

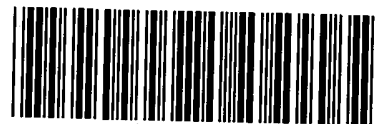
Registered Number 01171948

Moog Controls Limited

Report and Financial Statements

3rd October 2015

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COMPANIES HOUSE

Moog Controls Ltd

Registered Number 01171948

Directors

N P Cottell
S Eranki (retired 31st July 2015)
P Garrad
G Klas (retired 22nd April 2015)
H Preston (resigned 27th November 2015)
C Curr
G Parks (died 28th November 2015)
S McLachlan (appointed 22nd April 2015)
E Burghardt (appointed 19th January 2016)

Secretary

P Garrad

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

HSBC
3 Rivergate
Bristol
BS1 6ER

Solicitors

Willans
28-29 Imperial Square
Cheltenham
Gloucestershire
GL50 1RH

Registered Office

Ashchurch
Tewkesbury
Gloucestershire
GL20 8NA

Strategic Report

The directors present their strategic report for the year ended 3rd October 2015.

Review of the business

The principal activity of the company 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.

The company's key financial indicators during the year ended 3rd October 2015 were as follows:

	<i>2015</i>	<i>2014</i>	<i>Change</i>
	<i>£000</i>	<i>£000</i>	<i>%</i>
Turnover	56,397	64,329	(12)%
Profit before taxation	7,703	13,331	(42)%
Profit after tax	6,269	10,238	(39)%
Average number of employees	421	439	(4)%

The decrease in trading is due to the general decrease in the European Aerospace sector activity. Prospects within this sector remain fairly buoyant at current levels of activity. We expect to retain our market position in both the Aerospace and Industrial sectors. The company's Aerospace segment products are mainly focused on more fuel efficient aircraft reducing the risk that a market downturn will affect the company. The company's Industrial segment is increasing its product and service portfolio to maintain sales year on year.

Principal risks and uncertainties

The principal risks and uncertainties fall into the following categories:

Credit Risk Exposure

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 criteria or limiting the value of credit extended to customers who are less credit worthy.

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.

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

Moog Controls Ltd

Registered Number 01171948

Strategic Report

Principal risks and uncertainties (continued)

Suppliers

The company carefully selects suppliers who demonstrate an ability to consistently supply high quality products and services at competitive prices.

Currency

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 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 positions.

A handwritten signature in black ink, appearing to be 'P Garrad', consisting of a stylized 'P' followed by a large 'G' and 'R'.

Director: P Garrad

Date: 28th June 2016

Directors Report

The directors present their report and financial statements of the company for the year ended 3rd October 2015.

Directors

The directors who held office during the year and subsequent to the year end were:

N P Cottell

S Eranki (retired 31st July 2015)

P Garrad

G Klas (retired 22nd April 2015)

G Parks (died 28th November 2015)

H Preston (resigned 27th November 2015)

C Curr

S McLachlan (appointed 22nd April 2015)

E Burghardt (appointed 19th January 2016)

Dividends

The directors do not propose the payment of a dividend (2014: £nil).

Research and development

The company has continued research and development into both existing and new products in the fields of technology in which the company presently operates. Costs of £1,032,000 (2014: £1,052,000) attributable to research and development have been written off in the year.

Future developments

In support of its strategic plans, Moog Controls Ltd's objective is to be recognised by customers as a competitive and world class provider of customised motion control solutions and to be renowned for innovative engineering, talented people, quality products, services and solutions. Future developments include Aerospace programs on Boeing 787 and Airbus A350 and Industrial projects providing customised solutions; both divisions offer an ever widening portfolio of products and services.

Post Balance Sheet Events

There have been no significant post balance sheet events.

Going concern

The group's business activities, together with the factors likely to affect its future development including its exposures to credit, liquidity and currency risk are described in the Strategic Report on pages 2 to 3.

The company has long-term contracts 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 risks successfully despite the current uncertain economic outlook.

The directors, having assessed the responses of the directors of the company's parent, Moog Inc, to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Moog Group to continue as a going concern.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Moog Inc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to prepare the annual financial statements on a going concern basis.

Directors Report (continued)

Political and charitable contributions

The company did not make any political or charitable donations during the period.

Disabled employees

The company 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 company'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.

Employee involvement

During the year, the policy of providing employees with information about the company 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.

Disclosure of information to auditors

The directors who were members of the board at the time of approving the Directors' Report are listed on page 4. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are not aware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

By order of the Board



Director: P Garrad

Date: 28th June 2016

Statement of directors responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Moog Controls Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOOG CONTROLS LIMITED

We have audited the financial statements of Moog Controls Ltd for the year ended 3rd October 2015 which comprise the Profit and Loss Account, Statement of Recognised Gains and Losses the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3rd October 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report (continued)

to the members of Moog Controls Ltd

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Chris Gilbert (Senior Statutory auditor)

For and behalf of Ernst & Young LLP, Statutory Auditor

Bristol

29 JUNE 2016.

Profit and loss account

For the year ended 3rd October 2015

	Notes	2015 £000	2014 £000
Turnover	2	56,397	64,329
Cost of sales		(40,209)	(42,288)
Gross profit		16,188	22,041
Administrative expenses		(9,209)	(8,778)
Other operating expenses		(375)	(658)
Royalty income		1,304	1,114
Exceptional Item – Impairment of fixed asset investment	8	-	(23,015)
Operating profit	4	7,908	(9,296)
Interest and similar charges	5	(205)	(388)
Dividend income received	8	-	23,015
Profit on ordinary activities before taxation		7,703	13,331
Tax on profit on ordinary activities	6	(1,434)	(3,093)
Profit on ordinary activities after taxation		6,269	10,238
Retained profit for the year	18	6,269	10,238

None of the company's activities were discontinued during the current or previous year.

Statement of total recognised gains and losses

for the year ended 3rd October 2015

	Notes	2015 £000	2014 £000
Profit for the financial year		6,269	10,238
Actuarial (loss)/gain recognised on pension scheme	15	(2,890)	543
Movement in deferred taxation in respect of pension scheme		648	(162)
Total recognised gain		4,027	10,619


Moog Controls Ltd**Registered Number 01171948****Balance Sheet****At 3rd October 2015**

	<i>Notes</i>	<i>2015 £000</i>	<i>2014 £000</i>
Fixed assets			
Tangible assets	7	10,056	6,846
Investments	8	60,701	60,701
Goodwill	9	1,606	2,410
		<u>72,363</u>	<u>69,957</u>
Current assets			
Cash		89	-
Stocks	10	10,953	10,606
Debtors	11	20,862	24,636
		<u>31,904</u>	<u>35,242</u>
Creditors: amounts falling due within one year	12	<u>(5,938)</u>	<u>(7,229)</u>
Net current assets		<u>25,966</u>	<u>28,013</u>
Total assets less current liabilities		<u>98,329</u>	<u>97,970</u>
Provisions for liabilities and charges	13	(256)	(724)
Creditors: amounts falling due after one year	14	<u>(2,000)</u>	<u>(7,000)</u>
Net assets excluding pension liability		<u>96,073</u>	<u>90,246</u>
Pension scheme (liabilities)/assets	15	(56)	1,744
Net assets		<u><u>96,017</u></u>	<u><u>91,990</u></u>
Capital and reserves			
Called up share capital	16	2,250	2,250
Share premium account	17	35,778	35,778
Profit and loss account	17	34,974	30,947
Non-distributable reserves	17	23,015	23,015
Equity shareholders' funds		<u><u>96,017</u></u>	<u><u>91,990</u></u>

Approved by the Board

Director P Garrad

Date



 28th June 2016

Notes to the financial statements

At 3rd October 2015

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 accounting standards. The company does not prepare group financial statements as it is exempt from doing so by section 401 of the Companies Act 2006, by virtue of the company being wholly owned by Moog Inc. The Company and its subsidiaries are included within the published consolidated financial statements of Moog Inc which is incorporated in the United States of America.

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
Fixtures and fittings, tools and 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 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 applicable to long term contracts represents the value of work completed during the year, calculated with reference to the total expected value of the contracts. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. A full provision is made for losses on all contracts in the year in which they are first foreseen.

Revenue and royalty income

Revenue is recognised when it can be measured reliably and the significant risks and rewards of ownership are transferred to the customer. With the sale of goods, this occurs when the goods are despatched or made available to the customer. With royalty income, revenue is recognised in accordance with the substance of the relevant agreement.

Notes to the financial statements

At 3rd October 2015

1. Accounting policies (continued)

Investments

Fixed asset investments are shown at cost less a provision for impairment.

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. Goodwill is amortised over its estimated useful economic life. It is stated at cost less amortisation.

Goodwill 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

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.

Notes to the financial statements

At 3rd October 2015

1. Accounting policies (continued)

Pensions and other post-retirement benefits

The company 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 company. 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 company, and hire purchase contracts are capitalised in the balance 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 100% 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.

The Company has therefore taken advantage of the exemption under Financial Reporting Standard 1 not to prepare a cash flow statement.

Notes to the financial statements

At 3rd October 2015

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 attributable to continuing activities, relates to the manufacture of electro-hydraulic servo control mechanisms for use in aerospace and industrial applications.

Turnover by geographical market	2015	2014
	£000	£000
United Kingdom	24,558	28,383
Rest of Europe	22,107	25,401
USA	4,758	5,956
Other	4,974	4,589
	<u>56,397</u>	<u>64,329</u>

3. Staff costs

Employment Costs	2015	2014
	£000	£000
Wages and salaries	17,368	16,866
Social security costs	1,809	1,763
Other pension costs	738	741
	<u>19,915</u>	<u>19,370</u>

Monthly average number of employees (including directors)	2015	2014
	No	No
Administration and management	167	174
Production	254	265
	<u>421</u>	<u>439</u>

Directors' emoluments	2015	2014
	£000	£000
Emoluments	532	451
Company contributions paid to money purchase pension schemes	<u>44</u>	<u>36</u>

Notes to the financial statements

At 3rd October 2015

3. Staff costs (continued)

Five directors are remunerated by the company and are members of the defined contribution scheme (2014: 3). The other directors are remunerated by other group companies for any services to the company.

The amounts in respect of the highest paid director are as follows:	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Emoluments	137	134
Company contributions paid to money purchase pension schemes	8	7

4. Operating profit

This is stated after charging:

	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Auditors' remuneration for audit services	52	52
Research and development expenditure written off	1,032	1,052
Operating lease rentals land & buildings	457	468
Operating lease rentals plant & machinery	186	172
Loss/(profit) on disposal of fixed asset	52	(17)
Depreciation of owned asset (note 7)	1,322	1,206
Amortisation of intangible assets (note 9)	804	804

5. Interest and similar charges

Group undertakings repayable within five years, not by instalments	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Interest payable	205	542
Interest receivable	-	(154)
Total interest	205	388

Notes to the financial statements

At 3rd October 2015

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £000	2014 £000
Current tax:		
UK corporation tax	1,489	3,040
UK corporation tax prior year adjustment	(11)	-
Foreign tax	16	-
	<hr/>	<hr/>
Total current tax (note 6b)	1,494	3,040
	<hr/>	<hr/>
Deferred tax excluding pension scheme	(264)	(4)
Deferred tax pension scheme	204	79
Deferred tax rate change adjustment	-	(22)
	<hr/>	<hr/>
Tax on profit on ordinary activities	1,434	3,093
	<hr/> <hr/>	<hr/> <hr/>

(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 20.5%. The differences are reconciled below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	7,703	13,331
	<hr/> <hr/>	<hr/> <hr/>
Profit on ordinary activities multiplied by standard rate of tax in the UK of 20.5% (2014:22%)	1,579	2,933
Effects of:		
Expenses not deductible for tax purposes	227	240
Enhanced research & development allowance	(37)	(31)
Prior year adjustment	(11)	-
Decelerated capital allowances	(115)	(22)
Other timing differences	(165)	(80)
Foreign tax	16	-
	<hr/>	<hr/>
Total current tax (note 6a)	1,494	3,040
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

At 3rd October 2015

6. Tax (continued)

(c) Factors affecting future tax charges

A reduction in the corporation tax rate to 20% from 1st April 2015 was substantively enacted during the prior year. The effect of this rate reduction has been reflected in the deferred tax balances which have been provided at a rate of 20%.

The main rate of corporation tax will fall to 19% from 1st April 2017 and will be reduced by a further 1% to 18% from 1st April 2020. As these tax rates were substantively enacted after the balance sheet date, the relevant rate reductions are not yet reflected in these financial statements. Had these rates have been substantially enacted at the balance sheet date the impact of deferred tax would be £16,000.

In the 2016 budget the Chancellor announced a further reduction to 17% effective for the financial year beginning 1st April 2020. As this rate had not been announced or substantially enacted at the balance sheet date the relevant rate change has not been reflected in these financial statements.

7. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Short leasehold</i>	<i>Plant and equipment</i>	<i>Fixtures, fittings, tools and equipment</i>	<i>Assets in the course of construction</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Cost:</i>						
At beginning of the year	772	939	13,628	2,058	1,157	18,554
Additions	-	1,868	2,968	401	(646)	4,591
Disposals	-	(85)	(444)	(454)	-	(983)
At end of the year	772	2,722	16,152	2,005	511	22,162
<i>Depreciation:</i>						
At beginning of the year	225	723	9,111	1,649	-	11,708
Charged in the year	20	38	1,071	193	-	1,322
Disposals	-	(82)	(408)	(434)	-	(924)
At end of the year	245	679	9,774	1,408	-	12,106
<i>Net book value:</i>						
At end of the year	527	2,043	6,378	597	511	10,056
At beginning of the year	547	216	4,517	409	1,157	6,846

Notes to the financial statements

At 3rd October 2015

8. Investments

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

	2015 £000	2014 £000
Moog Norden AB	20	20
Moog OY	10	10
Moog Components Group Limited	9,446	9,446
Moog Fernau Limited	23,015	23,015
Moog Wolverhampton Limited	28,210	28,210
	<u>60,701</u>	<u>60,701</u>

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 (ordinary shares)</i>	<i>Country</i>	<i>Nature of business</i>
Moog Norden AB	200,000 Sw Kr	Sweden	Sales and repair facility for Industrial products on the Nordic territories
Moog OY	75,000 F Mk	Finland	Sales office for Industrial products in Finland
Moog Components Group Limited	135,137 GBP	UK	Precision engineering and manufacture of electro mechanical devices
Moog Fernau Limited	2,590,000 GBP	UK	Sales and manufacture of air traffic management equipment and navigational aids
Moog Wolverhampton Limited	101 GBP	UK	Sales and manufacture of flight control actuation products

During the prior year a decision was made to simplify the reporting structure of Moog operations in the UK. On 4th August 2014 a dividend was paid by Fernau Limited to Moog Controls Limited of £23,015,000 and the ordinary share capital of Moog Fernau Limited was sold by Fernau Limited to Moog Controls Ltd for consideration of £23,015,000. On 21 July 2014 an application was made to liquidate Fernau Limited. The investment in Fernau Limited has been impaired to nil.

Notes to the financial statements

At 3rd October 2015

9. Goodwill

	2015 £000	2014 £000
At beginning of the year	2,410	3,214
Amortisation	(804)	(804)
At end of the year	1,606	2,410

The goodwill relates to the transfer of trade and assets from Moog Whitton Ltd to Moog Controls Ltd. The goodwill is amortised over a useful life of five years.

10. Stocks

	2015 £000	2014 £000
Raw materials	4,792	4,509
Work in progress	2,795	2,857
Finished goods	3,366	3,240
	10,953	10,606

11. Debtors

	2015 £000	2014 £000
Trade debtors	9,157	12,374
Amounts recoverable on contracts	25	54
Parent company and fellow subsidiaries	10,380	11,485
Deferred taxation	414	157
Prepayments and accrued income	886	566
	20,862	24,636

A deferred tax asset is recognised at 20% in the financial statements as follows:

	2015 £000	2014 £000
Difference between accumulated depreciation and capital allowances	376	86
Other timing differences	38	71
Deferred tax asset	414	157

Notes to the financial statements

At 3rd October 2015

12. Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Bank Overdraft	-	518
Trade creditors	2,499	1,411
Amounts owed to parent company and fellow subsidiary undertakings	832	1,475
Corporation tax	593	1,540
Other taxation and social security	515	513
Accruals and deferred income	1,499	1,506
Other payables	-	266
	<u>5,938</u>	<u>7,229</u>

13. Provisions for liabilities and charges

	<i>Contract loss and warranty £000</i>
At beginning of the year	724
Charged to the profit and loss account in the year	47
Utilised in the year	(515)
	<u>256</u>
At end of the year	<u>256</u>

The contract loss and warranty provision is for product integrity rework and contract loss provisions. The figure includes £154,000 for warranty returns in the forthcoming year based on current year actual. The balance comprises customer-specific product integrity issues provisioned at factory cost.

Notes to the financial statements

At 3rd October 2015

14. Creditors: amounts falling due after one year

	2015	2014
	£000	£000
Promissory notes	2,000	7,000

On 15th March 2013, Moog IFSC, issued interest bearing promissory notes to MCL replacing the Moog Inc promissory notes issued to finance the acquisition of Fernau Avionics Limited. These Moog IFSC notes carry interest at a fixed rate of 3.88% per annum and are repayable in full by 14 March 2017.

15. Pension arrangements

The company operates a defined benefit and defined contribution pension scheme, 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 £1,092,000 (2014: £1,018,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Defined benefit scheme

a) Composition of the defined benefit scheme

The assets of the plan are held separately from those of the company and are invested in a managed fund. The fund closed to new members in 1992.

Pension contributions payable are determined following consultation with independent professionally qualified actuaries so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of regular valuations.

During the year, contributions of £287,000 from the company (2014: £270,000) and £28,000 from the company employees (2014: £36,000) were made to the plan; the total contributions to the scheme being £315,000 (2014: £306,000). The company expects to contribute approximately £240,000 to the plan during the year to 30 September 2016.

FRS 17 disclosures

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 1 December 2013 and updated by Buck Consultants to assess the liabilities of the scheme at 30 September 2015. Scheme assets are stated at their market values at the respective balance sheet dates.

Main financial assumptions:	2015	2014	2013	2012	2011
	%	%	%	%	%
Rate of salary increases	3.50	3.50	3.50	3.30	3.90
Rate of increase in pensions in payment (inflation subject to a maximum of 5% per annum)	3.00	3.00	3.15	2.80	3.30
Discount rate	3.80	4.00	4.30	4.00	5.10
Inflation assumption RPI	3.10	3.10	3.30	2.80	3.40
Inflation assumption CPI	2.10	1.90	2.10	2.00	2.90

Notes to the financial statements

At 3rd October 2015

15. Pension arrangements (continued)

The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. Equity returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on government bonds. Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the plan's holdings of these instruments.

Main demographic assumptions:

Mortality assumption (2015): 75% of the S1PMA for males 72% of S1FPA for females with the CMI 2013 core projection with a minimum improvement of 1% pa

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

	2015	2014	2013	2012	2011
Long term rate of return expected	5.50%	6.05%	6.25%	5.10%	6.10%
	£'000	£'000	£'000	£'000	£'000
Equities	12,056	12,770	11,864	10,102	10,394
Bonds	13,062	12,250	11,190	10,073	7,083
Cash	97	93	111	146	-
Total market value of assets	25,215	25,113	23,165	20,321	17,477
Present value of scheme liabilities	(25,285)	(22,933)	(22,075)	(21,669)	(18,802)
Pension (liability)/asset before deferred tax	(70)	2,180	1,090	(1,348)	(1,325)
Related deferred tax asset at 20%	14	(436)	(218)	310	331
Net Pension (Liability)/Asset	(56)	1,744	872	(1,038)	(994)

c) Amounts charged to operating profit:

	2015	2014
	£000	£000
Current service cost	236	214
Total Operating charge	236	214

Notes to the financial statements

At 3rd October 2015

15. Pension arrangements (continued)

d) Amounts debited/(credited) to other finance income:

	2015 £000	2014 £000
Expected return on pension scheme assets	1,494	1,435
Interest on pension scheme liabilities	(905)	(945)
Total Other finance income	589	490

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

	2015 £000	2014 £000
Actual return less expected return on pension scheme assets	(532)	935
Experience gain/(loss) arising on scheme liabilities	69	(22)
(Loss) arising from changes in assumptions underlying the present value of scheme liabilities	(2,427)	(370)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(2,890)	543

The actual gain on the plan's assets net of expenses over the year to 30 September 2015 was £962,000 (2014: gain of £500,000)

The cumulative amount of actuarial losses recognised in the STRGL to 30 September 2015 was a loss of £4,564,000 (2014: loss of £1,674,000)

f) Movement in the financial position during the year:

Analysis of movements in assets during the year net of related deferred tax asset:

	2015 £000	2014 £000
Fair Value of Plan Assets	25,113	23,165
Benefits paid	(1,175)	(728)
Expected return on assets	1,494	1,435
Recognised actuarial (loss)/gain on assets	(532)	935
Employer contributions	287	270
Contributions by plan participants	28	36
Fair Value of Plan Assets	25,215	25,113

Notes to the financial statements

At 3rd October 2015

15. Pension arrangements (continued)

Analysis of movements in liabilities during the year:

	2015 £000	2014 £000
Provision for Liabilities and Charges	22,933	22,075
Current service cost	236	214
Contributions by plan participants	28	36
Interest cost	904	945
Benefits paid	(1,175)	(728)
Recognised actuarial loss on liabilities	2,359	391
Provision for Liabilities and Charges	<u>25,285</u>	<u>22,933</u>

g) History of amounts:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of plan liabilities	(25,285)	(22,933)	(22,075)	(21,669)	(18,802)
Fair value of plan assets	25,215	25,113	23,165	20,321	17,477
(Deficit)/Surplus	(70)	2,180	1,090	(1,348)	(1,325)
<i>Experience (losses)/gains arising on plan liabilities</i>					
- Amount (£000)	69	(22)	(686)	156	504
- % of the present value of plan liabilities	0.3%	(0.1%)	(3.1%)	0.7%	2.7%
<i>Experience (losses) / gains arising on plan assets</i>					
- Amount (£000)	(532)	935	1,879	1,639	(1,366)
- % of the fair value of plan assets	2.1%	(3.7%)	(8.1%)	(8.1%)	8%

The above figures make no allowance for deferred tax.

16. Called up share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
Equity shares: 2,250,001 (2014: 2,250,001) ordinary shares of £1 each	<u>2,250</u>	<u>2,250</u>

Notes to the financial statements

At 3rd October 2015

17. Reserves

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Non distributable reserves £000</i>	<i>Total £000</i>
At beginning of the year	2,250	35,778	30,947	23,015	91,990
Profit for the financial year	-	-	6,269	-	6,269
Actuarial loss on pension scheme net of taxes	-	-	(2,242)	-	(2,242)
At end of the year	2,250	35,778	34,974	23,015	96,017

18. Reconciliation of movements in shareholders' funds

	<i>2015 £000</i>	<i>2014 £000</i>
Profit for the financial year	6,269	10,238
Other recognised loss/(profit) relating to the year	(2,242)	381
Net increase in shareholders' funds	4,027	10,619
Shareholders' funds at beginning of the year	91,990	81,371
Shareholders' funds at end of the year	96,017	91,990

19. Capital commitments

	<i>2015 £000</i>	<i>2014 £000</i>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	1,135	739

Financial commitments

At 30 September 2015 the company was committed to making the following payments during the next year in respect of operating leases:

	<i>2015 Land and buildings £000</i>	<i>2015 Other £000</i>	<i>2014 Land and buildings £000</i>	<i>2014 Other £000</i>
Expiring between one and five years inclusive	-	167	187	163
Expiring in over five years	797	-	270	-
	797	167	457	163

Notes to the financial statements

At 3rd October 2015

20. Contingent liabilities

1. There is a contingent liability in respect of a counter indemnity up to a maximum of £20,000 (2014: £20,000) in respect of deferment of duty allowable by HM Revenue and Customs.
2. The company is aware a review is being undertaken regarding the equalisation of pension benefits for certain members of the defined benefit pension scheme. However at the date of signing the financial statements no final resolution has been made and therefore it is not been possible to reasonably estimate the potential impact at this time.

21. Ultimate parent company

The ultimate holding company, immediate parent and ultimate controlling party undertaking is Moog Inc., a company incorporated in the United States of America.

The largest and smallest group in which the results of the company are consolidated is that headed by Moog Inc.

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