

Registered Number 01171948

Moog Controls Limited

Report and Financial Statements

30 September 2014

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Moog Controls Ltd

Registered Number 01171948

Directors

N P Cottell
S Eranki
P Garrad
G Klas (retired 22nd April 2015)
H Preston
C Curr
G Parks
S McLachlan (appointed 22nd April 2015)

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

Moog Controls Ltd

Registered Number 01171948

Strategic Report

The directors present their strategic report for the year ended 30 September 2014.

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 30th September 2014 were as follows:

	<i>2014</i>	<i>2013</i>	<i>Change</i>
	<i>£000</i>	<i>£000</i>	<i>%</i>
Turnover	64,329	62,444	+3%
Profit before taxation	13,331	11,118	+20%
Profit after tax	10,238	8,449	+21%
Average number of employees	439	461	(5)%

The increase in trading is due to the general increase in the European Aerospace sector activity. Prospects within this sector remain fairly buoyant at current levels of activity. Aftermarket aerospace sales to end users have been transferred to Moog Inc with Moog Inc paying a royalty on the sales. 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

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Strategic Report

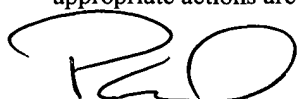
Principal risks and uncertainties (continued)

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.



Director: P Garrad

Date: 23rd June 2015

Directors Report

The directors present their report and financial statements of the company for the year ended 30 September 2014.

Directors

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

N P Cottell

S Eranki

P Garrad

G Klas (retired 22nd April 2015)

G Parks

H Preston

C Curr

S McLachlan (appointed 22nd April 2015)

Dividends

The directors do not propose the payment of a dividend (2013: £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 £1,052,000 (2013: £881,000) 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 offering 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: 23rd June 2015

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 30th September 2014 which comprise the Profit and Loss Account, 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 30th September 2014 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.

Ernst & Young LLP

Paul Mapleston (Senior Statutory auditor)

For and behalf of Ernst & Young LLP, Statutory Auditor

Bristol

24th June 2015

Profit and loss account

For the year ended 30 September 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Turnover	2	64,329	62,444
Cost of sales		(42,288)	(41,859)
Gross profit		22,041	20,585
Administrative expenses		(8,778)	(7,705)
Other operating expenses		(658)	(1,122)
Royalty income		1,114	-
Exceptional Item – Impairment of fixed asset investment	8	(23,015)	-
Operating profit	4	(9,296)	11,758
Interest and similar charges	5	(388)	(640)
Dividend income received	8	23,015	-
Profit on ordinary activities before taxation		13,331	11,118
Tax on profit on ordinary activities	6	(3,093)	(2,669)
Profit on ordinary activities after taxation		10,238	8,449
Retained profit for the year	18	10,238	8,449

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 30 September 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Profit for the financial year		10,238	8,449
Actuarial gain recognised on pension scheme	14	543	1,709
Movement in current taxation in respect of pension scheme		(162)	(478)
Total recognised gain		10,619	9,680

Balance Sheet

At 30 September 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Fixed assets			
Tangible assets	7	6,846	5,569
Investments	8	60,701	60,701
Goodwill	9	2,410	3,214
		<hr/>	<hr/>
		69,957	69,484
Current assets			
Stocks	10	10,606	10,682
Debtors	11	24,479	18,811
		<hr/>	<hr/>
		35,085	29,493
Creditors: amounts falling due within one year	12	(7,229)	(7,818)
Net current assets		<hr/>	<hr/>
		27,856	21,675
Total assets less current liabilities		<hr/>	<hr/>
		97,813	91,159
Provisions for liabilities and charges	13	(567)	(810)
Net assets excluding pension liability		<hr/>	<hr/>
		97,246	90,349
Pension scheme assets	14	1,744	872
Creditors: amounts falling due after one year	15	(7,000)	(9,850)
Net assets		<hr/>	<hr/>
		91,990	81,371
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	30,947	43,343
Non-distributable reserves	17	23,015	-
Equity shareholders' funds		<hr/>	<hr/>
		91,990	81,371

Approved by the Board

Director

P Garrad

Date

23rd June 2015


Notes to the financial statements

At 30 September 2014

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 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 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 30 September 2014

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 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 2014

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 30 September 2014

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	2014 £000	2013 £000
United Kingdom	28,383	26,026
Rest of Europe	25,401	24,430
USA	5,956	6,460
Other	4,589	5,528
	<u>64,329</u>	<u>62,444</u>

3. Staff costs

Employment Costs	2014 £000	2013 £000
Wages and salaries	16,866	16,262
Social security costs	1,763	1,470
Other pension costs	741	1,002
	<u>19,370</u>	<u>18,734</u>

Monthly average number of employees (including directors)	2014 No	2013 No
Administration and management	174	183
Production	265	278
	<u>439</u>	<u>461</u>

Directors' emoluments	2014 £000	2013 £000
Emoluments	451	424
Company contributions paid to money purchase pension schemes	<u>36</u>	<u>32</u>

Notes to the financial statements

At 30 September 2014

3. Staff costs (continued)

Three directors are remunerated by the company and are members of the defined contribution scheme (2013: 5). 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>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Emoluments	134	136
	<hr/>	<hr/>
Company contributions paid to money purchase pension schemes	7	11
	<hr/>	<hr/>

4. Operating profit

This is stated after charging:

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Auditors' remuneration for audit services	52	45
Research and development expenditure written off	1,052	881
Operating lease rentals land & buildings	468	462
Operating lease rentals plant & machinery	172	191
Loss on disposal of fixed asset	(17)	-
Depreciation of owned asset (note 7)	1,206	977
Amortisation of intangible assets (note 9)	804	804
	<hr/>	<hr/>

5. Interest and similar charges

Group undertakings repayable within five years, not by instalments	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Interest payable	542	989
Interest receivable	(154)	(349)
	<hr/>	<hr/>
Total interest	388	640
	<hr/>	<hr/>

Notes to the financial statements

At 30 September 2014

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014 £000	2013 £000
Current tax:		
UK corporation tax	3,040	2,570
UK corporation tax prior year adjustment	-	(12)
Total current tax (note 6b)	3,040	2,558
Deferred tax excluding pension scheme	(4)	38
Deferred tax pension scheme	79	168
Deferred tax rate change adjustment	(22)	(95)
Tax on profit on ordinary activities	3,093	2,669

(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 22%. The differences are reconciled below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	13,331	11,118
Profit on ordinary activities multiplied by standard rate of tax in the UK of 22% (2013:23.5%)	2,933	2,613
Effects of:		
Expenses not deductible for tax purposes	240	218
Enhanced research & development allowance	(31)	(48)
Prior year adjustment	-	(12)
Decelerated capital allowances	(22)	(15)
Other timing differences	(80)	(198)
Total current tax (note 6a)	3,040	2,558

Notes to the financial statements

At 30 September 2014

6. Tax (continued)

(c) Factors affecting future tax charges

A reduction in the corporation tax rate to 20% from 1 April 2015 has been reflected in the deferred tax balances.

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 1 October 2013	772	888	11,626	1,863	923	16,072
Additions	-	51	2,026	195	234	2,506
Disposals	-	-	(24)	-	-	(24)
At 30 September 2014	772	939	13,628	2,058	1,157	18,554
<i>Depreciation:</i>						
At 1 October 2013	206	703	8,164	1,430	-	10,503
Charged in the year	19	20	948	219	-	1,206
Disposals	-	-	(1)	-	-	(1)
At 30 September 2014	225	723	9,111	1,649	-	11,708
<i>Net book value:</i>						
At 30 September 2014	547	216	4,517	409	1,157	6,846
At 1 October 2013	566	185	3,462	433	923	5,569

Notes to the financial statements

At 30 September 2014

8. Investments

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

	2014 £000	2013 £000
Moog Norden AB	20	20
Moog OY	10	10
Moog Components Group Limited	9,446	9,446
Fernau Limited	-	23,015
Moog Fernau Limited	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</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 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 30 September 2014

9. Goodwill

	2014 £000	2013 £000
At 1 October 2013	3,214	-
Reclassification	-	4,018
Amortisation	(804)	(804)
At 30 September 2014	2,410	3,214

During the prior period the directors reviewed amounts held within investments relating to Moog Whitton Ltd and concluded that these amounts were more appropriately classified as goodwill relating 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

	2014 £000	2013 £000
Raw materials	4,509	4,910
Work in progress	2,857	3,016
Finished goods	3,240	2,756
	10,606	10,682

11. Debtors

	2014 £000	2013 £000
Trade debtors	12,428	12,624
Parent company and fellow subsidiaries	11,485	5,840
Prepayments and accrued income	566	347
	24,479	18,811

Notes to the financial statements

At 30 September 2014

12. Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Bank Overdraft	518	355
Trade creditors	1,411	1,199
Amounts owed to parent company and fellow subsidiary undertakings	1,475	3,101
Corporation tax	1,540	1,157
Other taxation and social security	513	722
Accruals and deferred income	1,506	1,020
Other payables	266	264
	<u>7,229</u>	<u>7,818</u>

13. Provisions for liabilities and charges

	<i>Contract loss and warranty</i>	<i>Deferred taxation</i>	<i>Total</i>
	£000	£000	£000
At 1 October 2013	963	(153)	810
Charged to the profit and loss account in the year	534	(4)	530
Utilised in the year	(773)	-	(773)
At 30 September 2014	<u>724</u>	<u>(157)</u>	<u>567</u>

The contract loss and warranty provision is for product integrity rework and contract loss provisions. The figure includes £272,000 for warranty returns in the forthcoming year based on current year actual. The balance comprises customer-specific product integrity issues provisioned at factory cost.

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

	2014	2013
	£000	£000
Difference between accumulated depreciation and capital allowances	(86)	(82)
Other timing differences	(71)	(71)
Deferred tax (asset)	<u>(157)</u>	<u>(153)</u>

Notes to the financial statements

At 30 September 2014

14. 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 £1,018,000 (2013: £948,000). 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 £270,000 from the company (2013: £784,000) and £36,000 from the company employees (2013: £34,000) were made to the plan; the total contributions to the scheme being £306,000 (2013: £818,000). The company expects to contribute approximately £215,000 to the plan during the year to 30 September 2015.

FRS 17 disclosures

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 1 December 2010 and updated by Buck Consultants to assess the liabilities of the scheme at 30 September 2014. Scheme assets are stated at their market values at the respective balance sheet dates.

Main financial assumptions:	2014	2013	2012	2011	2010
	%	%	%	%	%
Rate of salary increases	3.50	3.50	3.30	3.90	3.90
Rate of increase in pensions in payment (inflation subject to a maximum of 5% per annum)	3.00	3.15	2.80	3.30	3.30
Discount rate	4.00	4.30	4.00	5.10	5.00
Inflation assumption RPI	3.10	3.30	2.80	3.40	3.40
Inflation assumption CPI	1.90	2.10	2.00	2.90	2.90

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 (2014): 109% of the S1NXA tables with the CMI 2010 projection subject to a long term rate of improvement of 1% pa

Notes to the financial statements

At 30 September 2014

14. Pension arrangements (continued)

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

	2014	2013	2012	2011	2010
Long term rate of return expected	6.05%	6.25%	5.10%	6.10%	6.30%
	£'000	£'000	£'000	£'000	£'000
Equities	12,770	11,864	10,102	10,394	10,596
Bonds	12,250	11,190	10,073	7,083	7,264
Cash	93	111	146	-	91
Total market value of assets	25,113	23,165	20,321	17,477	17,951
Present value of scheme liabilities	(22,933)	(22,075)	(21,669)	(18,802)	(21,010)
Pension asset before deferred tax	2,180	1,090	(1,348)	(1,325)	(3,059)
Related deferred tax asset at 20%	(436)	(218)	310	331	826
Net Pension Asset/(Liability)	1,744	872	(1,038)	(994)	(2,233)

c) Amounts charged to operating profit:

	2014	2013
	£000	£000
Current service cost	214	234
Total Operating charge	214	234

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

	2014	2013
	£000	£000
Expected return on pension scheme assets	1,435	1,035
Interest on pension scheme liabilities	(945)	(854)
Total Other finance income	490	181

Notes to the financial statements

At 30 September 2014

14. Pension arrangements (continued)

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

	2014 £000	2013 £000
Actual return less expected return on pension scheme assets	935	1,879
Experience (loss) arising on scheme liabilities	(22)	(686)
(Loss)/gain arising from changes in assumptions underlying the present value of scheme liabilities	(370)	516
Actuarial gain recognised in the statement of total recognised gains and losses	543	1,709

The actual gain on the plan's assets net of expenses over the year to 30 September 2014 was £500,000 (2013: gain of £844,000)

The cumulative amount of actuarial losses recognised in the STRGL to 30 September 2014 was a loss of £1,674,000 (2013: loss of £2,217,000)

f) Movement in the financial position during the year:

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

	2014 £000	2013 £000
Fair Value of Plan Assets	23,165	20,321
Benefits paid	(728)	(887)
Expected return on assets	1,435	1,035
Recognised actuarial gain on assets	935	1,879
Employer contributions	270	783
Contributions by plan participants	36	34
Fair Value of Plan Assets	25,113	23,165

Analysis of movements in liabilities during the year:

	2014 £000	2013 £000
Provision for Liabilities and Charges	22,075	21,669
Current service cost	214	234
Contributions by plan participants	36	34
Interest cost	945	855
Benefits paid	(728)	(887)
Recognised actuarial gain on liabilities	391	170
Provision for Liabilities and Charges	22,933	22,075

Notes to the financial statements

At 30 September 2014

14. Pension arrangements (continued)

g) History of amounts:

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Present value of plan liabilities	(22,933)	(22,075)	(21,669)	(18,802)	(21,010)
Fair value of plan assets	25,113	23,165	20,321	17,477	17,951
Surplus / (Deficit)	2,180	1,090	(1,348)	(1,325)	(3,059)
<i>Experience (losses)/gains arising on plan liabilities</i>					
- Amount (£000)	(22)	(686)	156	504	599
- % of the present value of plan liabilities	(0.1%)	(3.1%)	0.7%	2.7%	2.9%
<i>Experience (losses) / gains arising on plan assets</i>					
- Amount (£000)	935	1,879	1,639	(1,366)	228
- % of the fair value of plan assets	(3.7%)	(8.1%)	(8.1%)	8%	1.3%

The above figures make no allowance for deferred tax.

15. Creditors: amounts falling due after one year

	2014	2013
	£000	£000
<i>Promissory notes</i>	7,000	9,850

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.

16. Called up share capital

	2014	2013
	£000	£000
Allotted, called up and fully paid		
<i>Equity shares: 2,250,001 (2013: 2,250,001) ordinary shares of £1 each</i>	2,250	2,250

Notes to the financial statements

At 30 September 2014

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 1 October 2013	2,250	35,778	43,343	-	81,371
Profit for the financial year	-	-	10,238	-	10,238
Actuarial gain on pension scheme net of taxes	-	-	381	-	381
Transfer of dividend received to non distributable reserves	-	-	(23,015)	23,015	-
At 30 September 2014	2,250	35,778	30,947	23,015	91,990

18. Reconciliation of movements in shareholders' funds

	<i>2014 £000</i>	<i>2013 £000</i>
Profit for the financial year	10,238	8,449
Other recognised gains relating to the year	381	1,231
Net increase in shareholders' funds	10,619	9,680
Shareholders' funds Bfwd	81,371	71,691
Shareholders' funds Cfwd	91,990	81,371

19. Capital commitments

	<i>2014 £000</i>	<i>2013 £000</i>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	739	1,745

Financial commitments

At 30 September 2014 the company was committed to making the following payments during the next year in respect of operating leases:

	<i>2014 Land and buildings £000</i>	<i>2014 Other £000</i>	<i>2013 Land and buildings £000</i>	<i>2013 Other £000</i>
Expiring between one and five years inclusive	187	163	198	172
Expiring in over five years	270	-	270	-
	457	163	468	172

Notes to the financial statements

At 30 September 2013

20. Contingent liabilities

There is a contingent liability in respect of a counter indemnity up to a maximum of £20,000 (2013: £20,000) in respect of deferment of duty allowable by HM Revenue and Customs.

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.