

Manlock Investments Limited  
Directors' report and financial statements  
for the year ended 31 December 2011

Registered number 5216560



Manlock Investments Limited

Directors' report and financial statements

for the year ended 31 December 2011

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# **Manlock Investments Limited**

## **Directors' report for the year ended 31 December 2011**

The directors have pleasure in submitting their report, together with the audited financial statements of Manlock Investments Limited ("the Company"), for the year ended 31 December 2011

### **Results and dividends**

The Company's results for the year are set out in the profit and loss account on page 8 showing a profit for the financial year after tax of £52,288,000 (2010 £26,867,000) At 31 December 2011, the Company has net assets of £477,518,000 (2010 £435,230,000)

Dividends paid are as set out in note 7 No dividend is proposed for the current year

### **Principal activities and business review**

The principal activity of the Company is the provision of finance to other group companies The directors consider the results for the year to be satisfactory

### **Future developments**

The directors expect the Company to continue to act as a financing company for the foreseeable future

### **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 the provision of finance to other group companies as explained in the financial risk management section below Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 28 and 29 of the Cobham plc 2011 Annual Report 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 analysis using key performance indicators at the Company level (financial and non-financial) is not necessary or appropriate for an understanding of the development, performance or position of the business of Manlock Investments Limited The development, performance and position of Cobham plc, which includes the Company, is discussed in the Cobham plc 2011 Annual Report which does not form part of this report KPIs for the group as a whole are discussed on pages 12 and 13 of that report

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include 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, 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

# Manlock Investments Limited

## Directors' report (continued)

### Financial risk management (continued)

#### *Credit risk*

Cash and bank balances are held with banks that have been assigned satisfactory credit ratings by international credit rating agencies. Credit risk also arises in respect of amounts owed by fellow subsidiary undertakings, these are reviewed regularly and form part of the financing arrangements for the Cobham plc group. All balances are supported by net assets in the borrowing company and are guaranteed by the ultimate parent undertaking.

#### *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 comprising cash balances which earn interest at a floating rate and inter-company balances which earn interest at a fixed rate. In order to ensure stability of cash 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.

### Directors

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

A J Stevens  
W G Tucker

### Statement of directors' responsibilities

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 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.

# **Manlock Investments Limited**

## **Directors' report (continued)**

### **Statement of directors' responsibilities (continued)**

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.

### **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



L C Colloff  
**Company secretary**  
26 June 2012

## **Independent auditors' report to the members of Manlock Investments Limited**

We have audited the financial statements of Manlock Investments Limited for the year ended 31 December 2011 which comprise the statement of accounting policies, the profit and loss account, the balance sheet, 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).

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

As explained more fully in the statement of directors' responsibilities set out on pages 3 to 4 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.

### **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 to identify material inconsistencies with the audited financial statements. 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 31 December 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **Manlock Investments Limited**

## **Independent auditors' report (continued)**

### **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



Helen Orton (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton

26 June 2012

# **Manlock Investments Limited**

## **Statement of accounting policies**

### **Accounting convention**

The financial statements have been prepared on the going concern basis, under the historical cost convention 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.

### **Interest**

Interest is recognised on an accruals basis.

### **Current taxation**

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

### **Financial assets and liabilities**

Financial assets and liabilities are presented in accordance with paragraphs 15-50 of FRS 25 as the Company has not adopted FRS 26.

### **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.

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

### **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. 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.



## Manlock Investments Limited

### Profit and loss account for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Interest receivable and similar income	2	72,750	39,248
Interest payable and similar charges	3	(1,610)	(1,932)
<b>Profit on ordinary activities before taxation</b>		<b>71,140</b>	<b>37,316</b>
Tax on profit on ordinary activities	4	(18,852)	(10,449)
<b>Profit for the financial year</b>	<b>12</b>	<b>52,288</b>	<b>26,867</b>

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 in the current and comparative year

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 in the current and comparative year

# Manlock Investments Limited

## Balance sheet as at 31 December 2011

	Note	2011 £000	2010 £000
<b>Current assets</b>			
Debtors	8	317,511	476,427
Cash at bank and in hand		174,091	118,656
		491,602	595,083
<b>Creditors' amounts falling due within one year</b>	9	(14,084)	(159,853)
<b>Net assets</b>		477,518	435,230
<b>Capital and reserves</b>			
Called up share capital	10	335,000	335,000
Share premium account	11	14,372	14,372
Profit and loss account	11	128,146	85,858
<b>Total shareholders' funds</b>	12	477,518	435,230

The financial statements on pages 7 to 13 were approved by the board on 26 June 2012 and were signed on its behalf by



W G Tucker  
Director

Registered number in England 5216560

# Manlock Investments Limited

## Notes to the financial statements for the year ended 31 December 2011

### 1. Audit fees

Auditors' remuneration of £2,656 (2010 £2,604) was borne by another group company in the current and prior year with no recharge to the Company. 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.

### 2. Interest receivable and similar income

	2011 £000	2010 £000
Bank interest receivable	990	495
Interest receivable from fellow subsidiary undertakings	71,284	38,703
Exchange differences	476	50
	<b>72,750</b>	<b>39,248</b>

### 3. Interest payable and similar charges

	2011 £000	2010 £000
Interest payable on bank overdrafts	1,610	1,932

### 4. Tax on profit on ordinary activities

	2011 £000	2010 £000
<b>Current tax.</b>		
UK corporation tax on profit for the year	18,852	10,449

The current tax assessed for the year is at the standard rate of corporation tax in the UK of 26.5% (2010 28.0%), as explained below.

	2011 £000	2010 £000
<b>Profit on ordinary activities before taxation</b>	<b>71,140</b>	<b>37,316</b>
Profit on ordinary activities multiplied by the standard rate in the UK of 26.5% (2010 28.0%) and total current tax for the year	<b>18,852</b>	<b>10,449</b>

The Finance Act 2011 was enacted in the year, reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011.

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2012 Budget Statement. The rate of corporation tax was reduced to 24% with effect from 1 April 2012, legislation to effect this was substantively enacted on 26 March 2012. Further reductions to the main rate are proposed to reduce the rate to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

# Manlock Investments Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 5. Directors' emoluments

All directors in office at the year end are employed by, and receive their emoluments from, another group undertaking. No other amounts have been paid or are owed at 31 December 2011 (2010: £nil) in respect of services supplied by the directors to the Company, since their services are incidental to their services to the group as a whole.

### 6. Employee costs

The Company had no employees in 2011 or 2010.

### 7. Dividends

	2011 £000	2010 £000
Final dividend for prior year of nil (2010, 5 672p) per share	-	19,000
Interim dividend for current year paid of 2 985p (2010, nil) per share	10,000	-
	10,000	19,000

### 8. Debtors

	2011 £000	2010 £000
Amounts owed by fellow subsidiary undertakings	317,217	476,213
Other debtors	294	214
	317,511	476,427

Interest is charged on amounts owed by fellow subsidiary undertakings at a rate of 8% per annum (2010 between 8% and 9%). These amounts are unsecured and are repayable on demand.

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

	2011 £000	2010 £000
Bank overdraft	-	154,266
Corporation tax	13,850	5,109
Accruals and deferred income	234	478
	14,084	159,853

## Manlock Investments Limited

### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 10. Called up share capital

	2011 £000	2010 £000
<b>Allotted, called up and fully paid</b>		
335,000,002 Ordinary shares of £1 each	<b>335,000</b>	335,000

#### 11. Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2011	14,372	85,858
Profit for the financial year	-	52,288
Dividends (note 7)	-	(10,000)
<b>At 31 December 2011</b>	<b>14,372</b>	<b>128,146</b>

#### 12. Reconciliation of movements in total shareholders' funds

	2011 £000	2010 £000
Profit for the financial year	<b>52,288</b>	26,867
Dividends (note 7)	<b>(10,000)</b>	(19,000)
Retained profit for the financial year	<b>42,288</b>	7,867
Opening shareholders' funds	<b>435,230</b>	427,363
<b>Closing shareholders' funds</b>	<b>477,518</b>	435,230

## **Manlock Investments Limited**

### **Notes to the financial statements for the year ended 31 December 2011 (continued)**

#### **13. 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.

#### **14. Capital commitments**

The Company had no capital commitments outstanding at 31 December 2011 or 31 December 2010.

#### **15. Ultimate parent undertaking**

The Company's immediate and 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.

#### **16. Cash flow statement and related party disclosures**

As noted above, the Company is a wholly owned subsidiary of Cobham plc and is included in the consolidated financial statements of that company, 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.