Registered Number 01171948

Moog Controls Limited

Report and Financial Statements

28th September 2019

Moog Controls Ltd **Registered Number 01171948**

Directors
P Garrad
C Curr
S Mclachlan
D Fijas
M Lawton

Secretary
P Garrad

Auditors
Baldwins Audit Services
5 Pullman Court
Great Western Road
Gloucester
GL1 3ND

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 28th September 2019.

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 28th September 2019 were as follows:

	2019	*2018*	*Change*
	£000	*£000*	*%*
Turnover	66,425	61,177	8.5%
Operating profit	6,364	4,910	29%
Profit (Loss) before taxation	7,357	5,892	25%
Profit (Loss) after tax	5,898	4,840	22%
Average number of employees	476	453	5.1%

The level of trade is in line with 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.

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.

COVID 19 Pandemic

Pandemics such as COVID 19 creates uncertainty which can have a detrimental effect on the business. In this situation the company works with employees, suppliers and customers to manage the situation to the greatest extent possible. The company has the benefit of supplying to different markets, commercial & military aircraft and industrial, it is not reliant on one business sector where there is a temporary slow down in demand. The company has adequate resources, net assets, a positive cash balance and support from its parent company Moog Inc to continue in operational existence for the foreseeable future.

Director: P Garrad

Date: 4th June 2020

Directors Report

The directors present their report and financial statements of the company for the year ended 28th September 2019

Directors

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

P Garrad
C Curr
S Mclachlan
E Burghardt (resigned 30th April 2019)
D Fijas
M Lawton

Dividends

The company paid a dividend from retained earnings of £28,000,000 to Moog Inc on the 21st March 2019 (2018: £19,100,000) and on the same day received a dividend of £18,000,000 from Moog Wolverhampton Ltd. (2018: £15,500,000).

The company paid a dividend from retained earnings of £4,271,000 to Moog Inc on the 5th December 2018 and on the same day received a dividend of £4,271,000 from Moog Norden.

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 £2,578,000 (2018: £3,079,000) 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.

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 Baldwins Audit Services Limited as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Director: P Garrad

Date: 4th June 2020

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

Opinion

We have audited the financial statements of Moog Controls Limited (the 'company') for the year ended 28 September 2019 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 September 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report **Registered Number 01171948**

to the members of Moog Controls Ltd

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Baldwins Audit Services

Mark Handscombe (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

4|6|2020

Statutory Auditor

5 Pullman Court
Great Western Road
Gloucester
GL1 3ND

Profit and loss account

For the year ended 28th September 2019

	Notes	2019 £000	2018 £000
Turnover	3	66,425	61,177
Cost of sales		(50.911)	(46,367)
Gross profit		15,514	14,810
Administrative expenses		(10,520)	(11,133)
Other operating expenses		(776)	(525)
Royalty income		2,146	1,758
Operating profit	4	6,364	4,910
Interest and similar charges	7	896	988
Finance (expense) income	8	97	(6)
Profit (Loss) on ordinary activities before taxation		7,357	5,892
Tax on profit on ordinary activities	9	(1,459)	(1,052)
Profit (Loss) for the financial year		5,898	4,840

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 28th September 2019

	Notes	2019 £000	2018 £000
Profit (Loss) for the financial year		5,898	4,840
Actuarial gain (loss) recognised on pension scheme	17	(3,165)	3,291
Movement in deferred taxation in respect of pension scheme		601	(662)
Total comprehensive (loss) income for the year		3,334	7,469

Statement of changes in equity

for the year ended 28th September 2019

	Share capital £000	*Share premium account £000*	*Profit and loss account £000*	*Total £000*
At 29th September 2018	2,250	35,778	59,875	97,903
Profit for the year	-	-	5,898	5,898
Dividend paid	-	-	(32,271)	(32,271)
Dividend received	-	-	22,271	22,271
Other comprehensive income for the year	-	-	(2,564)	(2,564)
At 28th September 2019	2,250	35,778	53,209	91,237

Moog Controls Ltd — Registered Number 01171948

Balance Sheet

At 28th September 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets	10	9,571	9,709
Investments	11	43,357	43,357
		52,928	53,066
Current assets			
Cash		354	349
Stocks	12	13.016	11,460
Debtors	13	18,196	22,425
		31,566	34,234
Creditors: amounts falling due within one year	14	(8,573)	(7,075)
Net current assets		22,993	27,160
Promissory notes	16	16,400	16,400
Total assets less current liabilities		92,321	96,625
Provisions for liabilities and charges	15	(1,274)	(1,260)
Net assets excluding pension liability		91,047	95,365
Pension scheme assets/(liabilities)	17	190	2,538
Net assets		91,237	97,903
Capital and reserves			
Called up share capital	18	2,250	2,250
Share premium account		35,778	35,778
Profit and loss account		53,209	59,875
Equity shareholders' funds		91,237	97,903

Approved by the Board

Director: P Garrad

Date 4th June 2020

Notes to the financial statements

At 28th September 2019

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercised judgement in applying the Company's accounting policies.

The company's financial statements are presented in sterling and all values rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Exemptions for qualifying entities under FRS102:

FRS102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Moog Controls Ltd is a qualifying entity as its results are consolidated into the financial statements of Moog Inc a company incorporated in the United States of America, registration number 67444, the registered office is Moog Inc, 400 Jamison Road, Elma, New York 14059, United States of America which are publicly available. The company has not prepared group accounts as its results are consolidated within these publically available financial statements.

As a qualifying entity, the Company has taken advantage of the following exemptions:

i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial includes the Company's cash flows (FRS 102 paragraph 1.12(b)

ii) not to disclose related party transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transaction are wholly owned by the ultimate controlling party (FRS 102 paragraph 33.1(a))

Going concern

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

Pandemics such as COVID 19 creates uncertainty which can have a detrimental effect on the business. In this situation the company works with employees, suppliers and customers to manage the situation to the greatest extent possible. The company has the benefit of supplying to different markets, commercial & military aircraft and industrial, it is not reliant on one business sector where there is a temporary slow down in demand. The company has adequate resources, net assets, a positive cash balance and support from its parent company to continue in operational existence for the foreseeable future.

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 the length of the lease
Plant and machinery	over 8 years
Fixtures and fittings	over 10 years
Tools and computer equipment	over 2-3 years

Notes to the financial statements

At 28th September 2019

1. Accounting policies (continued)

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

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.

Notes to the financial statements

At 28th September 2019

1. Accounting policies (continued)

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.

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.

Notes to the financial statements

At 28th September 2019

1. Accounting policies (continued)

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 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.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Pensions and other post-retirement benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumption and the long term nature of these plans, such estimates are subject to significant uncertainty. The company engages suitability qualified actuaries to compile this information and engages investment managers to manage the assets of the scheme in the most effective manner.

Notes to the financial statements

At 28th September 2019

3. Turnover

Turnover is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

Turnover by geographical market	*2019*	*2018*
	£000	*£000*
United Kingdom	23,503	21,369
Rest of Europe	28,936	28,035
USA	6,816	5,244
Other	7,170	6,529
	66,425	61,177

4. Operating profit

This is stated after charging:

	2019	*2018*
	£000	*£000*
Auditors' remuneration for audit services	44	44
Auditors' remuneration for non-audit services	-	-
Research and development expenditure written off	2,736	3,250
Research and development expenditure credit	(158)	(171)
Operating lease rentals land & buildings	837	719
Operating lease rentals plant & machinery	123	151
(Profit)/Loss on disposal of fixed asset	123	(5)
Depreciation of owned asset (note 10)	1,788	1,635
Foreign exchange gain	37	29
Amortisation of intangible assets (note 12)	-	-

5. Directors' Remuneration

Directors' emoluments	*2019*	*2018*
	£000	*£000*
Emoluments	770	629
Company contributions paid to money purchase pension schemes	48	44

Four directors are remunerated by the company and are members of the defined contribution scheme (2018: 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:	*2019*	*2018*
	£000	*£000*
Emoluments	373	269
Company contributions paid to money purchase pension schemes	20	18

Key management personnel

The parent company consider the directors of the company to be the key management personnel who have authority and responsibility for planning, directing and controlling the activities of the company.

Notes to the financial statements

At 28th September 2019

6. Staff Costs

	2019	*2018*
Employment Costs	*£000*	*£000*
Wages and salaries	19,692	18,588
Social security costs	2,090	2,047
Other pension costs	1,561	1,537
	23,343	22,172

Monthly average number of employees (including directors)	*2019*	*2018*
	No	*No*
Administration and management	167	168
Production	309	285
	476	453

7. Interest and similar charges

	2019	*2018*
	£000	*£000*
Interest (receivable) payable	(896)	(988)

8. Finance income

	2019	*2018*
	£000	*£000*
Interest (payable) receivable from defined benefit pension plan	97	(6)

Notes to the financial statements

At 28th September 2019

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:	*2019*	*2018*
	£000	*£000*
Current tax:		
UK corporation tax	1,395	1,123
UK corporation tax prior year adjustment	-	-
Foreign tax	-	-
Total current tax	1,395	1,123
Deferred tax excluding pension scheme	(63)	409
Deferred tax pension scheme	127	(406)
Deferred tax rate change adjustment	-	(74)
Tax on profit on ordinary activities	1,459	1,052

(b) Factors affecting 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 19.0%. The differences are reconciled below:

	2019	*2018*
	£000	*£000*
Profit on ordinary activities before tax	7,357	5,892
Profit on ordinary activities multiplied by standard rate of tax in the UK of 19.0% (2018:19.0%)	1,398	1,120
Effects of:		
Non-deductible expenses	61	6
Foreign tax	-	-
Rate change to profit & loss	-	(74)
Dividend from liquidation of subsidiary	-	-
Prior year adjustment	-	-
Total tax (note 9a)	1,459	1,052

Notes to the financial statements

At 28th September 2019

9. Tax (continued)

(c) Factors affecting future tax charges

In the 2016 budget the Chancellor announced a reduction to 17% effective for the financial year beginning 1st April 2020. The main rate of corporation tax will fall to 19% from 1st April 2017 and will be reduced by a further 2% to 17% from 1st April 2020. As these tax rates were substantively enacted the relevant rate reductions are reflected in these financial statements.

10. Tangible fixed assets

	Freehold land and buildings *£000*	*Short leasehold* *£000*	*Plant and equipment* *£000*	*Fixtures, fittings, tools and equipment* *£000*	*Assets in the course of construction* *£000*	*Total* *£000*
Cost:						
At beginning of the year	772	2,814	16,505	1,679	981	22,751
Additions	-	92	1,189	99	363	1,743
Disposals	(101)	(49)	(1,550)	(360)	-	(2,060)
At end of the year	671	2,857	16,144	1,418	1,344	22,434
Depreciation:						
At beginning of the year	303	720	10,865	1,154	-	13,042
Charged in the year	18	209	1,422	139	-	1,788
Disposals	(92)	(42)	(1,473)	(360)	-	(1,967)
At end of the year	229	887	10,814	933	-	12,863
Net book value:						
At end of the year	442	1,970	5,330	485	1,344	9,571
At beginning of the year	469	2,094	5,640	525	981	9,709

Notes to the financial statements

At 28th September 2019

11. Investments

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

	2019	*2018*
	£000	*£000*
Moog Norden AB	20	20
Moog Reading Limited	9,446	9,446
Moog Fernau Limited	5,681	5,681
Moog Wolverhampton Limited	28,210	28,210
	43,357	43,357

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

Name of company & Registered Office	*Called up share capital (ordinary shares)*	*Country*	*Nature of business*
Moog Norden AB Stora Åvägen 19B, 436 34 Askim, Sweden	200,000 Sw Kr	Sweden	Sales and repair facility for Industrial products on the Nordic territories
Moog Reading Limited 30 Sutton Ind Est, Reading RG6 1AW	135,137 GBP	UK	Precision engineering and manufacture of electro mechanical devices
Moog Fernau Limited Unit C Airport Executive Park President Way Luton Bedfordshire LU2 9NY	2,590,000 GBP	UK	Sales and manufacture of air traffic management equipment and navigational aids
Moog Wolverhampton Limited Alexandra Way, Ashchurch, Tewkesbury GL20 8NA	101 GBP	UK	Sales and manufacture of flight control actuation products

Notes to the financial statements

At 28th September 2019

12. Stocks

	2019 £000	2018 £000
Raw materials and Work In Progress	4,401	4,767
Finished goods	8,615	6,693
	13,016	11,460

13. Debtors

	2019 £000	2018 £000
Trade debtors	12,876	10,462
Parent company and fellow subsidiaries	4,786	11,403
Deferred taxation	-	-
Other receivables	332	333
Prepayments and accrued income	202	227
	18,196	22,425

Notes to the financial statements

At 28th September 2019

14. Creditors: amounts falling due within one year

	2019	*2018*
	£000	*£000*
Trade creditors	4,133	2,992
Amounts owed to parent company and fellow subsidiary undertakings	1,470	1,420
Corporation tax	813	442
Deferred tax	44	100
Other taxation and social security	560	378
Accruals and deferred income	1,553	1,743
Other payables	-	-
	8,573	7,075

A deferred tax liability is recognised at 17% in the financial statements as follows:

	2019	*2018*
	£000	*£000*
Difference between accumulated depreciation and capital allowances	70	134
Other timing differences	(26)	(34)
Deferred tax liability	44	100

15. Provisions for liabilities and charges

	Contract loss and warranty	*Onerous contracts*	*Total*
	£000	*£000*	*£000*
At beginning of the year	790	470	1,260
Charged to the profit and loss account in the year	534	509	1,043
Utilised in the year	(559)	(470)	(1,029)
At end of the year	765	509	1,274

The contract loss and warranty provision is for product integrity rework and contract loss provisions. The figure includes £92,000 for warranty returns in the forthcoming year based on current year actual experience. The balance comprises customer-specific product integrity issues provisioned at factory cost.

The onerous contract provision relates to expected losses on future orders to be incurred in a future period

Notes to the financial statements

At 28th September 2019

16. Debtors: amounts falling due after one year

	2019	*2018*
	£000	*£000*
Promissory note	16,400	16,400

The company has two promissory notes with its subsidiaries, interest accruing on an actual days and interest payable annually. Moog Fernau Limited was loaned £7m on 15th December 2016 with a maturity date of 14th December 2022 at an interest rate of 8.23%.Moog Reading Limited was loaned £11m on 15th December 2016 with a maturity date of 14th December 2022 at an interest rate of 5.46%. During 2018 Moog Fernau Limited paid down £1.6m.

17. 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 £1,341,000 (2018: £1,256,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Defined benefit scheme

a) Information about the scheme

General description of the type of scheme:
Defined benefit scheme providing benefits linked to salary at retirement or earlier date of leaving service. The plan has been closed to new entrants since 1992.

Description of funding policy:
Following the 1st December 2013 triennial valuation, the company agreed that it would pay £10,000 per month. Following the 1st December 2016 triennial valuation the company agreed that it would pay a one off deficit reduction contribution of £1,000,000 in September 2017, and £25,000 per month over the period from October 2017 to May 2024. Funding levels are monitored on an annual basis, and the current agreed employer future service contribution rate is 54.3% of contribution salaries. The next triennial valuation is due to be completed as at 1st December 2019.

Date of the most recent actuarial valuation:
1st December 2016

b) Reconciliation of value of liabilities

	2019	*2018*
	£000	*£000*
Value of liabilities at start of year	28,145	31,176
Current service cost	217	275
Interest cost	796	793
Contributions by plan participants	24	26
Recognised actuarial (gain) loss on liabilities	5,021	(2,803)
Benefits paid	(1,383)	(1,322)
Past service cost	100	-
Value of liabilities at end of year	32,920	28,145

Notes to the financial statements

At 28th September 2019

17. Pension arrangements (continued)

c) Reconciliation of fair value of assets

	2019	*2018*
	£000	*£000*
Value of assets at start of year	31,203	30,647
Expected return on assets	893	787
Actuarial gain/loss	1,856	487
Contributions by the employer	555	578
Contributions by scheme participants	24	26
Benefits paid	(1,382)	(1,322)
Value of assets at end of year	33,149	31,203

d) Profit and loss

	2019	*2018*
	£000	*£000*
Administration Current service cost	217	275
Finance interest payable (receivable)	(97)	6

e) Amounts recognised in other comprehensive income (OCI)

	2019	*2018*
	£000	*£000*
Actual return less expected return on assets	1,856	487
Experience (loss)/gain arising on scheme liabilities	(21)	(126)
Changes in assumptions	(5,000)	2,930
Total (losses) recognised in OCI	(3,165)	3,291

Notes to the financial statements

At 28th September 2019

Pension arrangements (continued)

f) Analysis of value of assets and reconciliation of funded status

	2019	*2018*	*2017*	*2016*	*2015*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Equities	11,513	11,296	11,103	9,789	12,056
Bonds	21,536	19,734	19,272	18,508	13,062
Cash	100	173	272	128	97
Total market value of assets	*33,149*	*31,203*	*30,647*	*28,425*	*25,215*
Present value of scheme liabilities	(32,920)	(28,145)	(31,176)	(32,492)	(25,285)
Pension (liability)/asset before deferred tax	229	3,058	(529)	(4,067)	(70)
Related deferred tax (liability)/asset at 17%	(39)	(520)	90	691	14
Net Pension (Liability)/Asset	190	2,538	(439)	(3,376)	(56)

g) Actual return on assets

	2019	*2018*
	£000	*£000*
Actual return on assets	2,750	1,275

h) Actuarial assumptions at end of year

	2019	*2018*	*2017*	*2016*	*2015*
	%	*%*	*%*	*%*	*%*
Rate of salary increases	3.00	3.00	3.00	3.00	3.50
Rate of increase in pensions in payment (inflation subject to a maximum of 5% per annum)	3.20	3.20	3.20	2.95	3.00
Discount rate	1.80	2.90	2.60	2.29	3.80
Inflation assumption RPI	3.35	3.35	3.35	3.00	3.10
Inflation assumption CPI	2.35	2.35	2.35	2.00	2.10

Mortality assumption (2017): 75% of the S1PMA for males 72% of S1FPA for females with the CMI 2013 core projection with a minimum improvement of 1% pa

Notes to the financial statements

At 28th September 2019

18. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
Equity shares: 2,250,001 (2018: 2,250,001) ordinary shares of £1 each	2,250	2,250

19. Capital commitments

	2019 £000	2018 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	1,011	861

Financial commitments

At 28th September 2019 the company had future minimum lease payments under non-cancellable operating leases as set out below:

	2019 Land and buildings £000	2019 Other £000	2018 Land and buildings £000	2018 Other £000
Not later than one year	850	133	800	97
Later than one year and not later than five years	3,243	342	3,198	223
Later than five years	6,015	-	6,697	2
	10,108	475	10,695	322

20. Contingent liabilities

There is a contingent liability in respect of a counter indemnity up to a maximum of £100,000 (2018: £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.