

Cobham Advanced Composites Limited
Annual Report and Accounts
for the year ended 31 December 2013

Registered number 3878561

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Cobham Advanced Composites Limited
Annual Report and Accounts
for the year ended 31 December 2013

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Cobham Advanced Composites Limited

Directors' report for the year ended 31 December 2013

The directors have pleasure in submitting their report, together with the strategic report and the audited financial statements of Cobham Advanced Composites Limited ("the Company"), for the year ended 31 December 2013. The Company is a wholly owned subsidiary of Cobham PLC and trades under the name Cobham Antenna Systems, Shepshed and Stevenage.

Results and dividends

The Company's results for the year are set out in the profit and loss account on page 10 showing a profit for the financial year after tax of £2,083,000 (2012: £2,344,000). At 31 December 2013, the Company had net assets of £14,457,000 (2012: £12,367,000).

A review of the Company's business during the year, together with information on the Company's involvement in research and development, risks and uncertainties, financial risk management and events since the balance sheet date are provided in the strategic report on pages 3 to 4.

No dividends were paid or proposed during the current or comparative year.

Directors

The following directors held office during the year and up to the date of signing this report:

E G Masterson
C Shaw
F Cahill

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report, the Strategic 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

Cobham Advanced Composites Limited

Directors' report for the year ended 31 December 2013 (continued)

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the board



E G Masterson
Company secretary

Date: 19th June 2014

Cobham Advanced Composites Limited

Strategic report for the year ended 31 December 2013

Business review

The Company specialises in the design, development and manufacture of high performance radomes and composite structures for the aerospace, defence and communications markets. The principal activities are not expected to change in the foreseeable future.

The directors consider the results for the year to be good. The turnover for the year was in line with expectations and new programs have been implemented successfully. The Company is in negotiations with several new and existing customers on a range of composite products.

The Company is well placed in the market to offer a wide range of composite products to existing and new customers.

Future developments

The directors are confident that next year will again show a strong and profitable performance.

Research and development

The Company is committed to research and development by continuing to develop new techniques and processes and has invested £425,000 (2012: £353,000) in activities during the year. All Company funded research and development expenditure is written off as it is incurred unless and until the conditions for capitalisation are met.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to competition from both national and independent suppliers, employee retention, and product availability. Further discussion of risks and uncertainties, in the context of the group as a whole, is provided on pages 28 to 31 of the Cobham plc 2013 Annual Report and Accounts which does not form part of this report.

Key performance indicators

The directors of the ultimate parent undertaking, Cobham plc, manage the group's operations on a divisional basis. For this reason, the Company's directors believe that the most useful analysis of key performance indicators is with reference to the development, performance and position of the Cobham Aerospace and Security division of Cobham plc, which includes the Company. This is discussed on pages 14 and 15 of the Cobham plc 2013 Annual Report and Accounts which does not form part of this report. KPIs for the group as a whole are discussed on page 12 and 13 of that report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign currency exchange rate risk. The Company has in place a risk management programme that seeks to limit adverse affects on the financial performance of the Company.

Given the size of the Company relative to the Cobham PLC group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors of Cobham plc are managed by the group finance department. The Cobham plc group has a policy and procedures manual that sets out guidelines to allow it to manage credit risk, interest rate cash flow risk and foreign currency exchange rate risk and this is applied by the Company.

The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Cobham Advanced Composites Limited

Strategic report for the year ended 31 December 2013 (continued)

Price risk

The Company is exposed to price risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to price risk exceed any potential benefits. The Company has no exposure to equity securities price risks as it holds no listed or other equity investments.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The Company also monitors existing customer accounts on an ongoing basis and takes appropriate action where necessary to minimise any potential credit risk. Cash and bank balances are held with banks that have been assigned satisfactory credit ratings by international credit rating agencies.

Liquidity risk

The Company retains sufficient cash to ensure it has available funds for operations and planned expansions. The Company also has access to longer term funding from its ultimate parent undertaking if required.

Interest rate cash flow risk

The Company has interest bearing assets. Interest bearing assets include only cash balances, all of which earn interest at a floating rate. In order to ensure stability of cash out flows and hence manage interest rate risk, the Company has access to fixed interest rate loans from its ultimate parent undertaking. The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Foreign currency exchange rate risk

The Company has a policy to minimise foreign currency exchange rate risk through the regular monitoring of foreign currency flows and putting in place where appropriate forward currency exchange rate contracts with the ultimate parent undertaking.

By order of the board



E G Masterson
Company secretary

Date: 19th June 2014

Cobham Advanced Composites Limited

Independent auditors' report to the members of Cobham Advanced Composites Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Cobham Advanced Composites Limited, comprise:

- the statement of accounting policies;
- the profit and loss account for the year ended 31 December 2013;
- the balance sheet as at 31 December 2013;
- the note of historical cost profits and losses; and
- the related notes.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual report and accounts 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.

Cobham Advanced Compositeds Limited

Independent auditors' report to the members of Cobham Advanced Composites Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of directors

As explained more fully in the directors' responsibilities statement set out on page 1 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Sarah Harrison (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Southampton

Date: 19 June 2014

Cobham Advanced Composites Limited

Statement of accounting policies

Accounting convention

The financial statements have been prepared on the going concern basis, under the historical cost convention modified to include the revaluation of certain land and buildings and in accordance with the Companies Act 2006 and applicable UK accounting standards. The principal accounting policies, which have been applied consistently throughout the year, are set out below:

Turnover

Turnover is measured at the fair value of the right to consideration and excludes value added tax, other sales taxes and trade discounts. Turnover is recognised at the point when substantially all of the risks and rewards of ownership are transferred to the customer; normally this is on despatch. In the case of contracts of a long duration, turnover is recognised based upon the fair value of work performed to date assessed with reference to contract milestones.

Current taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Intangible assets

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of the separable net assets. It has been capitalised and is being written off in equal instalments over its estimated useful life of 20 years.

Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase cost together with any directly attributable costs of acquisition, net of depreciation and provisions, where required, for any impairment with the exception of one of the freehold buildings which was revalued as at 31 December 2000. The revaluation surplus was taken to the revaluation reserve. The Company has taken advantage of the options within FRS15 to retain the book values of fixed assets at their previously revalued amounts. No further revaluations will be undertaken.

Cobham Advanced Composites Limited

Statement of accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Depreciation is provided on all tangible fixed assets, other than freehold land which is not depreciated, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life. The expected useful economic lives used for this purpose are:

Freehold buildings	25 to 50 years
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Plant and machinery including vehicles	3 to 8 years
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Fixtures, fittings, tools and equipment	3 to 8 years
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Assets in the course of construction are not depreciated.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss account.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost on a first-in first-out basis, which includes an appropriate proportion of production overheads, and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stock.

Turnover and a prudent estimate of the profit attributable to work completed on long-term contracts is recognised once the outcome of the contract can be recognised with reasonable certainty. The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long-term contract balances.

Payments received and receivable on account of work in progress are deducted from the cost of the work carried out at the balance sheet date to the extent of the valuation of the work done.

Pension costs

The Company contributes to a multi-employer defined benefit pension scheme operated by Cobham plc, the assets of which are held separately in independently administered funds. Contributions and pension costs are apportioned across the scheme as a whole and assessed in accordance with the advice of qualified actuaries. The scheme is closed to new members and has a high proportion of deferred and pensioner members from businesses that no longer participate in the scheme. The Company is therefore not able to identify its share of underlying assets and liabilities of the scheme on a reasonable and consistent basis and in accordance with the multi-employer exemption contained in FRS 17, the scheme has been accounted for as if it was a defined contribution scheme. The charge to the profit and loss account therefore reflects payments for the year.

Contributions to defined contribution schemes are charged to the profit and loss account in the period the contributions are payable.

The Company also makes contributions for certain employees to individual personal pension and stakeholder schemes. Contributions are charged to the profit and loss account in the year to which they relate.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Cobham Advanced Composites Limited

Statement of accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated at an average monthly rate of exchange which approximates to the actual daily rate throughout the year.

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling, translated at the rates of exchange ruling at the balance sheet date.

Forward currency contracts, entered into as hedges of committed purchase orders placed with suppliers or sales invoiced to customers denominated in foreign currencies, are not recognised until they mature, at which point any gain or loss is recognised in the profit and loss account.

All exchange differences are dealt with in the profit and loss account.

Research and development

Research and development expenditure not chargeable to customers is written off in the period in which it is incurred.

Where the research and development activity is performed for customers, costs are capitalised in work in progress and released to the profit and loss account in accordance with the Company's turnover policy as stated above.

Leases

Lease arrangements are accounted for as finance leases where substantially all the risks and rewards of ownership of the leased asset are retained by the Company. All other leases are classified as operating leases.

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

Estimation techniques

In certain circumstances the measurement of values cannot be made with absolute certainty either because absolute costs are unknown, or they require a degree of subjective review. Examples include the calculation of degrees of obsolescence of stock, or degrees of completion against long term project objectives. In these instances the directors utilise the skills, knowledge and experience of suitably qualified persons to generate appropriate values. All appropriate accounting standards are adhered to in generating such values.

Share-based payments

For grants made under the group's share-based payment schemes, amounts which reflect the fair value of options awarded to employees of the Company at the date of grant are charged to the profit and loss account over the vesting period of the option and the excess of the charge over any amounts paid to Cobham plc for these options is recognised as a capital contribution in equity.

The valuation of the options utilises a methodology based on the Black-Scholes model, modified where required to allow for the impact of market related performance criteria. The impacts of changes in assumptions of the number of options that are expected to vest due to non market related conditions are assessed at each balance sheet date and adjusted through the profit and loss account on a cumulative basis.

Cobham Advanced Composites Limited

Profit and loss account for the year ended 31 December 2013

		2013	2012
	Note	£000	£000
Turnover	1	23,509	21,152
Cost of sales		(16,684)	(14,819)
Gross profit		6,825	6,333
Selling and distribution costs		(508)	(636)
Administrative expenses		(3,409)	(3,107)
Operating profit	2	2,908	2,590
Interest receivable and similar income	3	38	94
Profit on ordinary activities before taxation		2,946	2,684
Tax on profit on ordinary activities	4	(863)	(340)
Profit for the financial year	17	2,083	2,344

All the Company's activities are classed as continuing in the current and comparative year.

The profit on ordinary activities before taxation and the profit for the financial year have been calculated on the historical cost basis, as modified by the revaluation of freehold property.


The Company has no recognised gains or losses other than the amounts above and therefore no separate statement of total recognised gains and losses has been prepared.

Cobham Advanced Composites Limited

Balance sheet as at 31 December 2013

		2013	2012
	Note	£000	£000
Fixed assets			
Intangible assets	9	2,468	2,858
Tangible assets	10	6,921	5,744
		9,389	8,602
Current assets			
Stocks	11	2,642	2,595
Debtors	12	5,677	5,501
Cash at bank and in hand		3,161	8,648
		11,480	16,744
Creditors: amounts falling due within one year	13	(6,251)	(7,330)
Net current assets		5,229	9,414
Total assets less current liabilities		14,618	18,016
Creditors: amounts falling due after more than one year	14	-	(5,551)
Provisions for liabilities	15	(161)	(98)
Net assets		14,457	12,367
Capital and reserves			
Called up share capital	16	-	-
Revaluation reserve	17	484	524
Other reserve	17	440	433
Profit and loss account	17	13,533	11,410
Total shareholders' funds	18	14,457	12,367

The financial statements on pages 7 to 22 were approved by the board on 19th June 2014 and were signed on its behalf by:



C Shaw
Director



E G Masterson
Director

Registered number in England: 3878561

Cobham Advanced Composites Limited

Note of historical cost profits and losses for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Profit on ordinary activities before taxation		2,946	2,684
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	10	40	40
Historical cost profit on ordinary activities before taxation		2,986	2,724
Historical cost profit for the year retained after taxation		2,123	2,384

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013

1. Turnover

All sales are deemed as being attributable to the design, development and manufacture of high performance radomes and composite structures.

An analysis of turnover by geographical destination is given below:

	2013 £000	2012 £000
United Kingdom	14,914	11,138
Other EU countries	6,682	8,743
United States of America	849	907
Australasia	144	362
Rest of the world	920	2
	23,509	21,152

2. Operating profit

	2013 £000	2012 £000
Operating profit is stated after charging/(crediting):		
Depreciation - owned assets	723	751
Operating lease charges - other	17	6
Amortisation of goodwill	390	390
Research and development	425	353
Exchange differences	79	18
Auditors' remuneration fees for the audit of the Company's financial statements	32	30

Fees paid to the Company's auditor, PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated group financial statements of the ultimate parent undertaking, Cobham plc, disclose the non-audit fees on a consolidated basis.

3. Interest receivable and similar income

	2013 £000	2012 £000
Bank interest receivable	38	94

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

4. Tax on profit on ordinary activities

	2013	2012
	£000	£000
Current tax:		
UK corporation tax on profit for the year	792	823
Adjustments in respect of previous years	8	(425)
Total current tax	800	398
Deferred tax:		
Capital allowances for the year in excess of depreciation	56	(89)
Timing differences relating to share options	(1)	28
Effect of change in tax rate	(18)	(8)
Adjustment in respect of previous years	26	11
Total deferred tax (note 15)	63	(58)
Tax on profit on ordinary activities	863	340

The current tax assessed for the year is higher (2012: lower) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£000	£000
Profit on ordinary activities before taxation	2,946	2,684
Profit on ordinary activities multiplied by the standard rate in the UK of 23.25% (2012: 24.5%)	685	658
Effects of:		
Expenses not deductible for tax purposes	176	77
Tax deduction available in respect of share options	(13)	(1)
Capital allowances for the year in excess of depreciation	(56)	89
Adjustment to tax charge in respect of previous years	8	(425)
Total current tax	800	398

Closing deferred tax balances have been calculated at 21% (2012: 23%), based on rates which have been substantively enacted at the balance sheet date.

Factors that may affect future tax charges:

The standard rate of UK corporation tax will reduce to 20% by 1 April 2015.

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

5. Directors' emoluments

Certain directors in office at the end of the year are employed by, and receive their emoluments from, other group undertakings. No other amounts have been paid or are owed at 31 December 2013 (2012: £nil) in respect of services supplied by these directors to the Company, since their services are incidental to their services to the group as a whole.

The emoluments of the directors employed by the Company are:

	2013	2012
	£000	£000
Aggregate emoluments	306	284

Retirement benefits are accruing to 2 (2012: 2) directors under a defined benefit scheme. During the year 2 (2012: none) of the directors exercised options over shares of Cobham plc and 2 (2012: 1) directors were entitled to receive share options under long term incentive plans.

Highest paid director

	2013	2012
	£000	£000
Total emoluments including amounts accruing under long-term incentive schemes	179	163
Accrued pension at end of year under defined benefit scheme	55	51

The highest paid director also exercised shares under executive share option schemes during the current and previous years.

6. Employee costs

	2013	2012
	£000	£000
Wages and salaries	6,105	5,625
Share based payments (note 7)	34	59
Social security costs	512	505
Pension costs (note 19)	1,537	1,172
	8,188	7,361

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

6. Employee costs (continued)

The average monthly number of employees (including executive directors) employed by the Company during the year was:

By activity	2013	2012
Production and engineering	137	144
Marketing	4	6
Management and administration	43	40
	184	190

7. Share-based payments

The Company participates in share schemes operated by the ultimate parent undertaking, Cobham plc, and the following amounts are included in these financial statements:

	2013 £000	2012 £000
PSP awards	12	12
ESOS awards	(18)	5
ShareSave awards	40	42
Capital contribution from ultimate parent undertaking	34	59
Repayment of capital contribution	(27)	(35)
Net charge to profit and loss account	7	24

As the schemes relate to shares of the ultimate parent undertaking, the Company has recognised a capital contribution equal to the net profit and loss account charge for the year in reserves (note 17).

The PSP scheme allows for annual grants of conditional shares with vesting conditions based on the Cobham plc group's financial performance, taking into account both market-based conditions such as TSR growth and non-market based measures such as EPS growth or cash conversion respectively.

Other equity settled incentive schemes available to certain senior executives are the Executive Share Option Scheme (ESOS) and the Bonus Co-investment Plan (BCP), further details of these schemes can be found in the 2013 Annual Report of Cobham plc.

The Cobham Savings Related Share Option Scheme (ShareSave) is an HMRC approved savings related share option plan which is open to all UK employees. Participating employees contribute to a monthly savings plan and after an agreed period of at least three years, employees have the option to use these savings plus interest to purchase Cobham plc shares at 80% of the market price on the date of grant.

The number of options outstanding under each of the schemes were as follows:

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

7. Share-based payments (continued)

	2013	2012
PSP	37,070	20,681
ESOS	28,614	94,073
ShareSave	420,852	417,599
Total options outstanding at 31 December	486,536	532,353

8. Dividends

No dividend has been paid or declared during the current or the previous year.

9. Intangible assets

	Goodwill £000
Cost	
At 1 January 2013	7,808
At 31 December 2013	7,808
Accumulated amortisation	
At 1 January 2013	4,950
Charge for the year	390
At 31 December 2013	5,340
Net book amount	
At 31 December 2013	2,468
At 31 December 2012	2,858

Goodwill arose on the acquisition of business lines from BAE Systems (Operations) in 2000. The goodwill is being amortised on a straight-line basis over 20 years. This is the period over which the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

10. Tangible assets

	Freehold land and buildings	Plant and machinery (including vehicles)	Fixtures fittings, tools and equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 January 2013	5,950	7,986	1,118	45	15,099
Additions	671	719	172	338	1,900
Disposals	-	(384)	(112)	-	(496)
Reclassification	15	30		(45)	-
At 31 December 2013	6,636	8,351	1,178	338	16,503
Accumulated depreciation					
At 1 January 2013	2,168	6,267	920	-	9,355
Charge for the year	222	421	80	-	723
Disposals	-	(384)	(112)	-	(496)
At 31 December 2013	2,390	6,304	888	-	9,582
Net book amount					
At 31 December 2013	4,246	2,047	290	338	6,921
At 31 December 2012	3,782	1,719	198	45	5,744

One of the freehold buildings was valued at 31 December 2000 on the basis of an existing use value by external commercial property consultants at £2.280m. If there had been no revaluation of this freehold building then the total for all freehold land and buildings would have been included in the financial statements on an historical cost basis as follows:

	2013	2012
	£000	£000
Cost	5,630	4,944
Accumulated depreciation	(1,868)	(1,686)
Net book amount based on historic cost	3,762	3,258

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

11. Stocks

	2013	2012
	£000	£000
Raw materials and consumables	1,333	1,504
Work in progress	1,615	1,495
Payments on account	(306)	(404)
	2,642	2,595

There is no significant difference between the replacement cost and the value of stocks shown.

12. Debtors

	2013	2012
	£000	£000
Trade debtors	4,696	4,704
Amounts owed by fellow subsidiary undertakings	748	627
Prepayments and accrued income	233	170
	5,677	5,501

Amounts owed by fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Trade creditors	2,731	2,473
Payments on account	2,210	3,576
Amounts owed to fellow subsidiary undertakings	77	114
Other creditors	94	332
Corporation tax	339	354
Other tax and social security	153	141
Accruals and deferred income	647	340
	6,251	7,330

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

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

	2013	2012
	£000	£000
Amounts owed to immediate parent undertaking	-	5,551

Until their settlement this year amounts owed to immediate parent undertaking are unsecured and interest free.

15. Provisions for liabilities

	Deferred taxation
	£000
At 1 January 2013	98
Charged to the profit and loss account	63
At 31 December 2013	161

The deferred tax liability represents:

	2013	2012
	£000	£000
Accelerated capital allowances	187	128
Other short term timing differences	(26)	(30)
	161	98

16. Called up share capital

	2013	2012
	£	£
Allotted, called up and fully paid:		
100 (2012: 100) Ordinary shares of £1 each	100	100

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

17. Reserves

	Revaluation reserve	Other reserve	Profit and loss account
	£000	£000	£000
At 1 January 2013	524	433	11,410
Profit for the financial year	-	-	2,083
Capital contribution for the year	-	34	-
Recharges paid to ultimate parent undertaking	-	(27)	-
Transfer of realised profit on depreciation of revalued assets	(40)	-	40
At 31 December 2013	484	440	13,533

The other reserve relates to share-based payments awarded to certain employees of the Company by the ultimate parent undertaking, Cobham plc (note 7).

18. Reconciliation of movements in total shareholders' funds

	2013	2012
	£000	£000
Profit for the financial year	2,083	2,344
Net capital contribution from ultimate parent undertaking	7	24
Net addition to shareholders' funds	2,090	2,368
Opening shareholders' funds	12,367	9,999
Closing shareholders' funds	14,457	12,367

19. Pension commitments

Defined contribution scheme

The Company participates in the Cobham Personal Pension Plan, a defined contribution scheme operated for companies within the Cobham plc group. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension cost charged represents contributions payable by the Company to the fund and amounted to £70,000 (2012: £38,000). At 31 December 2013 there were no contributions outstanding (2012: £Nil).

Cobham Advanced Composites Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

19. Pension commitments (continued)

Defined benefit scheme

The Company also participates in the defined benefit section of the Cobham Pension Plan operated by Cobham plc. The pension scheme is of the funded defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The latest effective date of the actuarial assessment of the scheme was 1 April 2012. This assessment was updated to 31 December 2013 at which date the net liabilities of the scheme were assessed to be £81.7m. The directors of the companies involved in the group scheme will continue to monitor the level of the pension deficit and take advice from independent actuaries as appropriate.

The scheme has members across the Cobham Group and the directors of the Company are unable to obtain detailed and reliable analysis of the scheme liabilities for the Company. Consequently in these financial statements this scheme has been accounted for as if it was a defined contribution scheme and the charge to the profit and loss account therefore reflects payments for the year.

The total pension charges for the year for the defined benefit pension scheme were £1,467,000 (2012: £1,134,000).

20. Contingent liabilities

The Company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the Company has issued an unlimited guarantee to support these group facilities.

21. Capital commitments

At 31 December the Company had capital commitments outstanding of £477,000 (2012: £114,000).

22. Financial commitments

Annual operating lease commitments existed at the year-end in relation to plant and machinery. These expire within 2-5 years and amount to £22,000 (2012: £11,000).

23. Ultimate parent undertaking

The Company's immediate parent undertaking is Lockman Electronic Holdings Limited.

The ultimate parent undertaking and controlling party is Cobham plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Cobham plc consolidated financial statements can be obtained from the Company Secretary at Cobham plc, Brook Road, Wimborne, Dorset BH21 2BJ.

24. Cash flow statement and related party disclosures

As noted above, the Company is a wholly owned subsidiary of Lockman Electronic Holdings Limited and is included in the consolidated financial statements of Cobham plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of FRS 1 (revised 1996). The Company has also taken the exemption under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Cobham plc group or investees of the Cobham plc group.