of information concerning the performance and prospects of the business in which they are involved by means of employee meetings, which allow a free flow of information and ideas.


### Political and charitable contributions

During the year, the group made various charitable contributions totaling £1,000 (2003 - £2,000).

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of Ernst & Young LLP as auditors will be proposed at the forthcoming annual general meeting.

By order of the board

  
Company Secretary



Date 20/7/05

## **Statement of directors' responsibilities in respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. In preparing those 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; 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 which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report**

**to the members of Moog Controls Limited**

We have audited the group's financial statements for the year ended 30 September 2004 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

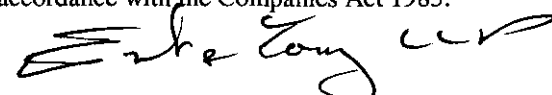
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 September 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditor  
Bristol

Date

  
21 July 2005

**Group profit and loss account**

for the year ended 30 September 2004

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
<b>Turnover</b>	2	33,079	34,269
Cost of sales		(23,956)	(24,875)
<b>Gross profit</b>		9,123	9,394
Administrative expenses		(6,091)	(6,356)
Other operating expenses		(693)	(207)
<b>Operating profit</b>	4	2,339	2,831
Other interest receivable and similar income		122	23
Interest payable and similar charges	5	(284)	(287)
<b>Profit on ordinary activities before taxation</b>		2,177	2,567
Tax on profit on ordinary activities	6	(847)	(902)
<b>Profit on ordinary activities after taxation</b>		1,330	1,665
<b>Retained profit for the year</b>	19	1,330	1,665

All of the above results derive from the continuing operations of the group.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The accompanying notes form an integral part of this consolidated profit and loss account.

**Group statement of total recognised gains and losses**

for the year ended 30 September 2004


	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
Profit for the financial year	1,330	1,665
Currency translation differences on net foreign currency investments	(47)	185
<b>Total recognised gains and losses</b>	1,283	1,850

## Group balance sheet

at 30 September 2004

	Notes	2004 £000	2003 £000
<b>Fixed assets</b>			
Intangible assets	8	2,824	2,998
Tangible assets	9	2,755	2,814
		<u>5,579</u>	<u>5,812</u>
<b>Current assets</b>			
Stocks	11	7,083	7,867
Debtors	12	8,857	10,671
Cash at bank and in hand		1,065	667
		<u>17,005</u>	<u>19,205</u>
<b>Creditors:</b> amounts falling due within one year	13	(6,708)	(4,858)
<b>Net current assets</b>		<u>10,297</u>	<u>14,347</u>
<b>Total assets less current liabilities</b>		<u>15,876</u>	<u>20,159</u>
<b>Creditors:</b> amounts falling due after more than one year	14	-	(5,790)
<b>Provisions for liabilities and charges</b>	16	(224)	-
<b>Net assets</b>		<u>15,652</u>	<u>14,369</u>
<b>Capital and reserves</b>			
Called up share capital	18	2,250	2,250
Share premium account	19	370	370
Profit and loss account	19	13,032	11,749
<b>Equity shareholders' funds</b>		<u>15,652</u>	<u>14,369</u>

The financial statements on pages 6 to 25 were approved by the board of directors on 20/7/05 and were signed on its behalf by:

 P. G. O.  
Director

Date 20/7/05

The accompanying notes form an integral part of this consolidated balance sheet.

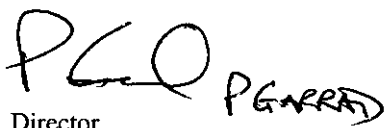


# Company balance sheet

at 30 September 2004

	Notes	2004 £000	2003 £000
<b>Fixed assets</b>			
Tangible assets	9	2,681	2,737
Investments	10	4,048	4,048
		<u>6,729</u>	<u>6,785</u>
<b>Current assets</b>			
Stocks	11	6,745	7,484
Debtors	12	6,795	8,799
Cash at bank and in hand		660	348
		<u>14,200</u>	<u>16,631</u>
<b>Creditors: amounts falling due within one year</b>	13	(6,113)	(4,331)
<b>Net current assets</b>		<u>8,087</u>	<u>12,300</u>
<b>Total assets less current liabilities</b>		<u>14,816</u>	<u>19,085</u>
<b>Creditors: amounts falling due after more than one year</b>	14	-	(5,750)
<b>Provisions for liabilities and charges</b>	16	(224)	-
<b>Net assets</b>		<u>14,592</u>	<u>13,335</u>
<b>Capital and reserves</b>			
Called up share capital	18	2,250	2,250
Share premium account	19	370	370
Profit and loss account	19	11,972	10,715
<b>Equity shareholders' funds</b>		<u>14,592</u>	<u>13,335</u>

The financial statements on pages 6 to 25 were approved by the board of directors on 20/7/05 and were signed on its behalf by:

  
 Director

Date 20/7/05

The accompanying notes form an integral part of the above balance sheet.

## Notes to the financial statements

at 30 September 2004

### 1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accountant standards. As permitted by Section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements.

#### **Basis of consolidation**

The group financial statements consolidate the financial statements of Moog Controls Limited and all of its subsidiary undertakings drawn up to 30 September each year.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

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

Freehold buildings	- over 40 years
Short leasehold	- over 25 years
Plant and machinery	- over 8 years
Tooling and computer software	- over 3 years
Office equipment	- over 2-3 years

The carrying value 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 realizable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	purchase cost on a first in, first out basis
Work in progress and finished goods	cost of direct materials and labour plus attributable overheads based on a normal level of activity

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

#### **Long term contracts**

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined in Stocks above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

## Notes to the financial statements

at 30 September 2004

### 1. Accounting policies (continued)

#### **Goodwill**

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of twenty years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- 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 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.

#### **Research and development**

Research and development expenditure is written off as incurred.

#### **Foreign currencies**

##### *Company*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

## Notes to the financial statements

at 30 September 2004

### 1. Accounting policies (continued)

#### *Group*

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

#### ***Pensions and other post-retirement benefits***

The group operates a defined benefit and a defined contribution pension scheme, both of which require contributions to be made to separately administered funds.

#### ***Defined benefits scheme***

The defined benefits scheme provides benefits based on each employee's final pensionable pay. Contributions to the defined benefits scheme are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amount charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

#### ***Defined contributions scheme***

Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### ***Lease and hire purchase commitments***

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balances sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### ***Related parties***

The company is exempt from the requirement of Financial Reporting Standard No 8 to disclose transactions between group companies as all subsidiaries have 90% or more of their voting rights controlled within the group and the consolidated financial statements of the group are publicly available.

#### ***Cash flow statement***

A cash flow statement has not been prepared because the company is a wholly owned subsidiary of Moog Inc, within whose consolidated cash flow statement the cash flows of the company are included.

## Notes to the financial statements

at 30 September 2004

### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and the value of long term contract work done.

Turnover is attributable to one continuing activity, the manufacture of electro-hydraulic servo control mechanisms for use in aerospace and industrial applications.

An analysis of turnover by geographical market is given below:

	2004 £000	2003 £000
United Kingdom	14,280	15,148
Rest of Europe	15,352	15,561
USA	817	1,337
Other	2,630	2,223
	<u>33,079</u>	<u>34,269</u>

### 3. Staff costs

	2004 £000	2003 £000
Wages and salaries	7,612	7,397
Social security costs	876	698
Other pension costs	907	1,166
	<u>9,395</u>	<u>9,261</u>

The monthly average number of employees (including directors) during the year was as follows:

	2004 No.	2003 No.
Administration and management	130	136
Production	164	170
	<u>294</u>	<u>306</u>

#### **Directors' emoluments**

	2004 £000	2003 £000
Emoluments	<u>369</u>	<u>373</u>
Company contributions paid to money purchase pension schemes	<u>22</u>	<u>20</u>

## Notes to the financial statements

at 30 September 2004

### 3. Staff costs (continued)

The amounts in respect of the highest paid director are as follows:

	2004 £000	2003 £000
Emoluments	140	132
Company contributions paid to money purchase pension schemes	8	8

One director (2003 – 1) was a member of the group defined benefit pension scheme.

### 4. Operating profit

This is stated after charging:

	2004 £000	2003 £000
Auditors' remuneration:		
audit services - UK	34	35
non audit services – UK	44	22
Research and development expenditure written off	1,041	1,142
Foreign exchange losses	111	230
Amortisation of goodwill	174	264
Operating lease rentals:		
land and buildings	461	239
plant and machinery	258	487
Depreciation of owned asset	618	565
Depreciation of assets held under finance leases and hire purchase contracts	-	59
Total depreciation charge	618	624

### 5. Interest payable and similar charges

	2004 £000	2003 £000
Bank loans, overdrafts and other loans:		
Repayable within five years, not by instalments	10	19
Finance leases	1	15
Loans payable to group undertakings	273	253
	284	287

## Notes to the financial statements

at 30 September 2004

### 6. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2004 £000	2003 £000
<i>Current tax:</i>		
UK corporation tax	290	895
Adjustments in respect of prior years	108	40
	<u>398</u>	<u>935</u>
Foreign tax - current year	111	53
Foreign tax - adjustments in respect of prior years	-	(32)
	<u>509</u>	<u>956</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	338	(54)
	<u>338</u>	<u>(54)</u>
Group deferred tax	847	902
	<u><u>847</u></u>	<u><u>902</u></u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are reconciled below:

	2004 £000	2003 £000
Profit on ordinary activities before tax	2,177	2,567
	<u>2,177</u>	<u>2,567</u>
Profit on ordinary activities multiplied by standard rate of tax in the UK of 30% (2003 - 30%)	653	770
Effects of:		
Expenses not deductible for tax purposes (including goodwill amortisation)	67	169
Lower taxes on overseas earnings	(4)	-
Decelerated/(accelerated) capital allowances	(5)	-
Tax overprovided in previous years	108	17
Other timing differences	(310)	-
	<u>509</u>	<u>956</u>
	<u><u>509</u></u>	<u><u>956</u></u>

### 7. Profit attributable to members of the parent company

The profit for the financial year dealt with in the financial statements of the parent company amounts to £1,257,000 (2003 - £1,896,000).

## Notes to the financial statements

at 30 September 2004

## 8. Intangible fixed assets

Group

Goodwill  
£000**Cost**

At 1 October 2003 and 30 September 2004

3,476

**Amortisation**

At 1 October 2003

478

Amortisation in the year

174

At 30 September 2004

652

**Net book value**

At 30 September 2004

2,824

1 October 2003

2,998

## 9. Tangible fixed assets

Group

	Freehold land and buildings £000	Short leasehold £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Assets in the course of construction £000	Total £000
<b>Cost:</b>						
At 1 October 2003	103	526	4,907	1,517	419	7,472
Additions	-	218	767	277	-	1,262
Exchange differences	-	-	-	(9)	-	(9)
Disposals	-	-	(788)	(112)	(259)	(1,159)
At 30 September 2004	103	744	4,886	1,673	160	7,566
<b>Depreciation:</b>						
At 1 October 2003	53	276	3,185	1,144	-	4,658
Exchange differences	-	-	-	(7)	-	(7)
Charged in the year	3	92	328	195	-	618
Disposals	-	-	(359)	(99)	-	(458)
At 30 September 2004	56	368	3,154	1,233	-	4,811
<b>Net book value:</b>						
At 30 September 2004	47	376	1,732	440	160	2,755
At 1 October 2003	50	250	1,722	373	419	2,814



## Notes to the financial statements

at 30 September 2004

### 9. Tangible fixed assets (continued)

Company

	<i>Freehold land and buildings £000</i>	<i>Short leasehold £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures, fittings, tools and equipment £000</i>	<i>Assets in the course of construction £000</i>	<i>Total £000</i>
<b>Cost:</b>						
At 1 October 2003	103	526	4,837	1,047	419	6,932
Additions	-	218	767	249	-	1,234
Disposals	-	-	(718)	(33)	(259)	(1,010)
At 30 September 2004	103	744	4,886	1,263	160	7,156
<b>Depreciation:</b>						
At 1 October 2003	53	276	3,116	750	-	4,195
Charged in the year	3	92	328	168	-	591
Disposals	-	-	(290)	(21)	-	(311)
At 30 September 2004	56	368	3,154	897	-	4,475
<b>Net book value:</b>						
At 30 September 2004	47	376	1,732	366	160	2,681
At 1 October 2003	50	250	1,721	297	419	2,737

The net book value of tangible fixed assets includes an amount of £1,000 (2003 - £422,000) in respect of assets held under finance leases and hire purchase contracts.

### 10. Investments

Investment in subsidiary undertakings, being cost and net book value:

	<i>Company</i>	
	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>
Moog Norden	20	20
Moog OY	10	10
Moog Whitton Limited	4,018	4,018
	4,048	4,048

## Notes to the financial statements

at 30 September 2004

### 10. Investments (continued)

The company has the following wholly owned subsidiaries incorporated in Sweden, Finland and the UK respectively:

<i>Name of company</i>	<i>Called up Share capital</i>	<i>Country</i>	<i>Nature of business</i>
Moog Norden AB	200,000 Sw Kr	Sweden	Sales and repair facility for company products in the Nordic territories
Moog OY	75,000 F Mk	Finland	Sales office for company products in Finland
Moog Whitton Limited	80 GBP	UK	Dormant

### 11. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials	269	313	269	313
Work in progress	1,687	1,488	1,349	1,488
Finished goods	5,127	6,066	5,127	5,683
	<u>7,083</u>	<u>7,867</u>	<u>6,745</u>	<u>7,484</u>

### 12. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts falling due within one year:				
Trade debtors	5,477	5,663	4,931	4,966
Amounts recoverable on contracts	56	279	56	279
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	53	48
Parent company and fellow subsidiaries	2,499	4,130	954	2,937
Other debtors	5	318	-	279
Prepayments and accrued income	219	167	200	176
Deferred tax asset (note 16)	-	114	-	114
Long term pension asset	601	-	601	-
	<u>8,857</u>	<u>10,671</u>	<u>6,795</u>	<u>8,799</u>

## Notes to the financial statements

at 30 September 2004

### 13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Loan notes	490	534	490	534
Obligations under finance leases	1	67	1	67
Trade creditors	1,110	698	939	638
Amounts owed to parent company and fellow subsidiary undertakings	3,380	644	3,179	431
Corporation tax	53	417	53	417
Overseas taxation	85	44	-	-
Other taxation and social security	261	252	246	241
Accruals and deferred income	1,328	2,202	1,205	2,003
	<u>6,708</u>	<u>4,858</u>	<u>6,113</u>	<u>4,331</u>

The loan notes are repayable by agreement between Willans Solicitors and Charles Russell Solicitors.

### 14. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts owed to parent company and fellow subsidiary undertakings	-	5,790	-	5,750
	<u>-</u>	<u>5,790</u>	<u>-</u>	<u>5,750</u>

### 15. Obligations under finance leases

The maturity of these is as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts payable:				
Within one year	1	81	1	76
In two to five years	-	1	-	1
	<u>1</u>	<u>82</u>	<u>1</u>	<u>77</u>
Less: finance charges allocated to future periods	-	(15)	-	(10)
	<u>1</u>	<u>67</u>	<u>1</u>	<u>67</u>
Finance lease obligations are analysed as follows:				
Current obligations (note 13)	1	67	1	67
	<u>1</u>	<u>67</u>	<u>1</u>	<u>67</u>

## Notes to the financial statements

at 30 September 2004

### 16. Provisions for liabilities and charges

A deferred tax liability/(asset) is recognised at 30% in the financial statements as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Difference between accumulated depreciation and capital allowances	62	30	62	30
Other timing differences	162	(144)	162	(144)
Deferred tax liability/(asset)	<u>224</u>	<u>(114)</u>	<u>224</u>	<u>(114)</u>

The movement in deferred tax is as follows:

	<i>Group</i>	<i>Company</i>
	<i>£000</i>	<i>£000</i>
At 1 October 2003	(114)	(114)
Charged to the profit and loss account for the year	338	338
At 30 September 2004	<u>224</u>	<u>224</u>

### 17. Pension arrangements

#### **SSAP 24 disclosures**

The company operates a defined benefit and defined contribution pension schemes, both of which require contributions to be made to separately administered funds.

#### **Defined Contributions Scheme**

The pension costs are charged to the profit and loss as they become payable. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £273,000 (2003 - £538,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

#### **Defined Benefit Scheme**

The group operates a defined benefit scheme providing benefits based on final pensionable earnings, the Moog Retirement Benefits Plan. The plan is funded by the payment of contributions to a separately administered trust fund.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employee's working lives with the group. The contributions are determined by a qualified actuary on the basis of regular valuations. The most recent valuation was carried out as at 1 December 2001 using the attained age method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the average investment returns would be 6.0% per annum, salary increases would average 4.25% per annum and pensions accrued since April 1997 would increase in payment at the rate of 2.5% per annum.

## Notes to the financial statements

at 30 September 2004

### 17. Pension arrangements (continued)

The actuarial valuation at 1 December 2001 showed the following:

	<i>Group and Company United Kingdom</i>
Main assumptions:	
Interest pre-retirement	6.25%
Interest post-retirement	5.0%
Inflation assumption	2.25%
	<hr/>
Market value of scheme assets (£000)	6,872
	<hr/>
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrual to members, after allowing for future salary increases.	72%
	<hr/>

The pension charge for the year was £634,000 (2003 - £628,000). This includes £371,000 (2003 - £355,000) in respect of the amortisation of experience deficits that are being recognised over 10 years (2003 - 10 years), which has been taken to be the average remaining service lives of employees. There was an amount prepaid in the balance sheet of £601,000 (2003 - accrued of £362,000) representing the difference between the amount charged in the profit and loss account and the amount paid into the plan.

#### **FRS 17 disclosures**

##### *a) Composition of the defined benefit scheme*

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 1 December 2001 and updated by Barnett Waddingham to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 September 2004 and 30 September 2003. Scheme assets are stated at their market values at the respective balance sheet dates.

	<i>Company and Group United Kingdom</i>	
	2004	2003
	%	%
Main assumptions:		
Rate of salary increases	4.50	4.50
Rate of increase in pensions in payment	3.00	2.50
Discount rate	5.50	5.50
Inflation assumption	3.00	2.30
	<hr/>	<hr/>

## Notes to the financial statements

at 30 September 2004

### 17. Pension arrangements (continued)

b) The assets and liabilities in the scheme and the expected rates of return were:

	Long term rate of return expected %	Value 2004 £000	Long term rate of return expected %	Value 2003 £000
Equities	7.50	7,409	7.00	5,871
Bonds	5.25	995	4.75	857
Other	4.50	576	4.00	332
Total market value of assets		8,980		7,060
Present value of scheme liabilities		(12,273)		(11,272)
Pension liability before deferred tax		(3,293)		(4,212)
Related deferred tax asset		988		1,264
Net pension liability		(2,305)		(2,948)

c) Amounts which would be charged to operating profit:

	2004 £000	2003 £000
Current service cost	320	224
Past service cost	-	-
Total operating charge	320	224

d) Amounts which would be debited to other finance (charges)/increase:

	2004 £000	2003 £000
Expected return on pension scheme assets	471	384
Interest on pension scheme liabilities	(631)	(565)
Total other finance income	(160)	(181)

# Notes to the financial statements

at 30 September 2004

## 17. Pension arrangements (continued)

e) Amounts which would be recognised in the statement of the total recognised gains and losses (STRGL):

	2004 £000	2003 £000
Actual return less expected return on pension scheme assets	57	445
Experience gains arising on scheme liabilities	118	10
Loss arising from changes in assumptions underlying the present value of scheme liabilities	(450)	(224)
Actual gain/(loss) recognised in the statement of total recognised gains and losses	(275)	231

f) Movement in the deficit during the year:

Analysis of movements in deficit during the year:

	2004 £000	2003 £000
At 1 October 2003	(4,212)	(4,650)
Total operating charge	(320)	(224)
Net interest cost	(160)	(181)
Actuarial gain/(loss)	(275)	231
Contributions	1,674	612
At 30 September 2004	(3,293)	(4,212)

g) History of experience gains and losses:

	2004	2003
Difference between expected return and actual return on pension scheme assets		
Amount (£000)	57	445
% of scheme assets	0.6%	6.3%
Experience gains arising on scheme liabilities		
Amount (£000)	118	10
% of the present value of scheme liabilities	1.0%	0.1%
Total actuarial amount recognised in the statement of total recognised gains and losses		
Amount (£000)	(275)	231
% of the present value of scheme liabilities	(2.2%)	2.0%

## Notes to the financial statements

at 30 September 2004

### 17. Pension arrangements (continued)

*h) Reconciliation of net assets and reserves under FRS 17:*

*Group*

	2004 £000	2003 £000
<b>Net assets</b>		
Net assets as stated in the balance sheet	15,652	14,369
FRS 17 defined benefit liabilities	(2,305)	(2,948)
Net assets including defined benefit liabilities	13,347	11,421
	2004 £000	2003 £000
<b>Reserves</b>		
Profit and loss reserve as stated in balance sheet	13,032	11,749
FRS 17 defined benefit liabilities	(2,305)	(2,948)
Profit and loss reserve including amounts relating to defined benefit liabilities	10,727	8,801

### 18. Called up share capital

	2004 £000	2003 £000
<b>Authorised</b>		
Equity shares:		
3,400,000 (2003: 3,400,000) ordinary shares of £1 each	3,400	3,400
<b>Allotted, called up and fully paid</b>		
Equity shares:		
2,250,000 (2003: 2,250,000) ordinary shares of £1 each	2,250	2,250



# Notes to the financial statements

at 30 September 2004

## 19. Reserves

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
<i>Group</i>			
At 1 October 2003	370	11,749	12,119
Profit for the financial year	-	1,330	1,330
Currency translation differences on foreign currency net investments	-	(47)	(47)
At 30 September 2004	370	13,032	13,402
<i>Company</i>			
At 1 October 2003	370	10,715	11,085
Profit for the financial year	-	1,257	1,257
At 30 September 2004	370	11,972	12,342

## 20. Reconciliation of movements in shareholders' funds

<i>Group</i>	<i>2004 £000</i>	<i>2003 £000</i>
Profit for the financial year	1,330	1,665
Other recognised gains relating to the year	(47)	185
Net addition in shareholders' funds	1,283	1,850
Opening shareholders' funds	14,369	12,519
<b>Closing shareholders' funds</b>	<b>15,652</b>	<b>14,369</b>

## 21. Capital commitments

	<i>2004 £000</i>	<i>2003 £000</i>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	167	166

## Notes to the financial statements

at 30 September 2004

### 22. Financial commitments

The annual commitments under non-cancelled operating leases are as follows:

<i>Group and Company</i>	<i>2004</i>		<i>2003</i>	
	<i>Land and buildings £000</i>	<i>Other £000</i>	<i>Land and buildings £000</i>	<i>Other £000</i>
Expiring between one and five years inclusive	291	289	17	229
Expiring in over five years	153	-	470	-
	<u>444</u>	<u>289</u>	<u>487</u>	<u>229</u>

### 23. Contingent liabilities

There is a contingent liability in respect of a counter indemnity up to a maximum of £160,000 (2003 - £160,000) in respect of deferment of duty allowable by HM Customs and Excise.

### 24. Ultimate parent company

The ultimate holding company and ultimate controlling party undertaking is Moog Inc, a company incorporated in the United States of America. The only group in which this company's accounts are consolidated is that headed by Moog Inc.

Copies of the Moog Inc accounts may be obtained from Shareholder Relations, Moog Inc, East Aurora, New York, 14052-0018.