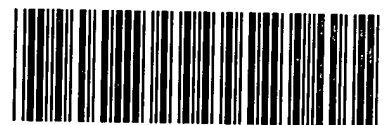


ADS GROUP LIMITED
(A company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2014

THURSDAY

COMPANIES HOUSE



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COMPANY INFORMATION

DIRECTORS (MEMBERS OF THE COUNCIL)

Airbus Group Limited	
Babcock International Group PLC	
BAE Systems PLC	
Bombardier Aerospace UK Limited	
Cobham PLC	
Eaton Aerospace Limited	
Finmeccanica UK Limited	
GE Aviation Limited	
GKN PLC	
KBR Limited	(appointed 01 January 2015)
Lockheed Martin UK Limited	
Marshall Aerospace Limited	
Meggitt PLC	
Messier Dowty Limited	
Northrop Grumman UK Limited	
QinetiQ Group PLC	
Raytheon Systems Limited	
RLC Engineering Group Limited	
Rockwell Collins UK Limited	
Rolls-Royce PLC	
Serco PLC	
Spirit Aerosystems (Europe) Limited	
Thales UK PLC	
UTC Aerospace Systems Limited	
Mr E Bates	(appointed 01 January 2015)
Mr S Beech	
MR D Bond	
Ms K Bennett	(appointed 01 January 2015)
Mr M Bryson	
Sir B BurrIDGE	
Mr C Chalk	
Mr M Clayforth-Carr	
Mr T De Bouillane	
Mr D Evans	
Mr P Everitt	
Mr R Finlayson	
Ms C Flynn-Macleod	
Mr D Hansell	
Mr R Herman-Smith	
Mr S Hipgrave	
Mr A Kerr	(resigned 30 September 2014)
Mr A Loakes	(term expired 31 December 2014)
Mr M MacDonald	(appointed 01 January 2015)
Mr R Martin	
Ms A Mathis	
Mr C Melrose	
Mr S Murray	
Mr D Nutton	
Mr C Nyland	
Mr S Ormrod	
Mr T Otter	(resigned 31 December 2014)
Rt Hon Sir Geoffrey Pattie	
Mr R Pinto	
Mr G Robins	(resigned 02 April 2015)
Mr M Ryan	
Ms S Sami	
Ms E Sheldon	
Mr P Slabbert	(appointed 01 January 2015)
Mr J Smith	

COMPANY INFORMATION (Continued)

DIRECTORS (MEMBERS OF THE COUNCIL) (Continued)

Mr R Southwell	(resigned 30 September 2014)
Mr P Stuttard	(resigned 30 September 2014)
Mr A Thomis	
Mr S Welburn	
Dr S Wilson	(term expired 31 December 2014)

SECRETARY

Ms B Porter

COMPANY REGISTRATION NUMBER

7016635

REGISTERED OFFICE

Salamanca Square
9 Albert Embankment
London
SE1 7SP

SOLICITORS

Penningtons Solicitors LLP
da Vinci House, Basing View
Basingstoke
Hampshire
RG21 4EQ

BANKERS

Lloyds TSB plc
2nd Floor
25 Gresham Street
London
EC2V 7HN

National Westminster Bank
2 Alexandra Road
Farnborough
Hampshire
GU14 6YR

Barclays
90-93 Broad Street
Reading
RG1 2AP

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

STRATEGIC REPORT

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

ADS GROUP LIMITED

ADS is the premier trade organisation representing the UK Aerospace, Defence, Security and Space industries. ADS has some 900 members and represents over 1,100 companies and their subsidiaries.

The primary sources of ADS income continue to be from membership subscriptions and revenue generated from organising member company participation at national and international exhibitions and events.

During 2014, ADS continued to focus its activities around six strategic priorities established in 2013:

- To improve the image and profile of our industries
- To influence the policy debates of most importance to our industries
- To support UK manufacturing and our industries supply chains
- To encourage investment in technology and innovation
- To support business development opportunities nationally and in priority international markets
- To increase member value

The Company continued to pursue the financial framework established to guide its longer-term development, which included the following commitments:

- To break-even without the contribution from Farnborough International Limited
- To minimise increases in ADS membership subscription rates
- To generate revenue from attracting more members and them doing better business in the UK
- To increase revenue from non-member sources, particularly sponsorship

In 2014 ADS continued to look carefully at the structure and capability of its staff. In the latter part of the year, following formal consultation, steps were taken to restructure the ADS events team. The changes were focused on bringing into the team specific sales and sponsorship expertise, providing a more flexible resource and a more structured management process. During the year ADS recruited new directors for security and aerospace, following the decisions of Bob Rose and Graham Chisnall to retire.

ADS continued to increase its engagement with all member companies, particularly SMEs. During the year it undertook an increasing number of events to make it easier for companies to be involved and influence ADS activities. These included regular webinars on key issues and topics, free member events, an improved website and more systematic opportunities of members to influence policy development.

The member survey conducted during 2014 clearly demonstrated the increasing confidence members had in the organisation. There was strong support for the strategic priorities that had been established and confirmation that members, particularly SMEs, viewed ADS as delivering a high quality and value for money service.

During the year ADS received an offer from SAE International, an international association of engineers and technical experts from across the aerospace and automotive industries, for the purchase of its non-core technical standards and parts qualification activities. Following satisfactory completion of a due diligence process, these activities were sold to SAE effective 1 January 2015.

The Technology Strategy Board (subsequently renamed as Innovate UK) did not renew the contract with ADS for hosting the Aerospace, Aviation and Defence KTN and this terminated at the end of March 2014 with a clean independent accountant report.

ADS signed a grant offer letter from the Department of Business, Innovation and Skills in December to set up and host the UK Defence Solutions Centre. The UK Defence Solutions Centre is one of the core enduring capabilities established by the Defence Growth Partnership (DGP) and is charged with developing technology, capability and skills roadmaps to help improve the competitiveness of UK exports. Steve Brittan has been appointed as Chief Executive to lead a core team of permanent staff supplemented by industry secondees.

STRATEGIC REPORT (Continued)*FARNBOROUGH INTERNATIONAL LIMITED*

Farnborough International Airshow (FIA) continued its legacy as the UK iconic airshow brand by hosting aerospace and defence businesses from around the globe at the 2014 event generating multi-million pound orders for the Aerospace industry and in particular its UK SME supply chain. FIA 2014 was a commercial success for the Company with 1,501 exhibitors taking part from 39 countries and 180,000 trade and public visitors during the event.

FIA 2014 was also a great success for UK industry and the Prime Minister led a very strong political presence at the show despite the disruption of a cabinet reshuffle. The work of the Aerospace Growth Partnership and the launch of the implementation plan for the Defence Growth Partnership provided strong demonstrations of the benefits of industrial strategies. The cross party attendance provided opportunities to showcase many of the companies, particularly SMEs that are seeing the benefit of schemes such as NATEP, Sharing in Growth and MSC bursaries.

ADS was particularly proud of the success of the Innovation Zone and Futures Day at FIA 2014. The strong partnerships established with universities, research institutes, companies and the organisations delivering specialist support to young people saw a step change in the effectiveness of these activities.

Farnborough International Venue and Events (FIVE) continued to build its customer base and a number of successful events and exhibitions were held at the venue during 2014.

It is the intention of the directors to develop the business and maintain its global position by improving the infrastructure of the Farnborough site. The Company is embarking on a programme of works to ensure the sustainability and growth of future airshows and provide first class facilities to host exhibitions and other events. The Company completed the construction in 2014 of 38 permanent chalet units for the primary use of the airshow and these were ready for FIA 2014.

The Company has been granted planning permission and raised funding in principle toward Phase 2 of the site development; a 20,000-sqm exhibition and conference facility which it plans to build after FIA2016 to be ready for FIA2018.

The Company has successfully delivered through its core team's expertise international consultancy projects in Bahrain and India and is progressing other significant opportunities in a number of other countries. These projects are a key part of further promoting the Farnborough International Limited brand on the international stage, which will ultimately provide further benefits to the Farnborough airshow.

ADS TOULOUSE SARL

The company continued its principal activity of assisting member companies in accessing the French aerospace defence, security and space industries primarily in the Toulouse area by providing networking services, intelligence gathering and event organisation support.

FINANCIAL REVIEW

The consolidated Income and Expenditure Account for the ADS group of companies is set out on page 13. Consolidated Operating Income and Operating Surplus increased significantly from the previous year by £26.5m from £16.4m to £42.9m, and by £10.0m from a loss of £3.1m to a surplus of £6.9m respectively. This outcome and profile is entirely normal for the group as Farnborough International Limited operates a two year business cycle with the majority of its revenue earned in a FIA year.

Whilst continuing to represent a membership base of around 900 companies, the Company experienced a marginal net negative churn in its SME membership of 13 companies at year end reflecting 121 new members joining and 134 companies ceasing membership. Membership subscription income increased by 6% from £3.9m to £4.1m compared with 2013 from an annual fee increase and improvement in active fee generating members during the year.

The Company's Operating Income performance was down by 7% from £14.5m to £13.4m on the previous year reflecting the expected outcome from the major biennial event calendar which alternates with FIA. The Company exceeded its bottom line plan before taxation by £170k by achieving an Operating Surplus of £472k.

STRATEGIC REPORT (Continued)

FINANCIAL REVIEW (Continued)

The Company uses the following key performance indicators to monitor its association business:

	2014	2013
Subscription income	£4,144k	£3,902k
Non subscription income (as a percentage of total income)	69%	73%
Members at year end	904	917

The income derived from non subscription activities including the delivery of an events portfolio, government programmes and other initiatives was slightly down on 2013 primarily due to the timing of major biennial events mentioned previously.

The financial contribution of ADS Toulouse to the group continues to be small but the business performs an important strategic role within the organisation.

The group operates a defined benefit scheme, The Society of British Aerospace Companies Limited Pension and Life Assurance Scheme. The Scheme has been closed to new entrants since 2004. Following the January 2014 triennial actuarial valuation, the company has reached agreement with the Trustees to make good the £6.5m deficit funding over a period of 15 years by making additional annual payments into the Scheme, such payments increasing 3.5% cumulatively year on year.

POSITION OF THE COMPANY'S BUSINESS AT THE END OF THE YEAR

The consolidated Balance Sheet summary for the group at 31 December 2014 compared with two preceding years is included below. In view of the biennial nature of FIA and Farnborough International Limited's two year business cycle, assessment against 2012 is considered more informative to provide a comparable understanding of business performance.

The overall financial performance of the group including incremental improvement from ADS and strong performance from FIA is reflected in a stronger balance sheet with £2.0m increase in reserves compared to 2012 and £4.5m increase in Fixed Assets primarily due to investment in permanent infrastructure on the Farnborough site.

£000s	2014	2013	2012
Fixed Assets	14,659	11,137	10,179
Cash	4,160	4,578	2,570
Other Current Assets	8,343	11,962	7,961
Creditors within one year	(4,895)	(6,200)	(2,502)
Accruals, deferred income & provisions	(9,654)	(16,335)	(9,668)
Creditors falling due after more than one year	(2,250)	0	0
Pension Scheme Liability	(2,226)	(3,234)	(2,383)
NET ASSETS	8,137	1,908	6,157
RESERVES	8,137	1,908	6,157

STRATEGIC REPORT (Continued)

OUTLOOK 2015

The ADS 2015 business plan and budget looks to build on the steady progress made during 2014. ADS has greater financial stability, strengthening relationships with key governmental stakeholders, a more focussed set of core services and a higher profile across a range of stakeholder organisations and opinion formers.

In taking forward its programme of activities, ADS will provide strong support to the work of the Growth Partnerships and industrial strategies, encourage greater Member participation in our activities, build new relationships with important stakeholders and play an active role in shaping future public policy for the benefit of all Members.

In 2015 ADS will seek to position the UK aerospace, defence, space and security industries at the forefront of efforts to deliver growth, jobs, exports and national security. The continuing pressure on public expenditure will create a challenging public policy environment. During the build up to 2015 General Election, ADS has focussed on the importance of industrial strategies and secure cross party support for their continuation.

Supporting the growth partnerships now established across the aerospace, defence and security sectors, alongside the commitment to the space innovation and growth strategy will remain a core activity for ADS. A high priority will be attached to communicating the benefits of these initiatives and encouraging widespread participation by companies of all sizes.

In 2015 the development of the strategic defence and security review will have a significant impact on the business environment for member companies. ADS will take a lead in developing and communicating industry priorities and the role they can play in delivering national security.

The General Election has resulted in a number of new Parliamentarians and ADS will make establishing strong relationships with this new cohort a high priority. This will extend the work already underway to build understanding of our industries and their priorities with recently elected MEPs and newly appointed European Commissioners.

ADS will continue to build a positive understanding of the role and importance of UK aerospace, defence, security and space industries. There has been a very positive response to the improved quality of data available on our sectors. In 2015 ADS will use the data collected to increase media and opinion former awareness and interest.

ADS will actively support and promote the interests of UK manufacturing and companies operating at all levels of the supply chain. In 2015 ADS, working closely with our regional partners in the Aerospace and Defence Federation, will administer the National Aerospace Technology Exploitation Programme (NATEP). The programme made significant progress in 2014. ADS and its delivery partners will look to maximise participation and build a strong case for the longer-term continuation of this valuable scheme.

ADS will continue to develop and promote the SC21 programme, both nationally and internationally, and encourage greater participation in its activities. This tried and tested approach improves quality, cost and delivery and makes a significant return on investment within a year. ADS will work closely with the Sharing in Growth initiative to maximise awareness of the opportunities it provides and support the wider sharing of best practice that emerges from its work.

UK manufacturing and its supply chain has consistently made skills one of its highest priorities. ADS will work with Members and key stakeholders to encourage greater investment in skills provision. It will support the work of the Growth Partnerships and seek to ensure that the longer-term skills needs of our industries are recognised and appropriate actions undertaken to prepare for them. ADS will build on the success of Futures Day at the 2014 Farnborough International Airshow. It will establish a regular dialogue with the partners and sponsors of Futures Day to explore other opportunities to work together. This will include promotion of the 2015 UK Rocketry competition and support for the Department for Business, Innovation and Skills'.

STRATEGIC REPORT (Continued)

Investment in new technology and innovation are essential to maintain our industries' global competitiveness. The Government's industrial strategies have put in place new mechanisms to help secure UK competitive advantage. ADS will work closely with the Aerospace Technology Institute, the Defence Solutions Centre and the Security Innovation and Demonstration Centre to support their work and maximise industry participation. ADS will have an important role in ensuring wider appreciation of these important new institutions and providing coherent industry input to their operation and development. ADS will continue to promote public understanding of our industries' technology priorities and seek to influence public funding to support these. ADS will help UK business to access the funding available and provide opportunities for Member companies to create links to key funders and potential partners.

ADS will continue to deliver a range of activities and services to promote the profile of UK capability in our industries and help Members to develop new business opportunities. This will include providing market intelligence, access to potential customers and platforms to present capabilities and expertise. ADS will work closely with UKTI DSO to ensure export activities are closely co-ordinated with the work being undertaken through the Defence Growth Partnership and the Security and Resilience Growth Partnership.

In 2015 ADS will deliver Aerodays, which is the European Commission's flagship event in Aviation research and innovation. It takes place once during each EU Research Framework Programme and is designed to present strategic perspectives for aviation, through research and innovation. Aerodays 2015 will take place in London in October and presents an important opportunity to showcase UK expertise and leadership in priority areas of technology.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

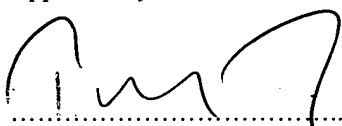
The management of the business and execution of the Company's strategy are subject to a number of risks. These risks and the action plans to mitigate these risks are developed and regularly monitored by management on an ongoing basis. The most significant risks identified are as follows:

Membership numbers - the Company recognises the importance of continuing to deliver a strong value for money proposition on its core activities, particularly during a period of challenging economic conditions, in order to maintain and increase membership numbers and revenue. The Company has continued to focus on alignment of activities and deliverables based on strategic priorities to protect member engagement.

Government spending - the Company participates in sector relevant public sector funding programmes with the UK Government and contract renewal success is likely to be influenced by economic climate and availability of funds, prevailing policy and opinion of key individuals. The Company seeks to proactively engage with key stakeholders and decision makers to determine future plans, demonstrate impact and to influence future strategies for the benefit of the sectors that it promotes.

Liquidity risk - the Company retains sufficient cash to ensure that it has adequate funds for operational and working capital requirements and this is managed by a regular cash flow forecast. Facilities with the Company's bankers have been maintained in order to provide a safe level of headroom to cover liquidity fluctuations throughout the year.

Approved by Members of Council and signed by order of the Council


..... Director
P Everitt

3rd July 2015

DIRECTORS' REPORT

The directors submit their report and the consolidated financial statements of ADS Group Limited for the year ended 31 December 2014.

ADS Group Limited (ADS) is an independent not-for profit organisation limited by guarantee and owned by its members. The principal activity of ADS is that of an association representing and promoting the United Kingdom aerospace, defence, security and space industries. ADS activities are primarily financed by membership subscriptions and events undertaken for the benefit of the members.

GROUP STRUCTURE

ADS owns the following subsidiary companies:

FARNBOROUGH INTERNATIONAL LIMITED

Farnborough International Limited is a wholly owned subsidiary undertaking registered in England and Wales. The company's share capital is £2 dividend into 2 shares of £1 each.

ADS TOULOUSE SARL

ADS Toulouse SARL is a wholly owned subsidiary undertaking, registered in France. The company's share capital is €38,500 divided into 38,500 shares of €1 each. The principal activity of the company is to assist member companies in accessing the French aerospace, defence, security and space industries primarily in the Toulouse area by providing networking services, intelligence gathering and event organisation support.

THE DEFENCE MANUFACTURERS ASSOCIATION LIMITED

The DMA is a wholly owned subsidiary undertaking registered in England and Wales. The company's share capital is £1 divided into 1 share of £1. The company did not trade during the year.

THE SOCIETY OF BRITISH AEROSPACE COMPANIES LIMITED

SBAC is a wholly owned subsidiary undertaking registered in England and Wales. The company's share capital is £1 divided into 1 share of £1. The company did not trade during the year.

ADS ADVANCED ENGINEERING (INDIA) PRIVATE LIMITED.

ADS Advanced Engineering (India) Private Limited is a 100% beneficially owned subsidiary undertaking registered in India on 12 December 2013. The company's share capital is INR 100,000 divided into 10,000 shares of INR 10 each. The company exists to further UK members interests in India.

GOVERNANCE

The Company, an independent not-for-profit organisation, is governed by its Articles Association and operates on a commercial basis for the benefit of its members.

The Company's affairs are controlled by the Council, which is elected by the members. Unless otherwise determined by a general meeting, the Council consists of up to 25 members appointed by Council and 25 members elected by the members, which meets three times during the year. The members of Council which are directors of the company are shown on page 1. The next Council elections will take place in the last quarter of 2015.

None of the directors have any financial interests in the company or its subsidiary undertakings. The Company has maintained a directors' and officers' liability insurance policy to indemnify the directors and officers of the Company against loss arising from any claim made against them by reason of any actual or alleged wrongful act in their capacity as director or officer.

The Finance and Operating Board meets four times a year. It is responsible for overseeing the company's financial, commercial, operational and strategic matters and regularly reviews the principal risks facing the organisation and develops and implements the procedures and policies needed to address those risks.

The Company also operates an audit sub-committee, which meets once a year to discuss the findings of the external auditor from the annual statutory audit engagement and potential actions to address recommendations.

DIRECTORS' REPORT

DIRECTORS (MEMBERS OF THE COUNCIL)

The directors who served during the year were as follows:

Airbus Group Limited
Babcock International Group PLC
BAE Systems PLC
Bombardier Aerospace UK Limited
Cobham PLC
Eaton Aerospace Limited
Finmeccanica UK Limited
GE Aviation Limited
GKN PLC
Lockheed Martin UK Limited
Marshall Aerospace Limited
Meggitt PLC
Messier Dowty Limited
Northrop Grumman UK Limited
QinetiQ Group PLC
Raytheon Systems Limited
RLC Engineering Group Limited
Rockwell Collins UK Limited
Rolls-Royce PLC
Serco PLC
Spirit Aerosystems (Europe) Limited
Thales UK PLC
UTC Aerospace Systems Limited

Mr S Beech
MR D Bond
Mr M Bryson
Sir B Burridge
Mr C Chalk
Mr M Clayforth-Carr
Mr T De Bouillane
Mr D Evans
Mr P Everitt
Mr R Finlayson
Ms C Flynn-Macleod
Mr D Hansell
Mr R Herman-Smith
Mr S Hipgrave

(resigned 30 September 2014)
(term expired 31 December 2014)

Mr A Kerr
Mr A Loakes
Mr R Martin
Ms A Mathis
Mr C Melrose
Mr S Murray
Mr D Nutton
Mr C Nyland
Mr S Ormrod
Mr T Otter
Rt Hon Sir Geoffrey Pattie
Mr R Pinto
Mr G Robins
Mr M Ryan
Ms S Sami
Ms E Sheldon

(resigned 31 December 2014)

DIRECTORS' REPORT

DIRECTORS (MEMBERS OF THE COUNCIL) (Continued)

Mr J Smith	
Mr R Southwell	(resigned 30 September 2014)
Mr P Stuttard	(resigned 30 September 2014)
Mr A Thomis	
Mr S Welburn	
Dr S Wilson	(term expired 31 December 2014)

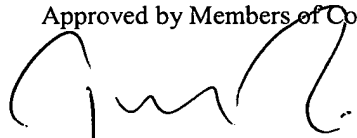
AUDITOR

Baker Tilly UK Audit LLP were appointed as auditors during the year and have indicated their willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor aware of that information.

Approved by Members of Council and signed by order of the Council



..... Director
P Everitt

3rd July 2015

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, 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 group and the company and of the profit or loss of the group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 ADS GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 13 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 11, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's excess of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Baker Tilly UK Audit LLP

CHRISTOPHER HURREN BA FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey GU1 1UN

10 Jun 2015

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2014

	Notes	2014 £	2013 £
OPERATING INCOME	1	42,862,808	16,432,939
OPERATING EXPENDITURE			
Staff costs	5	(6,398,317)	(6,010,662)
Administration and establishment charges		(28,174,501)	(12,267,806)
ASD membership		(447,839)	(452,042)
Depreciation		(931,364)	(789,998)
		<hr/>	<hr/>
OPERATING SURPLUS/(DEFICIT)		6,910,787	(3,087,569)
Other interest receivable and similar income	2	26,229	46,251
Interest payable and similar charges	3	(125,005)	(77,899)
		<hr/>	<hr/>
EXCESS OF INCOME OVER EXPENDITURE/ (EXPENDITURE OVER INCOME) BEFORE TAXATION	4	6,812,011	(3,119,217)
Taxation	6	(1,321,937)	(39,509)
		<hr/>	<hr/>
EXCESS OF INCOME OVER EXPENDITURE/ (EXPENDITURE OVER INCOME) AFTER TAXATION		5,490,074	(3,158,726)
		<hr/>	<hr/>

The operating surplus for the year arises from the group's continuing operations.

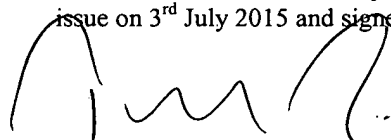
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2014


	2014	2013
	£	£
Excess of income over expenditure/(expenditure over income)	5,490,074	(3,158,726)
Foreign exchange (loss)/gain on retranslation of subsidiary	(4,056)	1,695
Actuarial gain/(loss) recognised on defined benefit pension scheme	186,000	(1,092,000)
Deferred tax on defined pension scheme liability	557,000	-
Total recognised gains/(losses) for the year	<u>6,229,018</u>	<u>(4,249,031)</u>

CONSOLIDATED BALANCE SHEET (Company Registration Number: 7016635)
31 December 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	7	14,659,486	11,137,219
CURRENT ASSETS			
Stock	9	-	500
Debtors	10	5,750,935	8,593,819
Cash at bank and in hand		4,159,968	4,577,640
PREPAYMENTS AND ACCRUED INCOME		2,591,603	3,368,138
CREDITORS			
Amounts falling due within one year	11	(4,894,698)	(6,200,512)
NET CURRENT ASSETS		7,607,808	10,339,585
TOTAL ASSETS LESS CURRENT LIABILITIES		22,267,294	21,476,804
CREDITORS			
Amounts falling due after more than one year	11	(2,250,000)	-
PROVISIONS FOR LIABILITIES	12	(62,728)	(145,452)
ACCRUALS AND DEFERRED INCOME	13	(9,591,489)	(16,189,293)
NET ASSETS EXCLUDING PENSION LIABILITY		10,363,077	5,142,059
PENSION SCHEME LIABILITY	19	(2,226,000)	(3,234,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		8,137,077	1,908,059
CAPITAL AND RESERVES			
Income and expenditure account		8,137,077	1,908,059
MEMBERS FUNDS	15	8,137,077	1,908,059

The financial statements on pages 13 to 31 were approved by the Board of Directors and authorised for issue on 3rd July 2015 and signed on its behalf by:

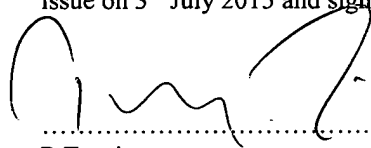

..... Director
P Everitt



..... Director
S Hipgrave

COMPANY BALANCE SHEET (Company Registration Number: 7016635)
31 December 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	7	1,902,742	2,010,158
Investments	8	33,247	33,247
		<u>1,935,989</u>	<u>2,043,405</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	11,081,534	9,532,978
Cash at bank and in hand		3,143,484	2,568,169
PREPAYMENTS AND ACCRUED INCOME		2,324,146	1,706,234
CREDITORS			
Amounts falling due within one year	11	(2,946,035)	(2,163,850)
NET CURRENT ASSETS		<u>13,603,129</u>	<u>11,643,531</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,539,118</u>	<u>13,686,936</u>
CREDITORS			
Amounts falling due after more than one year	11	(4,126,013)	(4,126,013)
PROVISIONS FOR LIABILITIES	12	-	-
ACCRUALS AND DEFERRED INCOME	13	(7,627,533)	(6,300,959)
NET ASSETS		<u><u>3,785,572</u></u>	<u><u>3,259,964</u></u>
CAPITAL AND RESERVES			
Income and expenditure account		3,785,572	3,259,964
MEMBERS FUNDS	15	<u><u>3,785,572</u></u>	<u><u>3,259,964</u></u>

The financial statements on pages 13 to 31 were approved by the Board of Directors and authorised for issue on 3rd July 2015 and signed on its behalf by:


..... Director
P Everitt


..... Director
S Hipgrave

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	16a	2,078,680	3,986,286
Returns on investments and servicing of finance		(49,776)	4,735
Taxation		(122,867)	(24,902)
Capital expenditure and financial investment		(4,478,929)	(2,053,121)
Cash (outflow)/inflow before financing		<u>(2,572,892)</u>	<u>1,912,998</u>
Financing		2,155,220	94,780
(Decrease)/increase in cash in the year		<u>(417,672)</u>	<u>2,007,778</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2014 £	2013 £
(Decrease)/increase in cash in the year		(417,672)	2,007,778
Increase in net borrowings for the year		(2,155,220)	(94,780)
Movement in net debt in the year		<u>(2,572,892)</u>	<u>1,912,998</u>
Net funds at 1 January 2014		4,482,860	2,569,862
Net funds at 31 December 2014	16(b)	<u>1,909,968</u>	<u>4,482,860</u>

Financial statements for the year ended 31 December 2014

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of ADS Group Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2014 for all active subsidiaries.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

No separate Income and Expenditure Account has been presented for the company alone as permitted in Section 408 of the Companies Act 2006.

GOING CONCERN

The Directors have reviewed the Group's cash flows and the available finance to enable it to continue to invest in and develop its exhibition and events site.

On the basis of their review they have determined that the group has sufficient working capital for its needs for at least 12 months from the date of signing of these accounts.

OPERATING INCOME

Operating income is derived from subscription income, events, government grants, the Farnborough International biennial airshow and the supply of services to similar airshows around the world. Subscription income is received annually from all members of ADS Group. Operating income is accounted for on an accruals basis.

Both event revenue and costs are recognised in the period in which the event has been completed. Deposits, relating to an event, received in advance are recorded as deferred income in the balance sheet.

Government grants are recognised in the Income and Expenditure account so as to match them with expenditure towards which they are intended to contribute.

TANGIBLE FIXED ASSETS

Tangible fixed assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Leasehold improvements	5%-10% per annum
Fixtures, fittings and furniture	10%-25% per annum
Motor vehicles	25% per annum
Website development	12.5%-33% per annum
Computer equipment	33% per annum
Leasehold buildings	2%-4% per annum

Residual value is calculated on prices prevailing at the date of acquisition.

Financial statements for the year ended 31 December 2014

ACCOUNTING POLICIES

INVESTMENTS

Unquoted investments held as fixed assets comprise shares in subsidiary undertakings and are stated at cost, less provision for impairment in value.

IMPAIRMENTS

Fixed assets are reviewed for impairment if events or charges in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

STOCK

Stocks comprise goods held for resale and are valued at the lower of cost and net realisable value.

FOREIGN CURRENCY TRANSLATION

When preparing the group accounts the income and expenditure account and balance sheets of the subsidiaries denominated in foreign currencies have been translated to sterling using the closing rate/net investment method.

Exchange differences arising from the retranslation at the closing rate have been recorded as a movement on reserves.

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction.

Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All

exchange differences are taken to the Income and Expenditure account.

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. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which 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 a non-discounted basis.

LEASES

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future lease obligations are recorded as liabilities, while the interest elements are charged to the income and expenditure over the period of the leases to produce a constant rate of charge on the balance of the capital repayments outstanding.

Financial statements for the year ended 31 December 2014

ACCOUNTING POLICIES

PENSION COSTS

Retirement benefits to employees are funded by contributions from ADS, its subsidiary undertaking FIL and employees to a defined benefits scheme. The assets and liabilities of the scheme are held separately from ADS in The Society of British Aerospace Limited Pension and Life Assurance Plan.

Contributions to the Group's defined benefit pension scheme are charged in the Income and Expenditure Account so as to spread the cost of pensions over employees working lives within the Group. The pension cost is assessed in accordance with the advice of qualified actuaries. A valuation for the purpose of FRS 17 is provided by the scheme's actuary. Actuarial gains and losses are recognised within the Statement of Recognised Gains and Losses under the heading "Pension scheme actuarial gain/(loss) on defined benefit pension schemes".

The Group also contributes to defined contribution schemes for eligible employees. The cost of the Group's contributions to these schemes is charged in the Income and Expenditure Account in the year for which they are made.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

1. OPERATING INCOME

Income from operations includes revenue from contributions from members of £4,144,155 (2013: £3,902,493).

	2014 £	2013 £
A geographical analysis of operating income is as follows:		
United Kingdom	41,668,903	14,868,422
Rest of world	1,193,905	1,564,517
	<u>42,862,808</u>	<u>16,432,939</u>

2. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Bank and money market interest	26,221	4,807
Income from fixed asset investments	-	11
Other interest	8	-
	<u>26,229</u>	<u>4,818</u>
Foreign exchange gain	-	41,433
	<u>26,229</u>	<u>46,251</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Interest payable on bank loans and overdraft	76,005	79
Other interest payable	-	4
Foreign exchange losses	-	13,816
	<u>76,005</u>	<u>13,899</u>

OTHER FINANCE COSTS

Expected return on pension scheme assets (see note 19)	(567,000)	(480,000)
Interest on pension scheme liabilities (see note 19)	616,000	544,000
	<u>49,000</u>	<u>64,000</u>
	<u>125,005</u>	<u>77,899</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

4. EXCESS OF INCOME OVER EXPENDITURE/ (EXPENDITURE OVER INCOME) BEFORE TAXATION			
	2014	2013	
	£	£	
The excess of (expenditure over income)/income over expenditure before taxation is stated after charging:			
Depreciation:			
Owned assets	931,364	798,998	
Auditor's remuneration:			
Audit	28,500	35,850	
Other services	5,750	14,800	
Rentals under operating leases			
Land and buildings	404,632	395,364	
Other operating leases	11,424	12,444	
And after crediting:			
Government grants	1,758,686	2,217,440	
	<u>1,758,686</u>	<u>2,217,440</u>	
5. EMPLOYEES AND DIRECTORS' REMUNERATION			
	2014	2013	
	£	£	
The average monthly number of persons (included directors) employed by the Group during the year was:			
Management and Administration	30	30	
Membership, Sales & Marketing	69	69	
Government Contracts	5	10	
	<u>104</u>	<u>109</u>	
Staff costs for the above persons:			
Wages and salaries	5,329,082	5,318,848	
Social security costs	600,121	586,575	
Pension costs	368,817	14,036	
Other staff costs	100,297	91,203	
	<u>6,398,317</u>	<u>6,010,662</u>	

The aggregate remuneration paid to the ADS director for the year ended 31 December 2014 amounted to £253,431 (2013: £217,083). Retirement benefits totalling £22,038 (2013: £7,167) were paid into money purchase pension schemes in respect of the ADS director.

Members of the Council, who are also directors, are not entitled to any fees or emoluments in respect of their services to the company. Correspondingly, no fees or emoluments were paid to members of the of the council during the year ended 31 December 2014 (2013: £Nil).

The pension cost reported in 2013 is low in relation to salary as this reflects the one time reversal of excess accruals to align the financial statements of Farnborough International Limited on a cash contribution basis.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

6.	TAXATION	2014 £	2013 £
	Current tax:		
	UK corporation tax on surplus for the year	1,443,670	-
	Adjustment in respect of prior years	(39,009)	-
	Current tax charge	<u>1,404,661</u>	<u>-</u>
	Deferred tax:		
	Current year charge	93,553	39,509
	Prior year credit	(176,277)	-
	Total deferred tax (credit)/charge	<u>(82,724)</u>	<u>39,509</u>
	Total tax on surplus on ordinary activities	<u><u>1,321,937</u></u>	<u><u>39,509</u></u>
	Factors affecting tax charge for the year		
	The tax assessed for the period is lower (2013: lower) than that resulting from the standard rate of corporation tax in the UK of 21% (2013: 23.25%).		
	Surplus/(deficit) on ordinary activities before tax	<u>6,812,011</u>	<u>(3,119,217)</u>
	Surplus/(deficit) on ordinary activities multiplied by the standard rate of corporation tax: 21% (2013: 23.25%)	<u>1,430,522</u>	<u>(725,218)</u>
	Effects of:		
	Expenses not deducted for tax purposes	45,576	153,307
	Capital allowances for the period in excess of depreciation	45,288	(48,685)
	Other timing differences	(69,750)	(151,340)
	Tax losses (utilised)/carried forward	(51,022)	771,936
	Adjustment for prior years	(39,009)	-
	Change in tax rate	43,056	-
		<u>(25,861)</u>	<u>725,218</u>
	Current tax charge for the year	<u><u>1,404,661</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

7. TANGIBLE FIXED ASSETS

GROUP	Long leasehold buildings and improvements £	Assets under construction £	Fixtures and fittings £	Motor Vehicles £	Computer equipment and website development £	TOTAL £
Cost:						
1 January 2014	12,750,669	694,038	1,457,801	21,618	1,779,175	16,703,301
Transfers	694,038	(694,038)	-	-	-	-
Additions	4,113,844	253,491	41,784	7,700	62,110	4,478,929
Disposals	-	-	-	-	(25,298)	(25,298)
31 December 2014	17,558,551	253,491	1,499,585	29,318	1,815,987	21,156,932
Depreciation:						
1 January 2014	2,806,116	-	1,248,544	21,618	1,489,804	5,566,082
Charge for the year	698,615	-	95,390	963	136,396	931,364
Disposals	-	-	-	-	-	-
31 December 2014	3,504,731	-	1,343,934	22,581	1,626,200	6,497,446
Net book value:						
31 December 2014	14,053,820	253,491	155,651	6,737	189,787	14,659,486
31 December 2013	9,944,553	694,038	209,257	-	289,371	11,137,219

There is a first charge over the long leasehold building at Salamanca Square in favour of Barclays Bank plc to a value of £650,000 (2013: £650,000). There is also a second charge in favour of The Society of British Aerospace Companies Limited Pension and Life Assurance Plan.

COMPANY

	Long leasehold buildings £	Fixtures and fittings £	Computer equipment £	Website development £	TOTAL £
Cost:					
1 January 2014	2,165,776	392,791	1,005,541	500,582	4,064,690
Additions	-	-	30,437	24,650	55,087
Disposals	-	-	(25,171)	-	(25,171)
31 December 2014	2,165,776	392,791	1,010,807	525,232	4,094,606
Depreciation:					
1 January 2014	343,766	374,158	931,406	405,202	2,054,532
Charge for the year	37,068	3,945	71,202	25,117	137,332
31 December 2014	380,834	378,103	1,002,608	430,319	2,191,864
Net book value:					
31 December 2014	1,784,942	14,688	8,199	94,913	1,902,742
31 December 2013	1,822,010	18,633	74,135	95,380	2,010,158

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

8. FIXED ASSET INVESTMENTS

Company

**Shares in
Subsidiary
Undertakings
£**

Cost at 1 January and 31 December 2014

33,247

The company owns more than 20% of the share capital of the following companies:

Subsidiary undertakings	Country of incorporation	Class of holding	Proportion directly held	Nature of business
Farnborough International Limited	United Kingdom	Ordinary	100%	Airshows & Exhibitions
The Defence Manufacturers' Association Limited	United Kingdom	Ordinary	100%	Dormant
The Society of British Aerospace Companies Limited	United Kingdom	Ordinary	100%	Dormant
ADS Toulouse SARL	France	Ordinary	100%	Service Organisation
ADS Advance Engineering India Limited	India	Ordinary	100%	Service Organisation

9. STOCK - GROUP

**2014
£**

**2013
£**

Finished goods

-

500

10. DEBTORS

Group

Company

**2014
£**

**2013
£**

**2014
£**

**2013
£**

Due within one year:

Trade debtors 5,589,186 8,498,998 5,354,110 6,203,854

Amounts owed by subsidiary undertakings

- Loan account - - - 346,666

- Current account - - 5,437,482 2,730,682

VAT 48,174 5,061 - -

Deferred tax asset (note 12) - - 185,193 -

Other debtors 113,575 89,760 104,749 78,447

5,750,935 8,593,819 11,081,534 9,359,649

Due after more than one year:

Amounts owed by subsidiary undertakings

- Loan account - - - 173,329

5,750,935 8,593,819 11,081,534 9,532,978

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

10. DEBTORS (Continued)

There is a formal agreement in place in respect of the timing of repayment of amounts due to the company from the subsidiary undertaking, Farnborough International Limited. It has been agreed that the loan is non-interest bearing and will be repayable over 10 years in equal instalments which commenced on 1 January 2006. The loan was fully repaid during the year.

11. CREDITORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Due within one year:				
Loan	-	94,780	-	-
Trade creditors	1,558,959	4,028,769	965,630	492,699
Corporation tax	1,443,670	161,876	170,844	30,799
Other tax including social security	165,405	189,423	97,227	117,067
VAT	807,740	773,744	807,740	754,711
Other creditors	918,924	951,920	904,594	768,574
	<u>4,894,698</u>	<u>6,200,512</u>	<u>2,946,035</u>	<u>2,163,850</u>
Due after more than one year:				
Loan	2,250,000	-	-	-
Amounts owed to subsidiary undertakings				
- Loan account	-	-	4,126,013	4,126,013
	<u>2,250,000</u>	<u>-</u>	<u>4,126,013</u>	<u>4,126,013</u>
	<u><u>7,144,698</u></u>	<u><u>6,200,512</u></u>	<u><u>7,072,048</u></u>	<u><u>6,289,863</u></u>

The Loan relates to funding received for the construction of permanent hospitality and business chalets. This loan amount is due for repayment including future attributable interest and any further borrowings (up to a maximum loan value of £2,500,000) by instalments in June 2016 and June 2018.

12. PROVISIONS FOR LIABILITIES

A provision for deferred tax has been provided for primarily in respect of timing differences relating to fixed assets qualifying for capital allowances.

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Provision at 1 January 2014	145,452	105,943	-	-
Deferred tax charged to income and expenditure account	(82,724)	39,509	(185,193)	-
Provision/(asset) at 31 December 2014	<u>62,728</u>	<u>145,452</u>	<u>(185,193)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

12. PROVISIONS FOR LIABILITIES (Continued)

Provision for deferred tax is made as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Accelerated capital allowances	167,058	250,404	(60,111)	-
Tax losses carried forward	-	(41,952)	-	-
Other timing differences	(104,330)	(63,000)	(125,082)	-
	<u>62,728</u>	<u>145,452</u>	<u>(185,193)</u>	<u>-</u>

During the prior year, Finance Act 2013 was enacted and included legislation to reduce the main rate of corporation tax to 21% with effect from 1 April 2014 and by a further 1%, reaching 20% with effect from 1 April 2015. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at 20% in the current period.

13. ACCRUALS AND DEFERRED INCOME

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Deferred Subscription income	4,407,436	4,368,314	4,407,436	4,368,314
Deferred Sponsorship income	1,100	192,471	-	-
Deferred Airshow income	384,372	8,124,448	-	-
Deferred Other income	3,588,191	2,568,419	2,746,396	1,607,932
Total Deferred income	<u>8,381,099</u>	<u>15,253,652</u>	<u>7,153,832</u>	<u>5,976,246</u>
Accruals	<u>1,210,390</u>	<u>935,641</u>	<u>473,701</u>	<u>324,713</u>
	<u><u>9,591,489</u></u>	<u><u>16,189,293</u></u>	<u><u>7,627,533</u></u>	<u><u>6,300,959</u></u>

14. LIMITED BY GUARANTEE

The liability of each Member of the ADS Group is limited to £100, being the amount each Member undertakes to contribute to the assets of the ADS in the event of its being wound up while the business concerned is a Member or within one year after that business ceases to be a Member.

15. RECONCILIATION OF MOVEMENT IN MEMBERS FUNDS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Surplus/(deficit) for the year	5,490,074	(3,158,726)	525,608	178,259
Other recognised gains and losses relating to the year	738,944	(1,090,305)	-	-
Net addition/(reduction) in members funds	<u>6,229,018</u>	<u>(4,249,031)</u>	<u>525,608</u>	<u>178,259</u>
Opening members funds	<u>1,908,059</u>	<u>6,157,090</u>	<u>3,259,964</u>	<u>3,081,705</u>
Closing members funds	<u><u>8,137,077</u></u>	<u><u>1,908,059</u></u>	<u><u>3,785,572</u></u>	<u><u>3,259,964</u></u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

16. NOTES TO THE CASH FLOW STATEMENT

a.		2014	2013
		£	£
	Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities		
	Operating surplus/(deficit)	6,910,787	(3,087,569)
	Depreciation	931,364	789,998
	Loss on disposal of fixed assets	25,298	-
	Foreign exchange on retranslation of subsidiary	(4,056)	1,695
	Decrease in stock	500	1,000
	Decrease/(increase) in debtors	3,619,419	(3,973,640)
	(Decrease)/increase in creditors	(9,090,632)	10,254,802
	Decrease in pension liabilities	(314,000)	-
	Net cash inflow from operating activities	<u>2,078,680</u>	<u>3,986,286</u>

b. Analysis of net funds

	At 1 January 2014 £	Cash flows £	At 31 December 2014 £
Cash at bank and in hand	4,577,640	(417,672)	4,159,968
Loans	(94,780)	(2,155,220)	(2,250,000)
	<u>4,482,860</u>	<u>(2,572,892)</u>	<u>1,909,968</u>

17. CAPITAL COMMITMENTS

At 31 December 2014 Farnborough International Limited had outstanding capital commitments of £Nil (2013: £2,646,915).

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 ADS Group had the following annual commitments under non-cancellable operating leases.

The Lease commitment for Land and Building held by the group was in respect of its operating facilities at Farnborough and is subject to annual rent increases in line with RPI.

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Land and buildings				
Leases which expire:				
After more than five years	353,915	346,468	247,015	242,172
	<u>353,915</u>	<u>346,468</u>	<u>247,015</u>	<u>242,172</u>
Other operating leases				
Leases which expire:				
Less than one year	0	340	0	340
Between two and five years	11,084	11,084	11,084	11,084
	<u>11,084</u>	<u>11,424</u>	<u>11,084</u>	<u>11,424</u>
	<u>364,999</u>	<u>357,892</u>	<u>258,099</u>	<u>253,596</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

19. EMPLOYEE BENEFIT OBLIGATIONS

Defined Benefit Scheme

The group operates a defined benefit scheme, the society of British Aerospace Companies Limited Pension and Life Assurance Scheme.

A full actuarial valuation has been carried out as at 31 January 2014 and the results updated to 31 December 2014 by a qualified actuary, independent of the Scheme's sponsoring employer. The major assumptions used by the actuary are shown below:

- a. The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(14,171,000)	(13,525,000)
Fair value of plan assets	11,388,000	10,291,000
Deficit	(2,783,000)	(3,234,000)
Related deferred tax asset	557,000	-
Net pension liability	<u>(2,226,000)</u>	<u>(3,234,000)</u>

- b. Changes in the present value of the defined benefit obligation are follows:

	2014 £	2013 £
Opening defined benefit obligation	(13,525,000)	(11,965,000)
Service cost	(120,000)	(117,000)
Interest cost	(616,000)	(544,000)
Employee contributions	(11,000)	(11,000)
Actuarial loss	(283,000)	(1,295,000)
Benefits paid	384,000	407,000
Defined benefit obligation at end of year	<u>(14,171,000)</u>	<u>(13,525,000)</u>

- c. Changes in the fair value of the scheme assets are as follows:

	2014 £	2013 £
Opening fair value of scheme assets	10,291,000	9,582,000
Expected return	567,000	480,000
Actuarial gain	469,000	203,000
Employer contributions	434,000	422,000
Employee contributions	11,000	11,000
Benefits paid	(384,000)	(407,000)
Fair value of scheme assets at the year end	<u>11,388,000</u>	<u>10,291,000</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

19. EMPLOYEE BENEFIT OBLIGATIONS (Continued)

d. The amounts included within the Income and Expenditure Account are as follows:

	2014 £	2013 £
Current service cost	(120,000)	(117,000)
Expected return on scheme assets	567,000	480,000
Interest on pension liabilities	(616,000)	(544,000)
	<u> </u>	<u> </u>
Total amount charged within the Income and Expenditure Account	<u>(169,000)</u>	<u>(181,000)</u>

e. Analysis of amounts recognised in statement of total recognised gains and losses

	2014 £	2013 £
Actual return less expected return on pension scheme assets	469,000	203,000
Experience gains/(losses) arising on scheme liabilities	495,000	-
Changes in assumptions underlying the present value of the scheme liabilities	(778,000)	(1,295,000)
	<u> </u>	<u> </u>
Actuarial gain/(loss)	<u>186,000</u>	<u>(1,092,000)</u>

f. The major categories of scheme assets as a percentage of total Scheme are as follows:

	2014 %	2014 £	2013 %	2013 £
Equities	27	3,042,000	32	3,307,000
Property	5	594,000	5	515,000
Gilts	22	2,451,000	18	1,888,000
Bonds	44	5,047,000	44	4,486,000
Cash	2	254,000	1	95,000
	<u>100</u>	<u>11,388,000</u>	<u>100</u>	<u>10,291,000</u>

	2014 £	2013 £
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The overall expected rate of return on the scheme assets is determined based on market expectations at the beginning of the financial period for returns over the life of the related obligation.

The actual return on the scheme assets in the year	<u>1,036,000</u>	<u>683,000</u>
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

19. EMPLOYEE BENEFIT OBLIGATIONS (Continued)

g. Principal assumptions at the balance sheet date (expressed as weighted averages)

	2014	2013
	%	%
Discount rate	3.70	4.60
Expected return on scheme assets	4.18	5.40
Retail Price Index (RPI) inflation rate	3.15	3.60
Consumer Price Index (CPI) inflation rate	2.40	2.85
Rate of increase in salaries	3.90	5.10
Rate of increase of pensions in payment	3.15	3.60
Rate of increase of pensions in deferment	2.40	2.85

	PA92 YOB	PA92 YOB
	medium	medium
	cohort	cohort
Pre-retirement mortality (non-pensioners)		

h. Five year summary

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Fair value of Scheme assets	11,388	10,291	9,582	8,774	8,898
Present value of scheme liabilities	14,171	13,525	11,965	11,424	10,655
Deficit in scheme	(2,783)	(3,234)	(2,383)	(2,650)	(1,757)
Pension plan experience adjustments:					
Experience adjustment on Scheme assets	469	203	196	(761)	477
Experience adjustment on Scheme liabilities	495	-	50	323	-

In order to maintain the security of accrued defined benefits and where existing funds appear to be insufficient, additional deficit funding contributions are required. Following the 2014 actuarial valuation, the deficit funding contribution for the year commencing 1st February 2015 has been agreed at £202,708 and increases at a rate of 3.5% each year on the previous contribution. Payments will be made annually until 2028 with a final 3 month contribution due in 2029.

Defined contribution scheme

The group also contributes to defined contribution schemes for eligible employees. Contributions to these schemes in the year amounted to £226,661 (2013: £172,899)

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

21. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the Board of Directors.